



**Annual & Sustainability Report**  
**2019/2020 Crop Year**

# About this Report

GRI 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54

The purpose of our Annual & Sustainability Report is to communicate our essence, the São Martinho Way of doing things, and how we approach each of the three dimensions of ESG (Environmental, Social and Governance). With sustainability as an imperative for our development, we use the Report both to share information and to support continual improvement within the Company.

This Report contains both financial and non-financial information and has been developed in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. This and future editions of the Report will also include SASB (Sustainability Accounting Standards Board) disclosures based on our materiality assessment.

The financial statements have been prepared in accordance with Brazilian generally accepted accounting principles and International Financial Reporting Standards (IFRS), and have been audited by PwC (PricewaterhouseCoopers) Brazil.

São Martinho has published Annual & Sustainability Reports since 2011. This edition is for crop year 2019/2020, covering the period from April 2019 to March 2020, except that GHG Protocol data cover the period from January 2019 to December 2019. There have been no changes to the reporting scope or boundaries.

The contents of this Report were compiled through interviews with Company executives and from institutional documents and supplementary materials.

Further information can be found on our website, [click here](#).

For any questions, requests for additional information or feedback, please write to: [comunicacoes@saomartinho.com.br](mailto:comunicacoes@saomartinho.com.br).

## Interactive content

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# Message from the CEO

GRI 102-14



2019/2020 crop year reflected our continued commitment to excellence in agricultural management, with record sugarcane crushing volume reached (22.6 million tons).

Our performance in the year also reflected the day-to-day efforts and dedication of our people, and their engagement around our purpose of supplying society with food, fuel and energy.

We achieved important milestones this crop year, which we share in the following pages.

In addition to strong-performing agricultural and mill operations, São Martinho's successful strategy of maximize ethanol production - heavy sales mix supported positive growth across all financial metrics.

These results also gained recognition from the capital markets. Our solid financial position led Standard & Poor's ("S&P"), one of the world's leading rating agencies, to assign São Martinho an investment grade rating of (BBB-), reflecting our commitment to a long-term strategy focused on value creation and business sustainability.

Sustainability and innovation are ingrained in everything we do. This crop year we continued to lead the industry in sustainable production, becoming the first ethanol producer to receive RenovaBio certification, meaning we are now eligible to issue and trade in decarbonization credits (CBios). We also made important strides in implementing tech-enabled crop management. The launch of our Agricultural Operations Center (COA) at the São Martinho mill has introduced agriculture 4.0 into our operations, making them fully integrated and more efficient.

In 2019, São Martinho was named Best Workplace in Agribusiness for the third consecutive year in the *Você S/A* ranking, and we were listed among the Best Workplaces overall for the eighth year running.

After these many important achievements throughout the crop year, in March 2020 we were faced with a unique and unprecedented challenge as the COVID-19 outbreak escalated to a pandemic. Recognizing the importance of keeping our operations running, we worked to ensure São Martinho was well prepared to continue its activities with employee safety as a priority.

Year 2020 marks the beginning of a new cycle for us. In March this year, we unveiled our Strategic Plan for the next ten years, 2020 to 2030. Our goal is to increasingly harness renewable sources as we continue to grow our operations sustainably.

I hope you enjoy reading this report.

**Fabio Venturelli**  
CEO





# The crop year at a glance

## ENVIRONMENTAL



Energy sale in the **A-6 Auction** (Oct-19), increasing **energy renewable production**



**7.5% reduction** in (scope 1) greenhouse gas emissions



**First ethanol producer to obtain certification** to issue and trade in decarbonization credits (**CBios**) within the RenovaBio program

## GOVERNANCE



A more diverse **Board of Directors**, chaired by an independent member



For the fourth consecutive year, we were featured as the **top company for innovation** in agribusiness in the *Valor Inovação Brasil* annual ranking



**Launched** our Agricultural Operations Center (**COA**) at the **São Martinho mill**, supporting process integration and agricultural data analytics

## SOCIAL

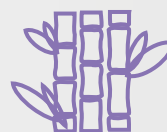


Signature of the **Women's Empowerment Principles** commitment, an initiative led by UN Women and the Global Compact Network Brazil

**The lowest Lost-Time Injury Frequency**  
Rate to date: **1.56**

Named **Best Workplace in Agribusiness** for the third consecutive year, and listed in the *Você S.A.* 150 Best Workplaces ranking for the 8<sup>th</sup> year running

