

# Annual Sustainability Report

## Crop Year 2021/2022



### ONE PAGE REPORT

See the [full version](#) of this report for details on our projects, investments and ESG performance in the 2021/2022 crop year



## About São Martinho

A Brazilian publicly traded sugar and energy company

São Martinho's diversified business portfolio spans the production and marketing of sugar, ethanol, bioelectricity, and co-products from our production process, such as dry yeast.

Over the course of more than a century, we have built a legacy that includes four mills, corporate offices, 250,000 hectares of land under management, and 100,000 hectares owned by contract growers.

Our operations are supported by over 12,600 direct employees and 3,400 suppliers and contractors. We have a crush capacity of more than 24.5 million metric tons of sugarcane, and a storage capacity of 820,000 metric tons of sugar and 740,000 cubic meters (m<sup>3</sup>) of ethanol. In addition, we have an annual cogeneration capacity of 1 TWh.

### OUR MISSION

Deliver renewable energy, food and other products that create value for humanity

### OUR MARKET POSITION

R\$ 10 billion market capitalization as of November 2022

global investment grade rating from Standard & Poor's

### WE ARE A CONSTITUENT OF THE FOLLOWING INDEXES

<b>SMTO</b> B3 LISTED NM	<b>IBOVESPA</b> B3	<b>ICO2</b> B3
	<b>IGC</b> B3	<b>ICON</b> B3
<b>INDX</b> B3	<b>IGC-NM</b> B3	<b>ITAG</b> B3
<b>IGCT</b> B3	<b>IBRA</b> B3	<b>SMLL</b> B3

# ESG agenda

We are working to further embed **environmental, social and governance** considerations into our business strategy.

## ESG pillars and drivers

### > Innovation & Efficiency

actively contribute to reducing global climate impacts by supplying clean, renewable electricity and using natural resources more efficiently in our operations through innovative solutions

### > Value Chain

encourage our value chain to implement socially and environmentally responsible practices

### > Social Transformation

promote inclusion and diversity through education and professional training, bringing about a social transformation in our communities

## Our certifications

Bonsucro, RenovaBio, *Etanol Mais Verde* ("Greener Ethanol") *Energia Verde* ("Green Energy"), I-REC, RFS2 Renewable Fuel Standard – EPA, LCFS (Low Carbon Fuel Standard) – CARB, GMP+ B2, Kosher, Halal, ISO 9001, ISO 14001, ISO 17025

## Materiality

In the 2021/2022 crop year we revisited our materiality matrix (a list of material sustainability topics) in a process that included:

**1,050+ online survey** responses

**20+ interviews** with our leadership team

**7 interviews** with stakeholder representatives

This yielded the following list of 6 material topics that are directly relevant to our business and to the challenges expressed in the United Nations 2030 Agenda:



**Innovation and technology**



**Occupational health and safety**



**People management and diversity**



**Business performance**



**Climate strategy and emissions**



**Water stewardship**

# Progress and challenges

## Innovation and technology

- Progress continued on our new corn ethanol mill at Boa Vista, in an investment of **R\$ 740 million**
- **5G Smart Farming**: we announced our first partnerships for the project, and invested R\$ 20 million in 5G network infrastructure
- We founded **Cubo Agro**, the largest agtech startup hub in our segment, in a collaboration with Itaú BBA and Corteva Agriscience
- We implemented 52 continuous improvement projects in our field and mill operations, generating a return on investment of R\$ 16.4 million
- We were named one of the **top 5 most innovative companies** in the agribusiness sector in the 2021 *Valor Inovação Brasil* awards

## People and diversity

- Our **Women Training Program** started its first class at our São Martinho mill, and is now being rolled out at other sites

- Since 2010 we are part of the **Empresa Cidadã** initiative and offer extended maternal and parental leave
- We were ranked by **Valor Carreira** as the top company for **People Management** in 2021, in the 7,001 to 17,000 employees category

## Health and safety

- We follow an annual schedule of preliminary risk analyses to identify **occupational risks and hazards**
- OHS risks and concerns are **regularly reported** to our Board of Directors and executive leadership team
- Our recordable incident rate **fell from 1.55 to 1.40** in the crop year

## Climate and emissions

- We received **Gold Seal** in the Brazilian GHG Protocol Program
- We achieved a **26.7% reduction** in Scope 1 emissions
- **We structured initiatives** to build resilience, adapt, and capture strategic opportunities related to climate change, based on scenario analysis and risk exposure
- **We received a CDP "B" rating** for our Climate Change disclosures

## Business performance

- **R\$ 3.14 billion** in Adjusted EBITDA, up 43.6% on the previous crop year
- **0.93x debt ratio**, down from 1.24x in 2020/2021
- Total added value of **R\$ 4.32 billion**
- **Issued infrastructure debentures** with second-party opinions (SPOs) provided by NINT (formerly Sitawi) and S&P
- **1.303 million metric tons** of sugar and more than **913,000 m<sup>3</sup>** of ethanol produced
- **760,000 MWh** of bioelectricity exported to the national grid
- **Rated AA** in the MSCI ESG Ratings, on a scale of AAA-CCC

## Water resources

- **Water withdrawal reduction** project underway at our São Martinho mill
- **23.8 million m<sup>3</sup>** of water withdrawals, down from 28.3 million m<sup>3</sup> in 2020/2021
- **A 74% water recycling and reuse rate**, versus 72% in the previous crop year