

Sustainability Report 2022





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About the Report

WELCOME TO THE MARCOPOLO S.A. SUSTAINABILITY REPORT 2022

GRI 102-1, 102-21, 102-46, 102-47, 102-50, 102-54, 103-1, 103-2, 103-3



Figure 1

Sustainability is one of Marcopolo's Values. Its Vision as well as its long-term strategies reflect the company's commitment to maintaining its stability in the present while advancing into the future.

Figure 1 represents how the company's sustainability practices are interlinked across environmental, social, and governance aspects.

In the report for 2022, significant initiatives, performance, and lessons learned from Brazilian and foreign controlled units are detailed.

The report conforms to the Global Reporting Initiative (GRI Standard) and the International Integrated Reporting Council (IIRC) recommendations for Integrated Reporting. The financial statements are consolidated. Most of the remaining information is presented separately for Brazilian and international units.

In 2021, the Materiality Matrix was revised, highlighting health and safety, economic and financial sustainability, and waste disposal as the most significant issues. A new review of the Matrix is scheduled for the end of 2023, with the objective of expanding coverage to include foreign units.





Message from the Top Management

GRI 102-14



André Vidal Armaganijan
President (CEO) of Marcopolo

The year 2022 was one of triumph, with outstanding results after a period of great difficulties caused by the impact of the COVID-19 pandemic on business.

We began the year with optimistic expectations for the Brazilian market, which had already demonstrated indicators of improvement in the second half of 2021. With increased demand for tourism and long-distance-oriented vehicles, sales volumes in Brazil grew significantly. People have returned to in-person work, schools, and universities, as well as to normal urban mobility, resulting in a strong comeback of public transport in the post-pandemic era.

Regarding international businesses, the recovery was slower, and the reopening took a bit longer than on the Brazilian market. Inflation also affected operations with extended maturation cycles and delivery time.

Short-term objectives, critical success factors and how each employee could contribute to their achievement were aligned across all departments. This short-term plan was named SuperAção (SuperAction) 2022 and was widely spread and followed up by all teams in Brazil. The overseas divisions worked in accordance with the shared goals.

The resumption of business led to the need to significantly increase the number of professionals, especially in the Brazilian units. As a consequence, substantial investments were made in the operational, administrative, and technical qualification of new employees. In addition, a program for the development of managers

at all levels was implemented, focusing on competencies for the Marcopolo of the future.

Moreover, Marcopolo has begun to enjoy the benefits of the cultural and structural transformation fostered between 2020 and 2022. Innovative actions aimed at business recovery and sustainability, the results of which materialized in 2022, include: deep cuts in expenses; readjustment of the asset base (with the closure of two plants in Brazil); restructuring of international operations (with the exit of India and Egypt, and consolidation of the plants in Argentina into a single operation); even more cautious prioritization of investments; launch of products such as the Attivi electric bus, the new generation of G8 vehicles, in 2021, and the Prosper VLT train from Marcopolo Rail; and the relaunch of its “Bringing People Together” mission, followed by a standout marketing program developed in partnership with customers and aimed at passengers.

The word “transparency” was frequently used in conversations with the teams, fostering greater trust and commitment to the goals and strengthening a positive attitude among all employees.

This has indeed contributed significantly for Marcopolo to conclude 2022 with its best financial results in its history. The commitment, dedication, and effort of each employee of the Brazilian and international units made the difference and will continue to be a major advantage for Marcopolo’s continued success in its mission that is Bringing People Together.



James Bellini
Chairman of the
Board of Directors



2 About Marcopolo





About us

GRI 102-1, 102-5, 102-7, 102-16

Marcopolo is a publicly traded joint-stock Brazilian multinational corporation that was established in Caxias do Sul on August 6, 1949.

Initially, the company manufactured bus bodies, but over the course of more than 73 years, it has expanded its product line to include coaches, urban buses, and minibuses, as well as Volare, electric buses, and trains. This is consistent with its Vision and mission to bring people together.

Our vision is
“To be a protagonist in sustainable mobility solutions”.

Our values

Customer Satisfaction
Satisfied customers are the reason we exist.



Make it Happen with Excellence
Making things happen with excellence is what sets us apart.

Ethics and Integrity
Our actions are reflections of our words.



Sustainability
We keep the company solid, thinking about the future.

Teamwork
Together we accomplish more.



Respect and Valuing People
We believe that committed and engaged people are the most important thing.

Our business

GRI 102-1, 102-4, 102-5, 102-6, 102-7

Business Units Covered by the Sustainability Report

This report covers the following units of the Marcopolo group:

Brazilian Units

Marcopolo Ana Rech

The headquarters of Marcopolo is the unit in Ana Rech, Caxias do Sul (RS). This unit is prepared to produce a complete line of Road and Urban vehicles for numerous applications for the Brazilian and international markets. This unit also houses the global administrative, commercial, and engineering areas, as well as Marcopolo Rail production facility.

Moneo Bank

Moneo Bank was founded in 2005 aiming at facilitating the fast, efficient, and cost-effective purchase of Marcopolo products.





Marcopolo Ciferal

The Company has a second unit located in the Ana Rech neighborhood, in Caxias do Sul (RS). In addition to manufacturing a variety of Volare, urban, micro Marcopolo, and Neobus models, the facility also houses the fiber glass and polyurethane division.



Marcopolo São Mateus

The unit located in the city of São Mateus, state of Espírito Santo (ES) was inaugurated in 2014. It has a modern structure with the capacity to manufacture parts and components, urban buses, and vehicles of the Volare brand.



Marcopolo Colombia (Superpolo)

The facility, which has been operational since 2001, has the capacity to produce 4,200 units per year and employs more than 1,300 people. On the Colombian market, it is a leader in the design of customized bodies and integral solutions for passenger transportation in the intercity, collective, urban, and school segments, as well as units dedicated to special applications.



Marcopolo South Africa (MASA)

Established in 1999, the plant has the capacity and infrastructure to produce more than 1,600 units per year. Serving rural, urban, and intercity applications, the local product line consists of Andare 1000 and Torino lines.

International Units



Marcopolo Argentina (Metalsur)

Located in Rosario, the unit was founded in 1989. Metalsur has more than 700 employees and is the only company in the country that produces all types of bus bodies, from urban to double-decker models.



Marcopolo Mexico (Polomex)

It is a company dedicated to the manufacture of bus bodies and spare parts. Polomex was established in 1999 to expand into new markets and strengthen its position in Mexico. In 2001, it moved its production plant from the town of Águas Calientes to the state of Nuevo León, in the municipality of García. All of Marcopolo Mexico's production is destined for the national market in the urban, suburban, and tourism sectors.



Marcopolo China (MAC)

The facility, which was established in 2005 and has an annual production capacity of 300 vehicles, employs 147 people in the areas of supply, production of parts, components, and bus bodies, as well as PKD buses for export. MAC does not sell to the Chinese domestic market but exports to countries in Asia, Africa, and Oceania.



Marcopolo Australia (Volgren)

It was founded in 1979 in Melbourne and completely merged with Marcopolo in 2017. Volgren has five units, 393 workers, and is responsible for the annual production of over a thousand units.



Market coverage

GRI 102-4, 102-6

Marcopolo is a leader in the Brazilian market and a global reference for bus bodies. Its products are present in more than 140 countries through local production or export, covering markets for road, urban, and minibuses. The group has also entered the metrorail market through Marcopolo Rail



How we generate value

GRI 201-1

In 2021 and 2022, Marcopolo generated and distributed the following direct economic value:

VALUE ADDED DISTRIBUTION	2021	2022
	1,169,853	1,618,883
PERSONNEL	530,864	820,214
Direct remuneration	400,864	661,514
Benefits	87,377	105,252
FGTS (Severance Indemnity Fund)	42,601	43,448
TAXES, FEES, AND CONTRIBUTIONS	(73,211)	(151,251)
Federal level	28,001	(114,499)
State level	(103,114)	(38,755)
Municipalities	1,902	2,103
REMUNERATION OF THIRD-PARTY CAPITAL	353,850	523,018
Financial expenses	344,933	510,207
Rentals	8,917	12,811
PROFIT FOR THE YEAR, INTEREST ON EQUITY (IOE) AND DIVIDENDS	358,372	436,802
IOE and dividends	82,264	99,227
Retained earnings for each financial year	276,108	337,575



Innovation

GRI 102-2

Innovation is reflected in Marcopolo’s Vision, which is “to be a protagonist in mobility solutions in a sustainable way,” as well as in its Value of Sustainability, which commits to keeping the company solid and thinking about the future. Over time, the company has consistently invested in research and development, launching new product generations with high quality standards, user comfort, and safety, and increasing consumer value.



The Marcopolo Venture Partners (MVP) program was launched in 2022, with a group of 388 volunteers from various positions and areas who interact and exchange ideas regarding the company’s initiatives, connecting with the entrepreneurial ecosystem, and having access to innovation-focused events.