## OPERATING AND FINANCIAL PERFORMANCE



**Record crushing volume:**  
22.6 million tons of sugarcane crushed



Assigned **investment-grade** rating by *Standard & Poor's*



**Net income of R\$ 639 million**, more than double the figure for the previous crop year





# ***Our strategy and response to the COVID-19 pandemic***

Since the World Health Organization (WHO) officially declared the coronavirus a global pandemic, in March 2020, we promptly took steps to prevent and mitigate potential impacts in line with guidance issued by the Ministry of Health and the WHO. With the safety of our employees as a priority, we worked to ensure the continuity of our operations and a continued supply of food, energy and fuel to meet people's basic needs.

Our response spanned multiple fronts:

## **Crisis Management Committee**

The Executive Board formed a Crisis Management Committee to evaluate the general situation, manage and provide updates on preventive measures and action taken to minimize risks, and monitor the implementation of action plans.

## **Employee and third-party communications initiatives**

We ran communication campaigns and provided guidance under the theme, "Prevention is your best remedy," encouraging employees to be extra cautious about their personal hygiene.

## **Preventive measures for direct and third-party employees, including suppliers and partners**

We implemented more stringent workplace hygiene procedures, provided instructions on personal hygiene, distributed alcohol-based hand sanitizers, and performed temperature screening checks at facilities entrances and on shuttle buses.

## **Adjustments to employee and third-party work routines**

Measures included canceling events, holding meetings remotely, canceling or postponing travel, having employees work from home in certain situations, and increasing the number of shuttle buses to prevent crowding.

At cafeterias, meal hours were extended and employees' meal breaks were staggered to reduce room occupancy and allow for social distancing.







## Corporate responsibility measures

São Martinho has undertaken a range of community well-being and prevention initiatives in response to the pandemic, notably the following:

**Partnership with UNICA (Brazilian Sugarcane Industry Association):** 136 thousand liters of 70% alcohol were donated to National Healthcare System (SUS) units and Santa Casa hospitals in 302 municipalities and other administrative divisions in São Paulo State, with Coca-Cola FEMSA providing logistics support to transport the alcohol carbuoys to distribution points managed by the State Fire Department. [Click here to view the campaign video.](#)

**Partnership with Natura&Co Latin America:** we donated 120 thousand liters of anhydrous alcohol, which were used to produce 150 thousand liters of 70% alcohol and 15 thousand kilograms of alcohol-based hand sanitizer for the São Paulo State Health Department.

**Partnership with ABAS (Brazilian Association of Aerosols and Household Cleaning Products):** São Martinho donated 10 thousand liters of industrial-grade alcohol, used to produce 60 thousand 150 ml aerosol cans of 70% alcohol for the São Paulo State Health Department.

**Partnership with BTG Pactual:** we participated in a project to expand bed capacity and hire health professionals at Hospital das Clínicas, in Ribeirão Preto (SP).

**São Martinho donated and directly distributed 70% alcohol** to local communities. A total of 16.8 thousand liters were donated to municipal health departments and Santa Casa hospitals in São Paulo State, to the Goiás (GO) State Health Department, and to the municipal governments of Quirinópolis (GO) and Paranaiguara (GO).

**We donated personal protective equipment (PPE)** and more than 5 thousand face masks to local communities via municipal health departments, education departments (for municipal schools) and Social Funds.

**São Martinho joined an effort to donate ICU beds** to the Santa Casa hospital in Araraquara (SP).

**We donated digital electrocardiographs** to Américo Brasiliense State Hospital (SP).

**São Martinho's  
donations and  
partnerships  
totaled R\$ 5  
million as of  
June 2020**





# About São Martinho

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS







# Company profile

*GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 102-16*

We are a publicly traded corporation and one of the leading players in Brazil's sugar and ethanol industry, with a crushing capacity of 24 million tons of sugarcane per crop year. Approximately 70% of the sugarcane supplied to our mills is sourced from plantations on land owned or leased by the Company or from agricultural partnerships. The remaining 30% is sourced from third parties.

We currently operate four mills, including three mills in the state of São Paulo - **(1) São Martinho** (Pradópolis), **(2) Santa Cruz** (Américo Brasiliense) and **(3) Iracema** (Iracemópolis) - which produce sugar, ethanol, electric power generated from sugarcane bagasse, and other products; and a fourth mill - **(4) Boa Vista** - in Quirinópolis, Goiás, which produces ethanol, electric power, yeasts and other products.

