

São Martinho Strengthens Partnership with IFC and Announces \$165 Million Financing for Project at Santa Cruz Unit

Financing will support the implementation of the biomethane plant using sugarcane field treatments and a community training project in Américo Brasiliense (SP)

São Martinho, one of the world's largest sugar-energy companies, has secured \$165 million in financing from the International Finance Corporation (IFC), a member of the World Bank Group. The 10-year credit line will support the implementation of the company's first biomethane plant, to be installed at the Santa Cruz Unit in Américo Brasiliense (SP). The plant will produce renewable natural gas through the biodigestion of vinasse, a byproduct of sugarcane ethanol production. The funds raised will also be used for renewing sugarcane fields and treating the sugarcane crops at the Santa Cruz Unit, which will supply the biomethane production project, a renewable energy source.

In addition to this financing, which will contribute to the expansion of clean and renewable energy production in Brazil, the IFC will support, based on its global experience in promoting decarbonization, two São Martinho projects focused on sustainable development: São Martinho Inova (Renewable Carbon Production) and Formação de Agentes Locais (Community Capacity Building).

The São Martinho Inova program guides the company's future, focusing on new business opportunities to ensure the continuous production of low-cost renewable carbon, transforming it into higher-value products.

Meanwhile, the Formação de Agentes Locais project is part of the Social Transformation through Education Program (Transforma 3000), which promotes inclusion and diversity through education and professional qualification. This initiative aims to socially transform communities near São Martinho's facilities in Pradópolis, Iracemápolis, Guariba, Américo Brasiliense (SP), and Quirinópolis (GO).

Given the high sustainability standards of these projects, and the commitment of both IFC and São Martinho to sustainable private sector development, IFC will support the Training of Local Agents initiative, which will be implemented in Américo Brasiliense (SP), where the Santa Cruz Unit is located.

This is IFC's third investment in São Martinho's innovative and sustainable projects. IFC has a recognized track record of contributing to poverty reduction and promoting prosperity amid the challenges of climate change through social financing. "This new operation strengthens our partnership with IFC and demonstrates the institution's confidence in our sustainable and competitive business model, which invests in innovation to produce clean energy from renewable carbon, fostering economic growth, preserving the environment, and contributing to the social well-being of the communities where we operate," highlights Felipe Vicchiato, CFO of São Martinho.

"We are pleased to establish this third partnership with São Martinho, this time to support its decarbonization efforts and the implementation of innovative technologies that promote sustainability in the agricultural sector," said Manuel Reyes-Retana, IFC Regional Director for South America. "This project will not only contribute to reducing greenhouse gas emissions but will also help stimulate sustainable and inclusive economic development in the agricultural sector, benefiting local communities and strengthening Brazil's climate resilience."

Low-Cost Renewable Carbon

São Martinho announced in October 2023 its project to build the Company's first biomethane plant, designed to produce renewable fuel capable of replacing fossil natural gas. Developed through the biodigestion of vinasse, a residue from ethanol production, the plant will process 100% of the vinasse generated at the Santa Cruz Unit and will have an initial capacity to produce approximately 15 million cubic meters of biomethane per harvest. By replacing fossil natural gas consumption, São Martinho's biomethane has the potential to prevent the emission of up to 32,000 tons of CO₂ equivalent greenhouse gases.

The new business is expected to begin operations in the second half of 2025 and is part of a master plan designed by the Company to explore its full potential for biomethane production from vinasse. The first step, launched at the Santa Cruz Unit, will operationalize 20% of this ambition. The remaining 80% is being evaluated based on the competitive advantages and specific characteristics of the Company's three other units: São Martinho and Iracema, also in the countryside of São Paulo, and Boa Vista, in Goiás.

"The securing of this loan from the IFC will support the implementation of the Santa Cruz biomethane plant, marking São Martinho's entry into the renewable natural gas market and reinforcing our commitment to effectively contribute to the energy transition towards a low-carbon economy. Access to this investment highlights the uniqueness of the Company's project in the pursuit of producing the lowest-cost renewable carbon. Our plant will be connected to the distribution system via pipeline and will be able to offer a renewable alternative to a region with high fossil fuel consumption," adds Fabio Venturelli, CEO of São Martinho.

The business will allow the Company to serve customers through the sale of pressurized biomethane or biomethane injected into the gas distribution network in the Araraquara region, in the northeast of the state of São Paulo. Venturelli also highlights that the biodigested vinasse will continue to be used as organic fertilizer in the unit's sugarcane fields, as was previously done with raw vinasse, reinforcing São Martinho's circular economy process. Additionally, São Martinho's innovative business model for entering the biomethane market is worth mentioning.

Unlike other announced projects, the Company will operate under a model in which it owns 100% of the biomethane molecule produced, with full production and commercialization autonomy. Among other advantages, this provides independence in utilizing the molecule in the best possible way, such as continuing to develop tests and research aimed at replacing diesel use in its fleet, particularly in trucks that require high power and torque when operating in sugarcane field conditions. These tests have been ongoing at São Martinho since 2016.

The Company also states that to secure the new financing from the IFC (the IFC's third investment in São Martinho since 2017), it was necessary to present an action plan highlighting some of the practices developed by the Company in the areas of Environmental and Social Risk and Impact Assessment and Management, Working Conditions and Employment, Resource Efficiency and Pollution Prevention, Health, Safety, and Community Protection, and Biodiversity Conservation and Sustainable Management of Living Natural Resources.

The \$165 million financing from the IFC for the new biomethane plant adds to other previously announced funding, secured through financing from the Brazilian National Bank for Economic and Social Development (BNDES) – under the BNDES Climate Fund program and the Renewable Energy subprogram – and the Financier of Studies and Projects (FINEP) – from the Ministry of Science, Technology, and Innovations (MCTI).

About São Martinho

São Martinho is considered one of the largest and best sugar, ethanol, and bioenergy producers in the world. A benchmark in sustainable agribusiness management and innovation, the Company is a pioneer in driving the energy transition toward a circular and low-carbon economy. With an approximate milling capacity of 27 million tons per harvest—24.5 million tons of sugarcane and 2.5 million tons in corn equivalent (500,000 tons of corn)—and a maximum harvest mechanization rate of 100%, the Company is recognized for its credibility, efficiency, and excellence in processes. São Martinho has a differentiated logistics platform for product distribution, high storage capacity, and proximity to key highways and railways. Additionally, it owns a dedicated sugar transshipment terminal with exclusive railway access. Publicly traded since 2007, the Company is listed on the Novo Mercado of B3, the highest corporate governance segment, under the ticker SMT03.

For more information, visit: www.saomartinho.com.br.

Press Contact – São Martinho:**Conceito Comunicação**

Rodrigo de Souza Pinto

rodrigo@conceitocomunic.com.br

+55 (16) 99782-0797

About IFC

The International Finance Corporation (IFC), a World Bank Group member, is the largest global development institution focused on the private sector in emerging markets.

More information: www.ifc.org

Press Contact – IFC:

Patricia Carvalho

pcarvalho@ifc.org

+55 11 5185-6973