Also in 2022, Marcopolo Next promoted the first edition of Marcopolo GO³, Marcopolo’s intrapreneurship program. The program enables employees to propose innovative concepts for new businesses and technologies, thereby fostering their development. The first edition received 116 ideas proposed by 164 employees. In addition to the possibility of increasing revenues or reducing expenses for Marcopolo, GO³ encourages the training of new methodologies, facilitates the identification of talents, and encourages employee engagement. New transport modes, tools, and service delivery-related projects are currently being accelerated throughout this initiative.

Through partnerships with organizations in the entrepreneurial ecosystem, such as innovation hubs, startups, and technology and research institutes in Brazil and abroad, Marcopolo Next has conducted multiple proofs of concept of new technologies within the company, focusing on inventory management efficiency, vehicle automation, and new fuel sources, among others.

MarcoZero serves as an intelligence division for innovation investments, with the goal of identifying opportunities for Marcopolo to operate in businesses with high strategic value and economic potential, via venture capital, joint ventures, or M&A operations. In addition, it is responsible for managing and mapping opportunities with science and technology institutes to obtain technical and financial resources for research and development projects, thereby facilitating the creation of new technologies in collaboration with the public authorities.

Marcopolo Next and MarcoZero

Since 2019, the company has had two innovation divisions, Marcopolo Next and MarcoZero, which promote initiatives that make the group more competitive and future-ready, thereby generating growth through the development of new businesses.

Through venture building and open innovation, Marcopolo Next aims to foster an innovative culture by bringing together employees from various fields to collaborate on new business and technology development initiatives with external partners.





Marcopolo Rail



Marcopolo Rail is a business unit of the Marcopolo Group, specialized in the development and production of new modals on rails. In 2022, Marcopolo Rails signed contracts for the production of the People Movers at Guarulhos International Airport (GRU) and the supply of three Prosperos (high-floor Light Rail Vehicle (TRAM)) trainsets to EFE Trenes de Chile.



Research and development of new products

The Development Engineering team conducts research to identify future trends, with an emphasis on the new products' sustainability. This requires participation in innovation fairs, benchmarking, workshops, and trainings that provide information on a variety of topics applicable to the development of engineering projects, such as the use of new materials, new structural concepts, and contemporary technologies.

The company seeks environmentally responsible alternatives, such as the use of recyclable materials that do not harm the environment; lighter products, whose structure is optimized to reduce fuel consumption; and energy-independent products, such as the 100% electric bus.

Our goal is to provide customers with the finest market solutions and safe products in a cost-effective and environmentally responsible manner.

Governance

GRI 102-18, 102-22

Marcopolo adheres to the best practices of Corporate Governance, which are in accordance with the principles of Transparency, Equity, Accountability, and Corporate Responsibility. Since 2002, the company's shares have been listed on B3's Corporate Governance Level 2.

The Company is bound to arbitration at the Market Arbitration Chamber, according to the arbitration clause contained in its Bylaws. Management is formalized based on the distinction between the roles and responsibilities of the Board of Directors and the Executive Board.

The Board of Directors of Marcopolo is made up of seven members, six of whom are independent, two of whom were elected by minority shareholders, and the remaining four by controlling shareholders. The current Board of Directors was elected in March 2023 and will serve through March 30, 2025.

MEMBERS	TITLE
James Eduardo Bellini	Chairman
Paulo Cezar da Silva Nunes	Vice-Chairman
Dan Ioschpe	Director
Denise Casagrande da Rocha	Director
José Rubens de La Rosa	Director
Mateus Affonso Bandeira	Director
Henrique Bredda	Director
Eduardo Frederico Willrich	Secretary



Sitting, from left to right: Paulo Cesar Nunes, James E. Bellini and Denise Casagrande da Rocha
Standing, from left to right: José Rubens de La Rosa, Dan Ioschpe, Henrique Bredda and Mateus Affonso Bandeira



Corporate structure

GRI 102-22

Marcopolo S.A.'s shareholders include both Brazilian and foreign companies. The subsidiaries in Brazil are located in the cities of Caxias do Sul (RS) and São Mateus (ES).

The subsidiary units abroad are located in Argentina, Mexico, Colombia, South Africa, China, and Australia. Marcopolo also holds stakes in other companies in Brazil and abroad.

2022 SHAREHOLDING COMPOSITION	
Controlling Group	22.7%
Shareholders Abroad	27.2%
Shareholders in Brazil	50.1%



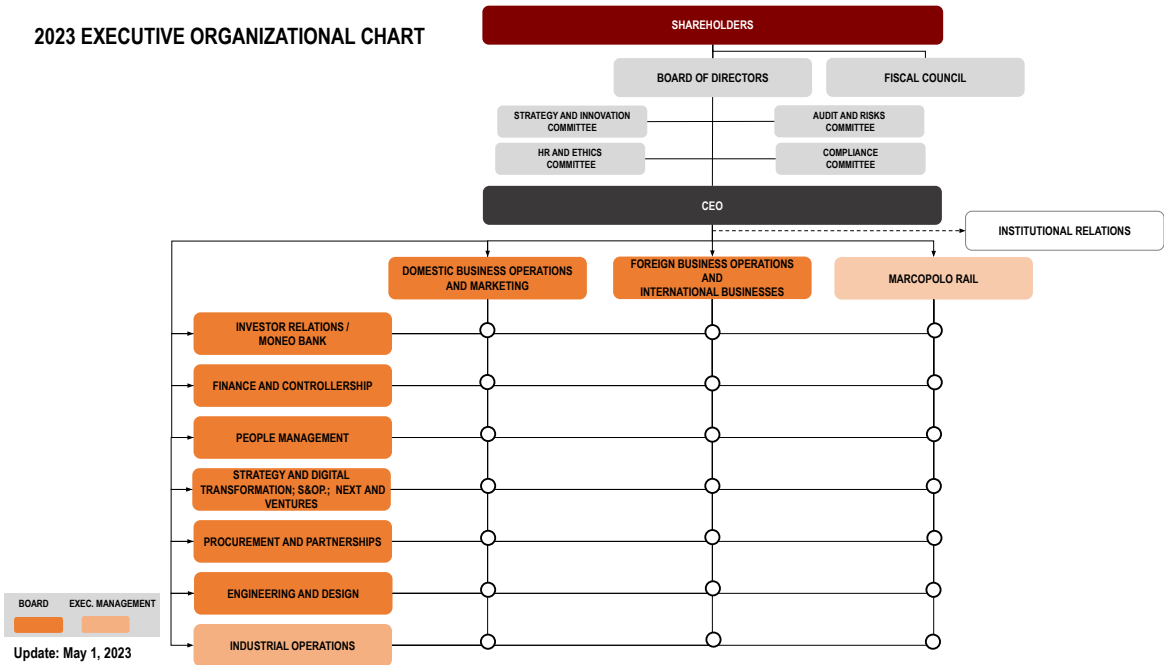
Organizational structure

GRI 102-22

Marcopolo employs an organizational structure centered on contributing to the company's capacity to generate value from the formulation and execution of its strategy, observing its values, and aligning with its Vision and Purpose. The guiding principles of the company's organizational structure are:

- ✓ Sustaining the growth strategy
- ✓ Meeting the need for flexibility, agility, and competitiveness
- ✓ Simple and cost-competitive structure
- ✓ A clear definition of responsibilities and a result-oriented management
- ✓ A vision of processes as a means to merge integration and alignment and
- ✓ Proximity to customers and operational excellence.

2023 EXECUTIVE ORGANIZATIONAL CHART





Executive compensation

GRI 102-35, 102-36

The Board of Directors approves the compensation practices and policies of senior executives with the goal of attracting, engaging, and recognizing professionals aligned with the competencies and values defined by Marcopolo, in order to meet the expectations of shareholders and achieve superior short-, medium-, and long-term results.

The officers' remuneration package is evaluated annually based on salary surveys and good market practices and is composed of Fixed Remuneration, short- and long-term variable remuneration, and benefits.

Risk management

GRI 102-15

The Risk Management adopted at Marcopolo is based on the COSO ERM framework, adapted to the characteristics of its business environment. The objective is to identify, map, and manage business risks in order to reduce failures, losses, and uncertainties, focusing efforts on planning, controlling, and continuously optimizing processes in the organization.

Risks are mapped as Strategic, Operational, Financial, and Compliance. Managing these risks benefits the:

- ✓ Strategy, by contributing to culture and planning
- ✓ Governance, by protecting image and reputation, addressing corporate issues.
- ✓ Management, by assisting decision-making, prioritizing investments, and increasing operational efficiency.

Integrated Business Management

GRI 301, 302, 303, 305, 306, 403

All Brazilian units have the Integrated Business Management (called GIN in Portuguese) implemented, which includes the following certifications:

ISO 9001 Quality Management System

ISO 45001 Occupational Health and Safety Management System

ISO 14001 Environmental Management System

The overseas units have the following certifications:

Marcopolo Mexico (Polomex):
ISO 9001 Quality Management System and ISO 14001 Environmental Management System

Superpolo (Colombia):
ISO 9001 Quality Management System

Marcopolo Argentina (Metalsur):
ISO 9001 Quality Management System

Marcopolo China (MAC):
ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System.