São Martinho owns 55 thousand hectares of land and manages approximately 350 thousand hectares of cropland, with a harvest mechanization rate of 100%.



- 1** São Martinho Mill
- 2** Santa Cruz Mill
- 3** Iracema Mill
- 4** Boa Vista Mill





## ***A little about our history – “Back in Time”***

Our company began in 1914, when members of the Ometto family, all Italian immigrants, built their first sugarcane mill on a property known as *Sítio Olaria*.

In 1932 we produced sugar for the first time at *Fazenda Boa Vista*, in Brazil’s southeastern city of Limeira (SP).

A few years later, in 1937, we acquired the Iracema mill, which was first converted into a distillery and, less than a decade later, also began producing sugar.

In 1949 we acquired the São Martinho mill, which would grow over time to become one of the largest sugarcane processing operations in the world.

Over the years, we expanded into new geographies; in 2008, we started operation of the Boa Vista mill in Goiás, a facility fully dedicated to ethanol production. As we continued to grow, in 2014 we acquired full ownership of the Santa Cruz mill.

We are extremely proud of our history as a Company, and in 2020 we celebrated 106 years of effort, dedication and commitment.

To share a little about our century-long history as a Company, we developed an internal “Back in Time” campaign in which our employees described some of our key events and milestones in recent years.

Some examples of the campaign materials are shown below.







NOTE: MTC = million tons of  
sugarcane



**Click the arrow buttons  
to scroll through the  
campaign materials.**



## Products



**SUGAR**

Our mills produce a diverse range of raw sugar products for both domestic and foreign markets, including white sugar and high polarization sugars (VHP and VVHP).



**ETHANOL**

We produce three types of ethanol:

**Hydrous ethanol**, a fuel used by ethanol-only and flex-fuel vehicles;

**Anhydrous ethanol**, which is mixed with gasoline for gasoline-fueled vehicles; and

**Industrial-grade ethanol**, used primarily by the chemicals and beverage industries.



**ELECTRIC POWER**

We produce electric power by burning sugarcane bagasse. All of our mills are energy self-sufficient and use clean energy in their operations, with the surplus sold on the market.



**SPECIALTY PRODUCTS**

We have invested extensively in developing a range of sugarcane-based specialty products. We produce inactive dry yeast of different varieties, as well as other specialty products for the animal feed and nutrition segments.



### ***Product quality and safety***

We have a Food Quality and Safety Policy under which we undertake a commitment that in producing food, electricity and other sugarcane-based products, we will:

- continually strive for excellence;
- supply products to high standards of quality and safety;
- continually improve our food safety and quality management systems; and
- comply at all times with applicable laws and regulations and other commitments undertaken by the Company.



# Our value chain



Click the buttons for more information.





# Corporate identity

GRI 102-16

## Culture

São Martinho's organizational culture is expressed in the following beliefs:

At São Martinho, we believe that caring is essential to the success of our business.

We take care of our people by treating them with respect, supporting personal and professional development, and providing ongoing, shared technical training.

We demonstrate care in our actions by using a prudent and consistent management approach that walks the talk, building trust with employees, shareholders, customers, governments, suppliers, partners and communities.

We also take care of our business by relentlessly working to improve our processes to achieve excellence.

By doing so we are taking care not only of our business, but also of the environment and broader society through creating shared value.

We believe this is the right way to build sustainable business.







## *The São Martinho Way*

Over the decades we have developed a culture based on our tradition and on respect—a culture that supports growth, innovation and broad engagement with employees, partners, suppliers, customers, communities, governments and other stakeholders.

Our corporate reputation, which has helped us to become a leader in Brazil's sugar and ethanol

industry, is underpinned by our essence, culture and virtues that guide the business conduct of all employees. This includes doing business ethically and being mindful of people and of our actions.

This culture, which we refer to as the São Martinho Way, ensures that attributes such as talent, dedication, fellowship, respect, and a sense of

ownership and company pride are present in each of our initiatives, projects and activities.

This way, we aim to guarantee the longevity of our business by ensuring it is responsible and sustainable.





# Material topics

*GRI 102-40, 102-42, 102-43, 102-44, 102-47*

Our materiality assessment is a crucial step in strategy-building as it aligns our practices with stakeholder expectations to ensure we deliver shared value and achieve sustainable development.