Marcopolo Australia (Volgren):
ISO 9001 Quality Management System

Marcopolo South Africa (MASA):
is preparing for ISO 9001 certification, which is scheduled for 2023.

Periodic assessments are conducted to ensure compliance with the Standards, and every three years, the company undergoes a recertification procedure in which all requirements are verified, contributing to the improvement of sustainable business practices.





Ethics and compliance

GRI 102-16, 102-17, 102-25, 205-2, 205-3

Ethics and Integrity is a Value for Marcopolo. We value the development of respectful professional relationships and will not tolerate any form of harassment, discrimination, favoritism, or unlawful practices. As a means of avoiding and resolving conflicts of interest, the daily practice of dialogue and transparency conforms to the Code of Conduct's stipulations. We understand that our actions are reflections of our words.

Code of Conduct

In 2005, Marcopolo implemented its first Code of Conduct, which was subsequently extended to all of its subsidiaries. The Code of Conduct establishes the Values, guidelines and standards of conduct that guide business decisions and the behavior of all Marcopolo managers and employees.

It also serves as a reference in business relationships with suppliers, service providers, sales representatives, dealers and distributors, and other stakeholders.

As part of the Code of Conduct's governance structure, Marcopolo created the Human Resources and Ethics Committee, linked to the Board of Directors; the Central Conduct Committee, responsible for matters pertaining to the Brazilian units, and the Local Conduct Committees, responsible for matters pertaining to the subsidiaries abroad. To learn more about the Code of Conduct, visit Marcopolo website:

www.marcopolo.com.br/marcopolo_sa/code-of-conduct



Compliance

In addition to good governance and risk management practices, Marcopolo implemented the Compliance area in 2014. Its structure includes an Advisory Committee to the Board of Directors called the Compliance Committee, which is comprised of the statutory directors, the Chairman of the Board of Directors, the Compliance Officer (CCO), and a representative of the controlling shareholders.

The company also has a Global Integrity Policy that provides guidance on conflicts of interest and how to report and handle any potential situations.

All new employees receive the Code of Conduct and are instructed on general Compliance policies, including the use of ombudsman channels. They are also encouraged to utilize the digital infrastructure of Universidade Marcopolo, where courses on the Global Integrity Policy, the Code of Conduct, and Marcopolo Values are available. In 2022, face-to-face retraining was carried out with the managers of the Brazilian units.



Code of Conduct and Compliance training - 2022	Number of Employees Trained
In person	5,711
Online by Universidade Marcopolo	120



Ombudsman channels

Marcopolo provides communication channels for questions, complaints, suggestions, and reports, including those regarding corruption, bribery, fraud, illegal or unethical conduct, environmental aggression, questionable accounting practices or records, misuse of company assets, and discrimination (of any type).

The Marcopolo Safe Contact is an exclusive channel for reporting practices that are in conflict with internal policies and applicable laws and can be accessed via toll-free phone or website 24 hours a day, seven days a week. It is provided by a third-party entity unaffiliated with Marcopolo, which uses its own system in an external environment where all information is encrypted. This ensures impartiality, security, and a total commitment to maintaining the complainant's anonymity and the confidentiality of the complaint. This channel is also available in English and Spanish to units overseas.

In 2022, the external Ombudsman Channel received 209 complaints, of which 93% were anonymous and 7% were identified. These complaints were treated and answered in detail by the committees created for this purpose.

In addition, employees of the Brazilian units can use the so called 'Free Channel', an internal ombudsman system, to submit ideas, suggestions, compliments, and complaints regarding general company issues such as benefits, work routines, relationships, internal rules, and other day-to-day occurrences.



Personal Data Privacy Policy

GRI 418-1

Marcopolo has a Personal Data Privacy Policy (approved by the Board of Directors in 2021) that establishes guidelines, strategies, and responsibilities for the Brazilian entities regarding the governance of personal data privacy.

As a form of management, the Personal Data Privacy Committee and the Data Protection Officer (DPO), a professional responsible for enforcing laws protecting personal data, were established. Regular information security awareness campaigns are conducted via the company's internal communication network, and all new employees sign an information security policy-related agreement.

Suppliers and service providers who process personal data on behalf of Marcopolo must comply with the specific clauses contained in the contracts signed between the parties.

We did not receive any warnings or sanctions from external parties or regulatory agencies in 2022, nor did we receive any complaints or requests through our service channels. Additionally, there were no reported incidents involving the technological controls utilized at Marcopolo.





Membership in associations

GRI 102-13

Marcopolo is a member of the following associations that contribute to its success in the industries in which it operates:

Association:	Website:
Associação Serrana de Recursos Humanos (ARH Serrana)	arhserrana.com.br
Associação Nacional de Transportes Públicos (ANTP)	antp.org.br
Associação Brasileira da Indústria Ferroviária (Abifer)	abifer.org.br
Associação dos Analistas e Profissionais de Investimentos do Mercado de Capitais (Apimec)	apimec.com.br/Apimec/Default.aspx
Câmara de Indústria, Comércio e Serviços de Caxias do Sul (CIC Caxias)	ciccaxias.org.br
Confederação Nacional da Indústria (CNI)	portaldaindustria.com.br/cni
Conselho Regional de Engenharia e Agronomia do Estado do Rio Grande do Sul (CREA-RS)	crea-rs.org.br/site
Associação Nacional dos Fabricantes de Ônibus (FABUS)	fabus.com.br
Instituto Fenacon	fenaconcd.com.br
Instituto Hélice	helice.network
Instituto Brasileiro de Executivos de Finanças (Ibef)	ibef.org.br
Instituto Brasileiro de Governança Corporativa (IBGC)	ibgc.org.br
Sindicato das Indústrias Metalúrgicas, Mecânicas e de Material Elétrico de Caxias do Sul e Região (Simecs)	simecs.com.br
Sindicato Interestadual da Indústria de Materiais e Equipamentos Ferroviários e Rodoviários (Simefre)	simefre.org.br
Sindicato Nacional da Indústria e Componentes para Veículos Automotores (Sindipecas)	sindipecas.org.br
Sindicato das Indústrias de Material Plástico do Nordeste Gaúcho (Simplás)	simplas.com.br/home
Blog do Transforma RS	transformars.com.br

Association:	Website:
MIBCO - Motor Industry Bargaining Council	www.mibco.co.za
RMI - Retail Motor Industry Organisation	www.rmi.org.za
NAAMSA	www.naamsa.net
Cámara Nacional del Autotransporte de Pasaje y Turismo (CANAPAT)	www.canapat.org.mx
Alianza Nacional de Transportadoras Turísticas (ANTT)	antt.org.mx
Asimra - Metalúrgicos	www.asimra.org.ar
Registros de la Propiedad Automotor	www.dnrpa.gov.ar
Unión Obrera Metalúrgica	www.uom.org.ar
Comisión Nacional de Regulación del Transporte	www.argentina.gob.ar/transporte/cnrt
Instituto Argentino de Normalización y Certificación (IRAM)	www.iram.org.ar



3

Financial Performance





Context

GRI 102-45

The year 2022 marked the resumption of the bus market, with volumes recovering following the reopening of the market after the pandemic. In Brazil, all segments grew in comparison to 2021, whereas in international operations, volumes varied dependent on the company's strategy for each market. After two years of economic downturn, the company's results recovered in 2022, attaining healthy levels of profitability.

The volume increase occurred gradually over the course of the year, beginning in the first quarter under the influence of the Omicron variant. Throughout the first half of the year, the company experienced a shortage of components, particularly chassis, which hampered the production ramp-up. To meet the increased demand, the company rehired personnel without any need for annual shutdowns or collective vacations. The expected level of production was attained in the third quarter and will be maintained until the end of 2022.

The domestic sales of Marcopolo buses and bodies increased by 39% in 2022 compared to 2021. After the end of the pandemic, demand increased across all segments of the domestic market, with a particular emphasis on heavy road buses used for tourism and long-distance road lines, which acquired momentum by mid-2022. The representation of heavy road demand increased at the expense of light road, with the ratio between them returning to pre-pandemic levels.

The federal program Caminho da Escola (Pathways to School) also contributed with significant volumes to the recovery of urban, micro, and Volare buses.

Demand recovered in exports as well, with a 7.7% increase in volume sold. The lesser growth is the result of reopening later than Brazil. Conflicting political conditions in key South American markets negatively impacted sales, resulting in volumes below the potential of these nations. A decrease in the number of significant sales packages aimed at the African continent also hindered export performance in comparison to 2021.

The production of coaches increased by 6.3% compared to 2021. The decline in the chartering market was partially offset by rising demand for heavy-duty buses, particularly the Generation 8 ("G8"), which has proven to be a sales success. With the recovery of public transportation, relevant investment announcements by municipalities in Brazil and foreign markets, and volume growth in Caminho da Escola, urban production was 39.9% higher than in 2021.

The segment of micros and Volares kept performing well, growing 25.7% in comparison with the previous year, highlighting Volare division even more. The segment benefited from the return of private consumers and the increase in volume delivered to the Caminho da Escola program.

Relevant facts and company announcements

The company informed the market of the merger between its controlled company San Marino Ônibus Ltda. and another controlled company, Ciferal Indústria de Ônibus Ltda., on March 15. The Neobus industrial facility in Caxias do Sul, RS, has adopted the new corporate name and is now known as Ciferal.

The company informed the market on March 31 of intended changes to its corporate governance, including changes to its Board of Directors and the announcement of its Chief Executive Officer (CEO) succession plan. The changes will take effect following the 2023 Annual General Meeting and the election of a new Board.

On August 11, the company officially presented the Attivi, an integral electric bus with Marcopolo chassis and body. The demand for electric buses in Brazil and in export markets prompted Marcopolo to develop its own vehicle, in which, in addition to fabricating the body, it also assembles the chassis.





Market share

Marcopolo has continued to be the market leader in the bus body industry, with a market share of 53.5% at the end of the year. The decline in market share is explained by the fall in the micro sector, due to a concentration of deliveries of the Caminho da Escola program by competitors in 2022, which were still related to the 2021 tender. The table below illustrates Marcopolo’s market share in Brazilian production by product line.

PRODUCTS ⁽¹⁾	PARTICIPATION IN BRAZILIAN PRODUCTION (%)	
	2021	2022
Road	49.6	44.7
Urban	42.1	50.8
Micros and Volares	77.3	61.1
TOTAL	56.9	53.5

Source: FABUS and Marcopolo.
Nota: Volare models were included as minibuses for market share purposes

Production

In 2022, the consolidated production of Marcopolo reached 14,725 units, a 31.1% increase from the 11,230 units produced in 2021. 86.6% of this total was produced in Brazil, while 13.4% was produced abroad. Data on Marcopolo’s worldwide production is presented below:

CONSOLIDATED GLOBAL PRODUCTION			
OPERATIONS (in units)	2022	2021	Change %
BRAZIL: ⁽¹⁾			
Domestic Market	10,727	7,308	46.8%
Foreign Market	2,117	1,859	13.9%
SUBTOTAL	12,844	9,167	40.1%
Exported KD exclusions ⁽²⁾	97	388	75.0%
TOTAL IN BRAZIL	12,747	8,779	45.2%
OVERSEAS:			
South Africa	237	240	-1.3%
Australia	325	275	18.2%
China	102	30	240.0%
Mexico	672	1,063	-36.8%
Argentina	642	843	-23.8%
TOTAL OVERSEAS	1,978	2,451	-19.3%
GRAND TOTAL	14,725	11,230	31.1%

Notes: (1) Includes production of the Volare model;
(2) KD (Knock Down) = Partially or totally disassembled bodies.

Net revenue

In 2022, the consolidated net revenue increased by 54.8% from R\$ 3,499.4 million in 2021 to R\$ 5,415.6 million. The higher revenue was a result of the post-pandemic recovery of the domestic market, exports, and international operations, which led to an increase in volume. Domestic sales generated R\$ 3.179.2 million in net revenue, or 58.7% of total net revenue (51% in 2021). Exports, combined with foreign businesses, reached R\$ 2,236.4 million in net revenue, accounting for 41.3% of total revenues (49% in 2021).

Gross profit and gross margin

Gross profit amounted to R\$ 829.5 million in 2022, representing 15.3% of net revenue (compared to R\$ 356.2 million or 10.2% of net revenue in 2021). The increase in gross margin reflects the improved market environment following the pandemic, the evolution of the sales mix with increased volumes of products with higher added value, the recovery of margins through the transfer of costs, and greater operating leverage following the restructuring and expense reductions implemented between 2020 and 2021. The postponement of deliveries caused by the

absences associated with the Omicron variant in the first quarter and the lack of components, particularly chassis, throughout the first half of 2022 had a negative impact on gross profit and gross margin.

The result was also impacted, especially in the second half, by operational difficulties of the Argentine subsidiary Metalsur, as well as by the delivery of the remaining volumes of the Caminho da Escola program regarding the 2021 tender with profitability deteriorated by inflation in the period.

Sales expenses

In 2022, sales expenses were R\$231.3 million, or 4.3% of net revenue, compared to R\$191.6 million or 5.5% of net revenue in 2021.

The increase in absolute terms of commercial expenses reflects the company’s sales commissions.

General administrative expenses

General and administrative expenses totaled R\$ 243.2 million in 2022 and R\$ 206.3 million in 2021, respectively, representing 4.4% and 5.9% of net revenue.

As a positive reflection of the restructuring and expenditure reductions implemented between 2020 and 2021, the dilution of fixed costs in 2022 contributed to the increase in the annual result.



Other operating income and expenses

In 2022, R\$ 47.7 million was booked as “Other Operating Expenses” vs. R\$ 254 million in 2021.

The primary negative impact documented as “Other Operating Expenses” is a total of R\$ 42,7 million for the creation of labor provisions related to terminations made during the pandemic.

In 2021, the bus line had benefited from tax discussions with a positive impact of R\$ 18 million associated with processes to exclude VAT on Sales and Services (ICMS) from the Program of Social Integration (PIS) and Contribution for the Financing of Social Security

(COFINS) calculation basis, net of fees; R\$ 67.6 million related to the non-levy of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on the monetary restatement of tax debts, as determined by the Federal Supreme Court; and R\$ 40.7 million related to the success in a lawsuit that discussed the non-levy of IRPJ and CSLL on monetary restatement linked to financial investments. The Company also recognized a positive impact of R\$ 29.7 million related to the transfer of ownership of Marcopolo Rio property in the city of Duque de Caxias (RJ), which had been inactive and available for sale as of October 30, 2020.

Net financial result

The net financial result for 2022 was positive, amounting to R\$147.5 million, compared to R\$154.9 million in 2021.

R\$ 81.2 million from the financial impact of contributions made in the form of loans in favor of the Argentine subsidiary Metalsur benefited the financial result in 2022 on a non-recurring basis. US\$ 14 million was used to settle dollar-denominated obligations, including obligations to business suppliers and employees, incurred as a consequence of the official currency conversion. The difference between the exchange rate at which the resources were transferred and the exchange rate at which the obligations were settled resulted in monetary gains, as shown in the preceding number.

In 2021, the financial result benefited from the recognition of the monetary restatement levied on the amounts under discussion in the processes of exclusion of ICMS from the PIS and COFINS calculation basis, contributing positively with R\$ 166.2 million, as well as a positive reflection of R\$ 22 million pertaining to the non-levy of IRPJ and CSLL on the monetary restatement of tax debts, and R\$ 19.9 million for the recognition of success in a lawsuit that discussed the non-levy of IRPJ and CSLL on the monetary restatement linked to financial investments.

EBITDA

In 2022, EBITDA reached R\$ 385.6 million with a 7.1% margin, compared to R\$ 333.5 million and a 9.5% margin in 2021.

The improved post-pandemic market environment, the evolution of the sales mix with increased volumes of products with higher added value, the recovery of margins through the transfer of costs, and greater operating leverage following the restructuring and expense reductions implemented between 2020 and 2021 all had a positive impact on EBITDA.

Negatively, EBITDA was affected by the postponement of deliveries caused by the absences associated with the Omicron variant in the first quarter and by the lack of components, particularly chassis, throughout the first half, by labor provisions (R\$ 42.7 million), by the results of the Canadian affiliate NFI Group Inc. (R\$ 60.3 million), by the results of the Argentine subsidiary Metalsur (R\$ 120.1 million), as well as the delivery of the remaining volumes of the Caminho da Escola program in relation to the 2021 tender, with deteriorating margins due to inflation in the period.

The “Other Operating Revenues” line contributed with R\$ 254 million to EBITDA on a nonrecurring basis in 2021.

Net profit

The net profit for 2022 was R\$436.8 million, with an 8.1% net margin. The recovery of the Company’s results in 2022 is due to the factors detailed in EBITDA and financial result.

The result marks the Company’s exit from the demand crisis caused by the COVID-19 pandemic and constitutes a record in absolute values.

Financial indebtedness

Net financial indebtedness amounted to R\$ 1,127.1 million on December 31, 2022 (R\$ 923.2 million on December 31, 2021). Of this total, R\$ 478.8 million came from the financial segment (Moneo Bank) and R\$ 648.2 million from the industrial segment.

It should be noted that the financial segment’s debt is a result of the consolidation of Moneo Bank’s activities and should be analyzed separately because it has distinct characteristics than the debt resulting from the company’s industrial activities. The financial liabilities of Moneo Bank are mitigated by the “Clients” account in the Bank’s Assets.