In 2020 we conducted our third materiality exercise. Topics that are highly material to the Company were identified in a survey and assessment conducted from 2018 to 2020 by independent consultants, based on the Global Reporting Initiative (GRI) Standards.

In 2020, the initial list of material topics was refined through an internal and external assessment involving the following five steps:



The materiality exercise also drew guidance from standards issued by the International Finance Corporation (IFC) and the Sustainability Accounting Standards Board (SASB), MSCI market indexes and the previous year's (2018) materiality matrix.

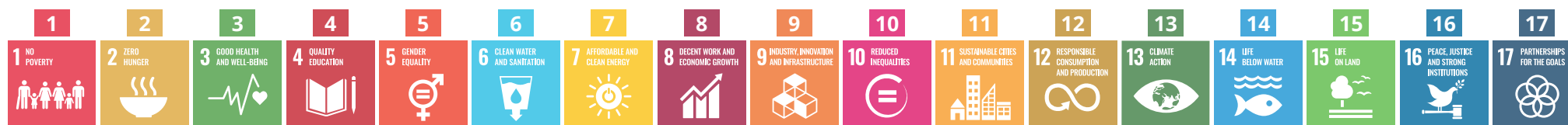
## Correlation with the SDGs

The material topics we identified in 2020 have been mapped to the Sustainable Development Goals (SDGs). The following pages present our priority, high and medium materiality topics and the SDGs they correlate with and which we support.



## Material topics and linkage to the SDGs

MATERIAL TOPICS (in alphabetical order)	GRI TOPICS	SDG
Attracting, retaining and developing human capital	Employment	5 8 10
	Training and Education	4 5 8 10
Biodiversity	Biodiversity	6 14 15
Business performance	Economic Performance	8 9 17
	Indirect Economic Impacts	5 9 11
	Procurement Practices	8 9
Developing the communities where we operate	Local Communities	8
	Human Rights Assessment	5 10 16
Diversity	Diversity and Equal Opportunity	5 8 16
Infectious Diseases WEF 2020 - COVID-19	Indirect Economic Impacts	5 9 11
	Occupational Health & Safety	3 8
Air emissions and pollutant concentrations in fuels	Emissions	8 12 14 15
	Economic Performance	13
Climate strategy	Energy	7 8 12 13
	Emissions	3 9 12 13 14 15
Water stewardship	Water	6 14 15







**MATERIAL TOPICS (in alphabetical order)**

**GRI TOPICS**

**SDG**

Governance, transparency and ethics

Ethics, Integrity and Governance

16

Innovation and technology

SMSA Topic

9

Fair labor practices,  
health and safety

Occupational Health & Safety

3 8

Relations with contract sugarcane  
growers

Procurement Practices

8 9

Supplier Environmental Assessment

16

Supplier Social Assessment

16

Food safety

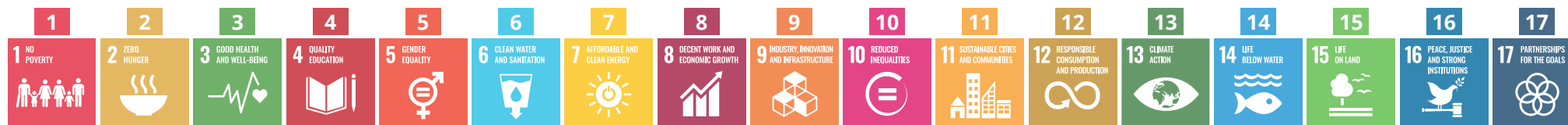
SMSA Topic

3

Integrated Management System

SMSA Topic











9





# Certifications

São Martinho has secured a wide range of certifications as part of our commitment to implementing industry best practices and standards in our processes.

	Mills					Mills			
	São Martinho	Santa Cruz	Iracema	Boa Vista		São Martinho	Santa Cruz	Iracema	Boa Vista
	✓	✓	✓	✓		✓		✓	
	✓	✓	✓	✓			✓	✓	
	✓	✓	✓					✓	
	✓	✓	✓			✓			
	✓	✓	✓				✓		
	✓	✓	✓				✓		

## São Martinho mills receive RenovaBio certification

RenovaBio is a Federal Government program that aims to expand the share of biofuels in Brazil's energy mix, helping to reduce greenhouse gas (GHG) emissions in the country and supporting progress towards its commitments under the Paris Agreement.