Credit risk is adequately provisioned for. As these are transfers from the Financing Fund for the Purchase of Machinery and Equipment (FINAME), each disbursement from the Brazilian Development Bank (BNDES) has an identical counterpart in the trade receivables account of Moneo Bank, both in terms of maturity and fixed rate.

On December 31, the industrial segment’s net debt was equivalent to 1.7 times its EBITDA for the previous twelve months.

Cash generation

In 2022, operating activities generated resources of R\$ 45.4 million. Investing activities required R\$ 94 million, less dividends received from affiliated companies, while financing activities consumed R\$ 83 million.

As a result, the initial cash balance of R\$ 1,398.7 million decreased to R\$ 1,241.9 million at the end of the year, considering the unavailable financial investments and deducting R\$ 25.2 million related to the difference between the exchange variation and the variation of the accounts related to the unavailable financial investments.





Capital markets

On December 31, 2022, the Company’s share capital totaled R\$ 1,334,052,461.60, which was divided into 946,892,882 shares, of which 341,625,744 were common shares (36.1%) and 605,267,138 (63.9%) were preferred shares, all of which were nominative, book-entry, and without par value.

In 2022, B3 transactions involving Marcopolo shares moved R\$ 3,638.1 million. On December 31, foreign investors held 41.2% of Marcopolo’s preferred shares and 27.2% of the company’s total share capital. At the end of the period, the Company had 69,408 shareholders.

The table below shows the evolution of the main indicators related to the capital market:

Indicators	2022	2021
Volume traded (R\$ million)	3,638.1	4,853.6
Market value (R\$ million) ⁽¹⁾⁽²⁾	2,679.7	2,888.0
Existing shares	946,892,882	946,892,882
Equity value per share (R\$)	3.36	3.07
POMO4 quotation at the end of the period	2.83	3.05

Notas: (1) Price of the last transaction of the period for the Preferred share (POMO4) multiplied by the total number of outstanding shares (common and preferred) for the same period. (2) Of this total 6,509,670 preferred shares were held in treasury on December 31, 2022.

The amount for payment of interest as return on own capital, imputed to dividends for the year 2022, totals R\$ 220 million, or R\$ 0.234 per share. The total amount to be distributed corresponds to 50.4% of net income attributable to the result in 2022 and represents an 8.3% yield (dividend per share or preferred share price at the end of the year).

Investments and fixed assets

In 2022, Marcopolo invested R\$ 97.4 million, of which R\$ 53.8 million was spent in the parent company and applied as follows:

- ✓ R\$ 34.5 million in machinery and equipment.
- ✓ R\$ 5,8 million in buildings and improvements.
- ✓ R\$ 11,8 million in computer equipment and software, and
- ✓ R\$ 1,7 million in other fixed assets.

The amount invested in subsidiaries was R\$ 43,7 million of which:

- ✓ R\$ 27.2 million in Volare Veículos (São Mateus)
- ✓ R\$ 3.5 million in Marcopolo Argentina
- ✓ R\$ 4.4 million in Marcopolo Australia
- ✓ R\$ 4.8 million in Ciferal (former San Marino)
- ✓ R\$ 1.4 million at Marcopolo Mexico
- ✓ R\$ 1.4 million at Marcopolo South Africa; and
- ✓ R\$ 0.9 million in the other units.



Performance of subsidiaries and affiliates

GRI 102-4

In 2022, foreign subsidiaries produced 1,978 units, a decrease of 19.3% compared to 2021 (2,451 units).

MARCOPOLO SOUTH AFRICA (MASA)

In 2022, MASA delivered 268 units, an increase of 11.7% compared to 2021.

Through the production and sale of products with greater added value, the subsidiary continues to increase its profitability, booking a net income of R\$ 3.5 million in 2022 (R\$ 1.2 million in 2021). The company also showed improvement in its operational indicators and market share.

MARCOPOLO ARGENTINA (METALSUR)

In 2022, the Argentinian operation delivered 691 units, down 18% from 2021. The subsidiary was adversely affected by a confluence of negative factors, including rising local inflation, which impacted margins on pending orders, and operational difficulties that caused delivery delays. The company was able to reduce its net loss to R\$ 43.8 million by the end of 2022 due to contributions made in the form of barter transactions detailed in the financial results.

MARCOPOLO AUSTRALIA (VOLGREN)

In 2022, Volgren delivered 328 units, a 19.3% increase from 2021. As inflation eroded margins on backlog orders, the favorable sales environment did not translate to positive results.

The operation is dependent on sales to public entities, which makes it difficult to pass on costs later, locking in prices for long periods of time. The subsidiary presented a net loss of R\$ 20.9 million in 2022.

MARCOPOLO CHINA (MAC)

MAC has a sourcing area, besides producing parts, components, and bus bodies, as well as PKD buses for export.

The unit, which does not sell to the Chinese domestic market and exports to countries in Asia, Africa, and Oceania, suffered from new restrictions applied to its main markets. The operation was able to acquire new orders in 2022, resulting in a volume increase of 230%.

MARCOPOLO MEXICO (POLOMEX)

Polomex delivered 677 units in 2022, 36.3% lower than 2021. The decrease in sales was part of the company's strategy to concentrate sales on coaches with higher added value. The strategic shift reversed the loss documented in 2021, resulting in a net profit of R\$1.1 million in 2022.

NFI GROUP INC

Marcopolo maintains an 8.5% stake in NFI Group Inc., the leading manufacturer of city and road buses in the United States and Canada.

The company's headquarters are in Winnipeg, Canada, and it offers a great variety of products. NFI's results negatively affected equity equivalence by R\$ 60.3 million. The company has been experiencing a shortage of components, as well as delayed deliveries and an increase in its order backlog.

SUPERPOLO

Superpolo sustained positive results even with the retraction of volumes in 2022, calculating an equity equivalence of R\$ 2.7 million. The Colombian market reached a sales peak between 2019 and 2020, and a slowing of volumes and outcomes was previously anticipated.

MONEO BANK

The bank has permission to conduct business within the leasing, credit, financing, and investment portfolios. The bank reported a net income of R\$ 15.5 million in 2022, compared to R\$ 8.3 million in 2021. In the post-pandemic period, Moneo Bank has maintained its policy of prioritizing the quality of its loan portfolio through a rigorous evaluation and approval process.





People Management





Getting to know the Marcopolo team

GRI 102-8, 401-1, 405-1

Marcopolo's global team consists of 13,375 employees spread across seven countries, with 77.2% centered in Brazil. Women make up 19.5% of the workforce in Brazil and 8.9% of the workforce in international operations, representing a total of 20.6% of employees.

N° of employees - by gender and type of employment

MODALITY		BRAZIL	2022	OVERSEAS
Men	Full-time	7,778		2,470
	Part-time	291		286
	Apprentice	192		14
	Trainee	46		14
	Total	8,307		2,784
Women	Full-time	1,618		259
	Part-time	213		8
	Apprentice	150		2
	Trainee	31		3
	Total	2,012		272

13,375

TOTAL NUMBER OF EMPLOYEES

One of Marcopolo's commitments is the development of relationships that value diversity, inclusiveness, and the involvement of professionals with diverse profiles, which is linked to the values of Respect and Valuing People.

As a result, Marcopolo understands the significance of increasing the number of women in managerial roles. The target for 2022 was to increase this percentage by 7% in Brazilian units. This target was exceeded, with growth of 18.19% from 6.98% in 2021 to 8.25% in 2022.

% Holders of management positions by gender

GENDER	BRAZIL	2022	OVERSEAS
Men	91.75		84.97
Women	8.25		15.03

Employee training

GRI 404-1

Marcopolo views the training of its employees as an investment in the company's current and future performance. In 2022, face-to-face programs and online training accounted for an average of 21 hours per employee per year, totaling 293,694 hours of training across all business units.

The online training offered by Universidade Marcopolo includes more than 230 content titles in specialized career preparation courses. The platform is available to employees of units in Brazil, Argentina, Colombia, Mexico, Australia, and South Africa, with a monthly average of 3,500 accesses.

In 2022, several programs focused on the development of Marcopolo competencies were carried out for managers at all levels.

The company offers employees at its Brazilian units' easy access to communication skills programs to improve English and Spanish as a second language.



Management training in Brazil



Team Building training in China

In addition, in 2004 the company created an inclusion program for people with disabilities for its Brazilian units, called Envolver.

Employees hired through this program take part in work-readiness activities and are permanently monitored by specialized personnel and accountable management.



Envolver Program



EFPM graduation

Concerning its programs for young apprentices, the Marcopolo Professional Training School (EFPM), which recently celebrated its 23rd anniversary, has trained 91 professionals in the Motor Vehicle Assembler course and selected 50 more for the period 2022-2023.

The course is run in partnership with the National Service for Industrial Training (SENAI) and the Social Assistance Foundation.



Benefits for employees and their families

GRI 401-2

Marcopolo employees and their families have access to a number of benefits that are tailored to the demands and legislation of each region and country where it operates. The benefits are generally focused on health, food, education, sports, and welfare programs.

In the Brazilian units, the Marcopolo Foundation is responsible for conducting most of these actions, such as sports championships, recreational activities, soccer training for children, socio-educational workshops for students, Children's Day, São João Festival, Entrevero Farroupilha Festival, and the popular Christmas Celebration.



Entrevero Farroupilha



Christmas Celebration



Children's Day



Christmas Celebration



Employment relations

GRI 102-41

Employees of Marcopolo units in Brazil and abroad have the right to freely associate with trade unions representing the professional categories to which they belong, with acknowledgment by the company. In Brazil, 100% of employees are covered by collective bargaining agreements and, abroad, membership depends on the professional category.

The company strives to maintain open and transparent relationships with the various trade unions through representatives from both parties.

Health and Safety Management System

GRI 403-1, 403-2, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10

For Marcopolo, health and safety at work are considered priorities. As a result, all employees in Brazil are covered by an ISO 45001 certified management system.

The foreign units follow the legislation applied locally, with specialized teams working in all plants.

The Executive Board and the associated Human Resources and Ethics Committee of the Board of Directors examine the indicators of these processes on a regular basis.

The organization has been investing in protection and prevention measures on a regular basis to reduce occupational risks and the occurrence of workplace accidents.

Health management

Outpatient clinics for medical and occupational care have been established in all the company's plants in Brazil and overseas. Employees in Brazilian units and some international facilities, such as Argentina and Mexico, have access to a medical assistance that includes family members.

In addition, the company runs initiatives that promote health and welfare, such as flu immunization, mental wellness, and cancer prevention.

Occupational health monitoring is carried out jointly by medical, nursing, and occupational safety staff in all units. The indicators are subjected to critical analysis in meetings with top management. The monitoring procedure is guided by the specific programs established by each country's legislation.

In Brazil, monitoring is based on the Occupational Health Medical Control Program (PCMSO) and the Hearing Conservation Program (PCA). Health data is used as a reference for collective preventive and welfare programs' actions and is kept confidential in accordance with each country's data protection regulations.

Employees are provided with systems for individual and collective protection in all units, depending on their area of activity and function. Visitors and third parties are also covered, according to specific needs. Furthermore, industrial operations have enough signage to meet the criteria for safety and environmental risk.

Cases of occupational diseases are assessed by a trained team in each company unit, and preventive and remedial activities are implemented based on the needs identified. There is an investigation and causal link protocol used as a reference for the assessment process.



HEALTH MANAGEMENT 2022	BRAZIL	OVERSEAS	TOTAL
OCCUPATIONAL DISEASES Nº of deaths resulting from work-related injuries (occupational disease).	0	0	0
OCCUPATIONAL DISEASES Nº of serious work-related injuries (excluding death) with return after 6 months.	3	0	3
Rate of serious work-related injuries (excluding deaths) with return after 6 months*	0.17	0.00	0.14

* Index Nº of injuries x 1,000,000 / Hours Worked



Safety management

Specialized teams work in an integrated manner with other areas to identify and eliminate or minimize employee exposure to risks, aiming to provide a safe and healthy environment.

In Brazil, some of the tools used are called Safety Observations, Safety Dialogues, “T” cards (for reports of near misses), and kaizens, which are part of the Lean philosophy. The company also relies on the assistance of the participants in the Internal Accident Prevention Committees (CIPA) and the members of the Internal Fire Brigade, which conducts safety inspections in the various environments in search of improvement opportunities. Every year, each unit organizes the Marcopolo Internal Accident Prevention Week (SIPAMAR), with an educational focus to disseminate the safety culture and increase the perception of employee’s ability to identify and prevent risks.

Health and safety information is disseminated to employees through the ViaPolo network and Shop Floor meetings.

Additionally, Universidade Marcopolo offers in-person or online general safety training and tailored trainings for particular functions as outlined in the Regulatory Standards (NRs).

Abroad, prevention measures resemble those devised in Brazil, with local conditions and laws considered.

All operational tasks are subject to hazards / dangerous situations identification, and risk assessment and quantification in accordance with their respective job descriptions.

ISO 45001 recommends updating the hazard and damage spreadsheets whenever there is a change in the production process, a change in the architecture, or a workplace accident. In addition to addressing actions to mitigate and reduce these risks, specific work plans are also in place.



2022 OCCUPATIONAL ACCIDENTS	BRAZIL	OVERSEAS	TOTAL
N° deaths resulting from work-related injuries	0	0	0
N° of serious work-related injuries (excluding deaths) with return after 6 months	1	2	3
N° of registered work-related injuries (including deaths) all with Work Accident Report.	88	99	187
Fatality rate resulting from work-related injuries*	0	0	0
Rate of serious work-related injuries (excluding deaths) with return after 6 months*	0.06	0.46	0.14
Rate of registered work-related injuries (including deaths) all with Work Accident Report.	5.01	22.77	8.54

*TF = Frequency rate. Index = N° of injuries x 1,000,000 / Hours Worked

Accidents involving musculoskeletal injuries and hand injuries are notably common in operational areas of heavy manufacturing production processes.

As a means of alerting employees to risks, promoting the use of individual and collective protection equipment, and promoting safe behavior in the workplace, the company has been implementing educational prevention measures across all of its departments.

Marcopolo Brazil experienced a sharp reduction in the absolute number and frequency rate of accidents, which was 29.72 in 2016, and reached a level of 3.75 in 2021. This trend changed in 2022, mainly due to the very large increase in the number of new employees with no experience in metallurgical processes and the occupational risks of these activities.

As a result, the target of a 7% reduction in the Frequency Rate for 2022 in Brazil was not achieved. After analyzing the Safety Program throughout 2023, the future target will be redefined.



5 Stakeholders Relationships





Stakeholders relationships

GRI 102-9, 102-40, 102-43, 204-1, 401-2, 413-1

Marcopolo's main stakeholders include customers, investors, suppliers, business partners such as the network of representatives and distributors, chassis assemblers, as well as employees and the community in general. Marcopolo seeks to develop a transparent and trustworthy relationship with its several audiences.

Customer relations

Marcopolo considers the customer the reason for its existence. Therefore, the emphasis is on identifying what the customer perceives to be of value and acting to establish stable, long-term relationships. Employees in all areas must demonstrate commitment to delivering quality products and serving the customer promptly and quickly.

To get closer to the customer, the company invests in a variety of communication channels, including customer service (SAC 0800 – a toll-free call center) and digital channel platforms (emails, websites, Facebook, WhatsApp, Instagram, and YouTube).

The network of representatives and dealerships, which supports the relationship with customers, the dissemination of information, and the development of regular actions aimed at rapprochement, is an

additional essential ally for ensuring comprehensive communication. The social media presence of Marcopolo enables the public to connect with the company and its products, thereby enhancing the brand's reputation. Interaction monitoring serves as a source for research and development.

Customers, representatives, and dealerships of the Marcopolo, Volare, and Neobus brands can also receive trainings on product operation and maintenance in a designated area of the company.

The courses are designed to maintain field teams trained in promoting proactive preventive or corrective maintenance on the bus body, as well as in operating new embedded technologies. The training activities are conducted in three formats: Online Learning, hybrid (online + in-person) and face-to-face.

DOMESTIC AND FOREIGN MARKETS	TRAININGS FOR CUSTOMERS		
	Brazil	Overseas	TOTAL
Attendees	947	339	1,286
Hours	7,703	775	8,478



Training for customer in Argentina

As part of its transparency policy, Marcopolo annually evaluates its relationship with its customers through a Satisfaction Survey.

The sample takes audience type and purchase volume into account. To date, the survey has only been conducted with Brazilian unit customers.

BRAND	AVERAGE SATISFACTION	
	2021	2022
Marcopolo	9.2	8.26
Volare	8.8	7.5



Employee relations

There are mechanisms in place at Marcopolo to monitor employee satisfaction, such as surveys and ombudsman channels. The global organizational climate survey is scheduled for January 2023, and the results will serve as the premise for improvement actions in all Brazilian and international units.

In addition to bulletin boards, the intranet, printed periodicals, a weekly newsletter, and WhatsApp groups, which are part of the ViaPolo Network, the company uses a variety of channels to keep the team of employees well-informed on various issues. These channels are adapted to the specific conditions of each overseas unit. In addition, there are periodic alignment meetings with the teams and an end-of-year meeting with the CEO for the Brazilian units.

Additionally, festive occasions, celebrations for results, unit anniversaries, and length of service awards are designed as relationship-building activities to encourage employee engagement.



Merit Award for employees celebrating their 25th work anniversary



Family visit - Mexico

Supplier relations

The relationship between Marcopolo and its supply chain consists in developing suppliers and materials, negotiating robust commercial terms that meet quality requirements, and adhering to delivery, compliance, environmental and safety guidelines. The main means of communication with the supply chain is the web page called Marcopolo Suppliers Portal. Go to: <https://portaldefornecedores.marcopolo.com.br/>

The procurement process is monitored for compliance with negotiated parameters involving quality, delivery, and commercial requirements.