The Boa Vista mill has become the first ethanol producer in Brazil to receive RenovaBio certification and is now eligible to issue and trade in decarbonization credits (CBios).

At the end of crop year 2019/2020, all our operations were certified and they can now also issue and trade in CBios.

In the 2020/2021 crop year we expect to issue 1 million CBios based on expected crush volumes and our announced production mix<sup>(1)</sup>.

(1) Material Fact, 6/29/2020





## Recognition/awards

The following are some of the most significant awards/recognition we received in the 2019/2020 crop year:



### **Guia VOCÊ S/A – 150 Best Workplaces**

Our human resources management practices and workplace environment have consistently earned us recognition and accolades.

For the eighth consecutive year we made the list of 150 Best Workplaces, a ranking developed by *VOCÊ S/A* with advisory support from Fundação Instituto de Administração (FIA). **For the third year running, we were named Best Workplace in Agribusiness** in this ranking.



### **Kaizen Brazil Award**

In 2019, *Kaizen Institute* organized the fourth edition of the Kaizen Awards Brazil. The initiative recognizes organizations that have successfully used the methodology to implement best practices and continual improvement.

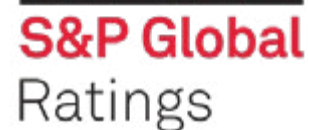
We received an award for a Continual Improvement Program that has driven people and process transformations at São Martinho, and an award in the Productivity Excellence category for a project to reduce loss rates in mechanized harvesting in our Boa Vista operation.



### **Valor Inovação Brazil Award**

In the fifth edition of the annual *Valor Inovação Brasil* innovation ranking—which lists the 150 most innovative companies in Brazil and the top companies in 23 sectoral rankings—we ranked as the third most innovative company in agribusiness. **This was the fourth consecutive year in which we ranked among the top companies for innovation in agribusiness.**

The survey for the ranking was conducted by consultancy firm *PwC Strategy&* in collaboration with the business newspaper *Valor Econômico*, with support from the Brazilian Association for Research & Development at Innovative Companies (ANPEI).



### **Investment Grade – S&P**

In October 2019, *Standard & Poor's Financial Services* ("S&P"), one of the world's leading credit rating agencies, upgraded **São Martinho's long-term global issuer credit rating to Investment Grade ("BBB-")**. The Company's national scale rating was affirmed at "AAA". The outlook on both scales is stable.