In Brazil, Marcopolo has developed a substantial portion of its supply chain near the Caxias do Sul (RS) units and maintains an active development process for suppliers located near the city of São Mateus (ES).

SUPPLY CHAIN CAXIAS DO SUL UNITS - 2022		SUPPLY CHAIN SÃO MATEUS UNIT - 2022	
Rio Grande do Sul	64%	Espírito Santo	15%
Other States	31%	Other States	84%
Overseas	5%	Overseas	1%

The headquarters are working with the international units to map the supply chain for each location.



Investor relations

The company provides fair and equal treatment to all minority shareholders, whether capital or other interested parties (stakeholders). It employs high standards of transparency in the disclosure of results in an effort to establish a climate of trust both internally and in its relations with third parties.

In 2022, Marcopolo held meetings with the Association of Analysts and Investment Professionals of the Capital Market (APIMEC), participated in multiple conferences and non-deal roadshows promoted by financial institutions in Brazil and abroad, and maintained analyst and investor attendance.

The company also held its investor day in-person, with a live broadcast through its Investor Relations page. The investor relations website contains current information for the benefit of the investing public. Go to: ri.marcopolo.com.br

Community relations

Marcopolo is dedicated to fostering the growth of the communities in which it operates. All units in Brazil and abroad strive to engage the local population in their operations.

These actions include student visits to the company's headquarters, school seminars, and charitable contributions.

The Marcopolo Foundation

Since 1988, the Marcopolo Foundation has contributed to the social development of communities in Brazil on the basis of four pillars: education, culture, sports, and doing good. The primary audience consists of students from public institutions and the children of employees.

Education

The Marcopolo Foundation coordinates efforts to promote the socio-pedagogical development of children and adolescents. In 2022, more than 25,000 students who attend public schools in Caxias do Sul were supported directly or indirectly.

Some projects shall be highlighted here, such as the "Projeto Escolas" (Schools Project), which has promoted emergency refreshers courses for teachers and principals for the past 19 years, structural improvements (renovations and construction) that are carried out in the public schools embedded in the program, and recreational activities that celebrate Children's Day.

Students from the Projeto Escolas also participate in inclusion programs through "Escolinha de Futebol" (Soccer School) and "Escola Marcopolo de Criatividade" (Marcopolo School of Creativity) (EMC).



Schools Project action



Culture

In 2022, the Marcopolo School of Creativity (EMC) project was launched with the aim of providing after-school activities for young people aged 12 to 18, whether being children of employees or students at the Schools Project. More than 800 hours of seminars and classes were attended by approximately 300 young people in 15 workshops on topics such as Cooking, Theater, Audiovisual, Drawing, Computational Thinking, Mathematics, Text Production, and Crafts, among others.

Through partnerships, inclusion projects were also implemented, highlighting the “Cultura Hip Hop nas Escolas” (Hip Hop Culture in the Schools), which employs this language to address issues such as leadership, personal repertoire, and social responsibility. In Caxias do Sul, over 5,000 students from 10 different schools participated.

Additional projects were carried out, such as the “Viajante das Artes” (Traveler of the Arts), which used a library bus to conduct writing workshops for ten schools. This bus also took part in a number of book fairs and activities held at city halls throughout the Caxias do Sul region.

In collaboration with the “Causos e Gaitas” project, which archives the history of traditional music from Rio Grande do Sul, the Foundation aims to restore memory and tradition.

This project finishes with the Entrevero Farroupilha’s activities and intends to present to future generations some of the ‘gaúcho’ background and history.



EMC Workshop

Sports

The Marcopolo Foundation has a Recreational Country Club with one of the best sports complexes in Rio Grande do Sul, with a capacity of over 3,000 people. In 2022, numerous activities were carried out in collaboration with other organizations, such as sports competitions and championships for employees, family members, and the community.

Soccer School is a project formed with partners through sports incentive laws that provides 100 soccer training plans subscriptions for School Project students and employees’ children, including uniforms and transportation.

In addition, the Recreational Country Club began generating its own energy using a photovoltaic system, which reduced contractual energy use by more than 70% in 2022.



Internal Championships

To do Good

The Marcopolo Foundation runs initiatives to collect and distribute food, furniture, hygiene supplies, and clothing, as well as respond to emergencies in cities near industrial facilities.

The Foundation began offering professional training programs for young people in the second half of 2022 through the “Projeto Amplificador” (Amplifier Project), which was funded through an incentive law in collaboration with other enterprises in Caxias do Sul.

The idea includes fashion workshops that create costumes out of surplus textiles from Marcopolo bus seats. The closing ceremony included a fashion show in a local community, as well as seven music videos and 10 songs created and recorded by the young participants.



Awards and recognitions

Marcopolo Brasil got multiple honors and recognitions for its performance in several spheres of society in 2022. These include:



BRAZIL

Award	Awarding body	Reason
50º Prêmio Exportação RS (50th RS Export Award)	ADVB/RS	Category: Marketing Excellence
Prêmio Lótus 2022 (Lotus Award 2022)	Editora Frota	Marcopolo won for its leadership in the Brazilian commercial vehicle market in the categories: <ul style="list-style-type: none">• Bus body brand• Road body brand• Best seller
Prêmio Autodata 2022 (Autodata Award 2022)	AutoData	Categories: Body and Implement Producer and Exporter/Supplier, for the actions developed between the second half of 2021 and the first half of 2022.
Marca de Quem Decide 2022 (Brand of the Decision Makers 2022)	Jornal do Comércio / Qualidata	Marcopolo is the preference leader in the category: Innovative Gaúcho Brands; it is also one of the most remembered and preferred Great Gaúcho Brands of the year. Leader in memory and preference in the Bus Factory category
Prêmio IF Design Award 2022 (Design Award 2022)	IF Design Award	The Marcopolo G8 model won the international award in the category of bus with the best optical set.
Prêmio Autodata 2022 (Autodata Award 2022)	AutoData	The Volare Fly 10 was named one of the Best in the Automotive Sector in the Bus Vehicle categories.
Prêmio Maiores do Transporte & Melhores do Transporte (Largest in Transportation Award & Best in Transportation Award).	OTM Editora	The company received recognition in the Bus Body Manufacturer category and was also named "The best among the best in the industry category" based on the performance parameters used to determine the awards.
Prêmio Troféu Transparência Anefac (Anefac Transparency Trophy Award).	Anefac	For the quality of its financial statements in the fiscal year 2021, the company ranks among the most transparent in Brazil.
Prêmio Top of Mind (Top of Mind Award)	Grupo Amanhã	Marcopolo is awarded in the category Large Companies of Rio Grande do Sul, the most remembered brand.



6 Environmental Management





Environmental management

GRI 103-1, 103-2, 103-3, 302-1,302-3, 303-1, 303-2, 303-3, 303-4, 303-5, 305-1, 305-2, 305-4, 306-1,306-2, 306-3, 306-4, 306-5

As part of its Sustainability Value, Marcopolo maintains an unwavering commitment to environmental preservation.

The controls necessary to minimize the impacts resulting from the activities are established in accordance with the applicable laws in each country and through the ongoing pursuit of best practices.

Support teams and internal communication channels provide employees with information and guidelines on the proper disposal of waste, the reduction of material

waste, and the most important precautions in the use of natural resources, water, and electricity.

All industrial units in Brazil have an ISO 14001-certified environmental management system, allowing periodic evaluation of the efficacy of this system in the processes.

The company monitored its environmental performance indicators for water and energy consumption and solid waste generation in 2022.

In 2022, investments in environmental management initiatives in Brazil and abroad added up to R\$ 7,951,166.95*

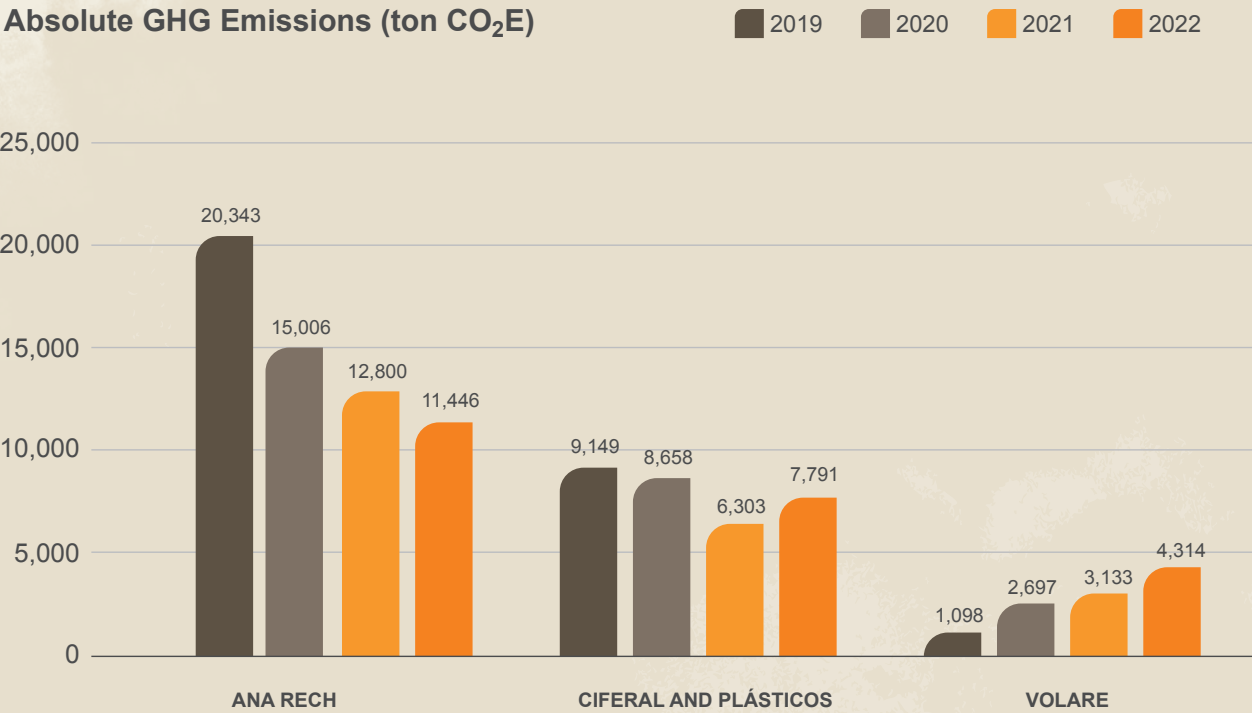
Investment in Environmental Management initiatives	BRAZIL 2022	OVERSEAS 2022
Waste Treatment and Transportation	R\$ 7.868.498,26	R\$ 82.668,69
Effluent Treatment		
Analysis/Monitoring (effluents, waste, emissions, fauna, flora, water and soil)		
Fees (taxes, annuities...)		
Environment Investments		

*Conversion in US dollar on December 31, 2022

Emissions

In 2022, greenhouse gas emissions inventories were conducted at all Brazilian facilities and compared to the results obtained in 2019, 2020, and 2021. The following illustration compares the historical series data for the Marcopolo Brazil units since the initial inventory.

Absolute GHG Emissions (ton CO₂E)



We discovered that there were no alterations in the company's production processes and energy matrices during the period under review. This supports the hypothesis that a higher production volume, which enables a greater utilization of productive resources, also results in a more efficient use of energy. In the

case of Volare São Mateus, there was a progressive increase in production volume, which was accompanied by a proportional increase in emissions. The company is evaluating the implementation of a performance indicator that correlates emissions with production volume for the upcoming year.



Energy

Marcopolo units in Brazil are part of the Free Energy Market and, since 2014, have been part of the Sustainable Profile Program, which accounts for the amount of greenhouse gases (GHG) that are no longer emitted due to the purchase of renewable energy in the Free Contracting Environment (ACL).

Since joining the Free Energy Market until the end of 2022, Marcopolo has eliminated 38,705 kilograms of CO2 emissions, the equivalent of 142,434 trees.

Marcopolo invests in its future and contributes to the preservation of the environment by using energy from renewable sources.

11.2% of total consumption comes from units abroad that use electricity from local utilities.

ENERGY CONSUMED (GJ)	
Brazil	220,927
Overseas	27,825

Marcopolo also uses other types of energy, with 51.7% coming from renewable sources and 48.3% from non-renewable sources, as shown in the table below.

FUELS FROM NON-RENEWABLE SOURCES		
	BRAZIL	OVERSEAS
Natural Gas	119,528	25,995
LPG	22,583	11,121
Diesel Oil	20,403	11,701
Petrol/gasoline	-	577
Total	162,514	49,393

FUELS FROM RENEWABLE SOURCES		
	BRAZIL	OVERSEAS
Biodiesel	-	6,112
Renewable electric power	220,927	4
Total	220,927	6,116
GRAND TOTAL	383,441	55,509

*Gj: Gigajoules

Water and effluents

The water for human consumption in the units located in Caxias do Sul comes from the local water utility. A portion of the water used in industrial processes at the Ana Rech Unit is sourced from two artesian wells registered with the Water Resources Department (DRH). The primary source of water at the São Mateus Unit is an artesian well.

In overseas units, water is sourced from local utilities.

In 2022, the total water consumption of Marcopolo units was 430 megaliters.

TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE (IN MEGALITERS)		
	GROUNDWATER	WATER CONCESSIONAIRE
Brazil	167	107
Overseas	-	156
Total water withdrawal	430	

All Marcopolo units adhere to local regulations regarding the treatment of generated effluents.

When the plant generates industrial effluent (from water-based paint booths and metal surface treatment facilities) and there is no internal treatment system, the effluent is sent for external treatment.



Superpolo Effluent Treatment Plant

VOLUME OF DISCARDED WATER (IN MEGALITERS) - 2022	
Brazil	116.25
Overseas	15.26
Total	131.51

To reduce the impact of water consumption, Marcopolo units maintain low-loss reuse systems in the “Rainfall Simulation Test” procedure.

In addition, in the metal surface treatment processes, there are water recovery units (WRU) and reuse for the intermediate washing phases between baths in order to increase the useful life before sending it to the Effluent Treatment Plant.



Materials and waste

Productive process

One of the particularities of the bus body manufacturing process is the need to use more than nine thousand items (different part numbers). They are manufactured from the widest variety of raw materials, ranging from metal alloys to engineering plastics of the highest quality. These include all types of coatings on fabrics, plastics, formica sheets, fiberglass laminates, wood, glass, rubber, foams, electronics, paints, solvents, and adhesives. In addition, the company employs a high rate of body customization, which results in significant levels of material waste during the manufacturing process.

Due to this, the company uses a selective collection system for over a hundred distinct materials or groups of materials, necessitating a large structure for handling, temporary storage, and appropriate disposal.

In the Caxias do Sul units, a Waste Processing Unit (WPU) is part of a continuous management system that treats solid waste. In the WPU, enhancements are made to the sorting, compacting, weighing, processing, and transporting of materials for recycling, return for reuse within the organization, or even return of items to suppliers.

In 2022, the construction of new facilities for the WPU started. This will result in greater control over discarded materials, allowing for more effective waste management and rationalization of consumption. The primary goal of WPU is to increase the value of recyclable materials while minimizing process losses and recovering costs.

Additionally, the company owns a Class II Industrial Solid Waste Landfill (Non-Hazardous) for the final disposal of non-recyclable waste from the Caxias do Sul units. As much as possible, hazardous waste is destroyed through co-processing in clinker kilns in the cement industry, specific decontamination, or recycling when possible.

For overseas organizations, the technological options available at each location are employed. Whenever possible and economically feasible, priority is given to recycling, thermal reuse, or total destruction, avoiding disposal in landfills.

Reuse and recycling

In 2022, 76% of all waste generated by Brazilian and international operations was destined for recycling or reuse.

In addition, selective collection compliance targets were incorporated into the profit-sharing program (SOMAR) of the Brazilian units to encourage employees to correctly separate refuse at the source in order to maximize recycling.

Life cycle

Marcopolo continuously pursues solutions to reduce waste, recycle products, and increase process efficiency, thereby contributing to the well-being of its employees and the surrounding communities.

The consideration of product and material life cycles influences decision-making.

The results regarding the final disposal of leftover materials from the production process in the course of 2022 are as follows:

PERCENTAGE OF WASTE DISPOSED (%)		
	BRAZIL	OVERSEAS
External Recycling	62.20%	59.33%
Co-processing	7.26%	1.96%
Landfill	3.67%	22.65%
Decontamination	1.82%	0.29%
Composting	0.44%	3.26%
Recycling for internal use	0.62%	-
Autoclave	0.01%	-
Incineration	-	0.62%
Energy Reuse	12.50%	-
Class II Landfill	7.50%	-
Class I Landfill	1.50%	-
External Reuse	0.85%	-
External Treatmen	1.50%	-

DESTINATION OF WASTE GENERATED (Tons)		
HAZARDOUS WASTE	BRAZIL	OVERSEAS
External Recycling	372	46
Internal Recycling	128	0
Co-processing	686	78
Decontamination	380	23
Incineration	0	53
Autoclave	1	0
Landfill	234	18
Safety Cell	0	199
Confinement	0	7
Physical-Chemical Treatment	0	0
Total	1,800	424

NON-HAZARDOUS WASTE	BRAZIL	OVERSEAS
External Recycling	15,520	483,563
Internal Recycling	55	1
Co-processing	1,333	0
Composting	67	482
Landfill	2,252	1,050
External Reuse	1,880	0
Effluent Treatment	243	0
Decontamination	0	20
Landfill Site	0	100,210
Total	21,349	585,326





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REPORT 2022

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