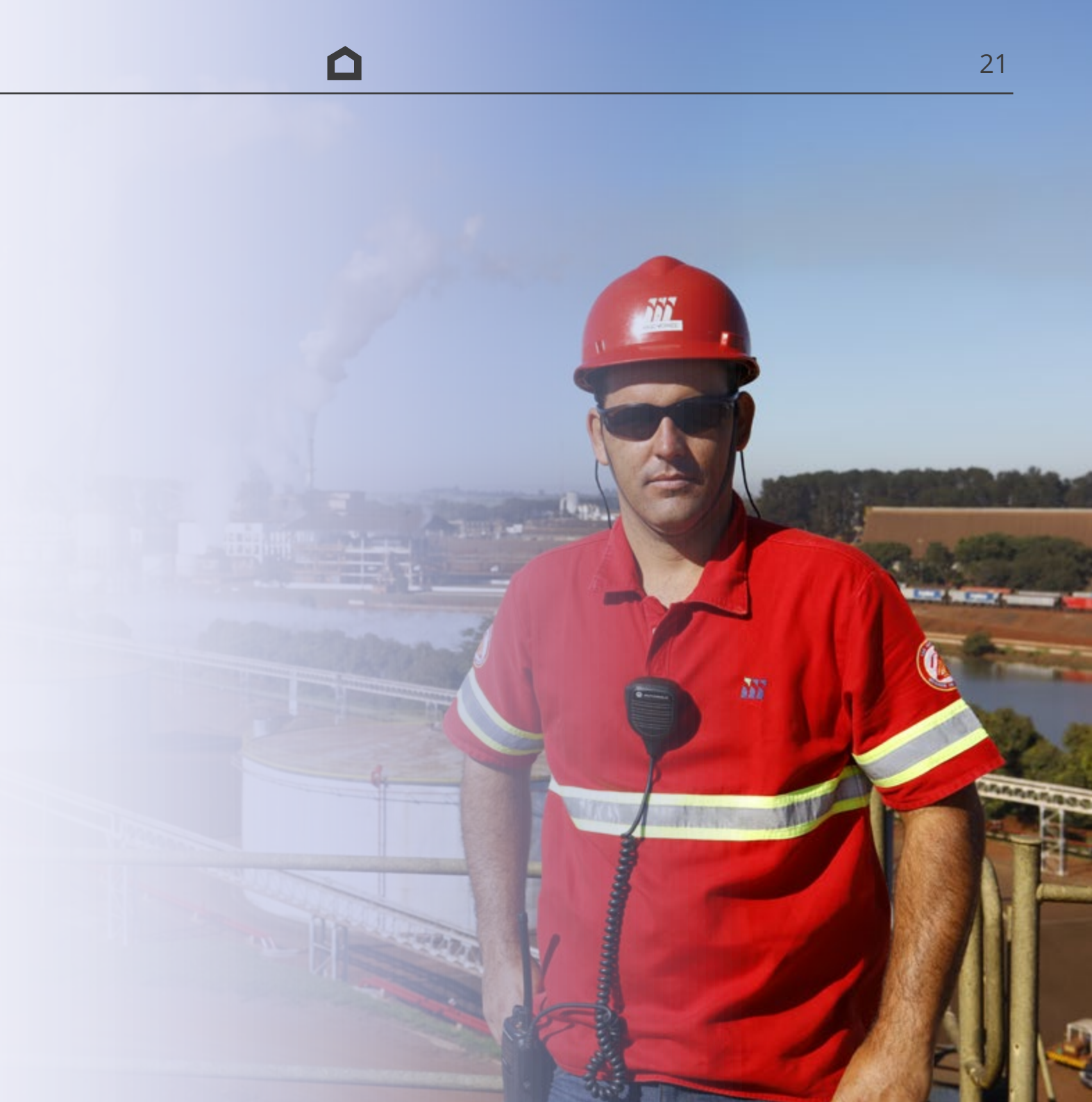
# Strategy

*GRI 102-11*

São Martinho develops strategic plans for ten-year cycles. In March 2020 we unveiled our Strategic Plan for the period 2020-2030.

Under the Plan, we will continue to pursue innovation initiatives to drive cost savings and increased efficiency, while also broaden our capabilities.

We recognize that innovation-based initiatives can help to generate knowledge, human and intellectual capital and continuous improvement in our operations and processes, as well as delivering incremental social, financial and economic benefits.







## ***Competitive advantages***

### **OUR PEOPLE**

Nothing can be achieved without high levels of employee engagement. Our history as a Company has been built by people conducting business the São Martinho Way. As we continue on our journey, we will enhance our focus on developing and nurturing our employees.

### **INTEGRATED CANE FIELD MANAGEMENT**

Approximately two thirds of the sugarcane processed at our mills is grown directly by the Company either on its own land or under lease or partnership agreements. Direct control of our value chain helps to ensure a secure supply of raw materials for our mills, while also strengthening relationships with agricultural partners. Properties are selected against criteria such as efficiency, mechanization and proximity to our mills. Other criteria we consider include community development, environmental preservation and workplace conditions.

### **SOIL QUALITY**

Our operations are located in areas where the soil and climate are ideal for sugarcane, and largely consist of Type A and B clayey soils that are resilient to adverse climate conditions.

### **STATE-OF-THE-ART CROP MANAGEMENT**

We are recognized as industry leaders for agricultural practices and automation, with our operations 100% mechanized. We use best crop management practices that minimize mobilization and disturbance of the soil, improving operating efficiency.

### **CANE FIELD LONGEVITY**

Our use of sugarcane varieties suited for each type of soil, the PSS +MEIOSI method (which ensures higher-quality cane after replication) and optimal replanting cycles helps to improve cane-field longevity and crop yields.

### **HIGH PRODUCTION CAPACITY AND OPERATIONAL FLEXIBILITY**

São Martinho's mills each have a high production capacity—an average of 6 million tons per mill—which provides gains of scale and reduces production costs. We can also tune our production mix so it is higher on sugar or ethanol depending on market conditions.

### **SUSTAINABLE FINANCIAL MANAGEMENT**

Building on solid financial results over the years, and now with an Investment-Grade rating from S&P, we have sought to maintain healthy leverage (Net Debt to EBITDA) and liquidity levels that give us access to better borrowing conditions with lower costs and longer maturities.





**Storage capacity:  
around 820 thousand  
tons of sugar and 740  
thousand m<sup>3</sup> of ethanol**

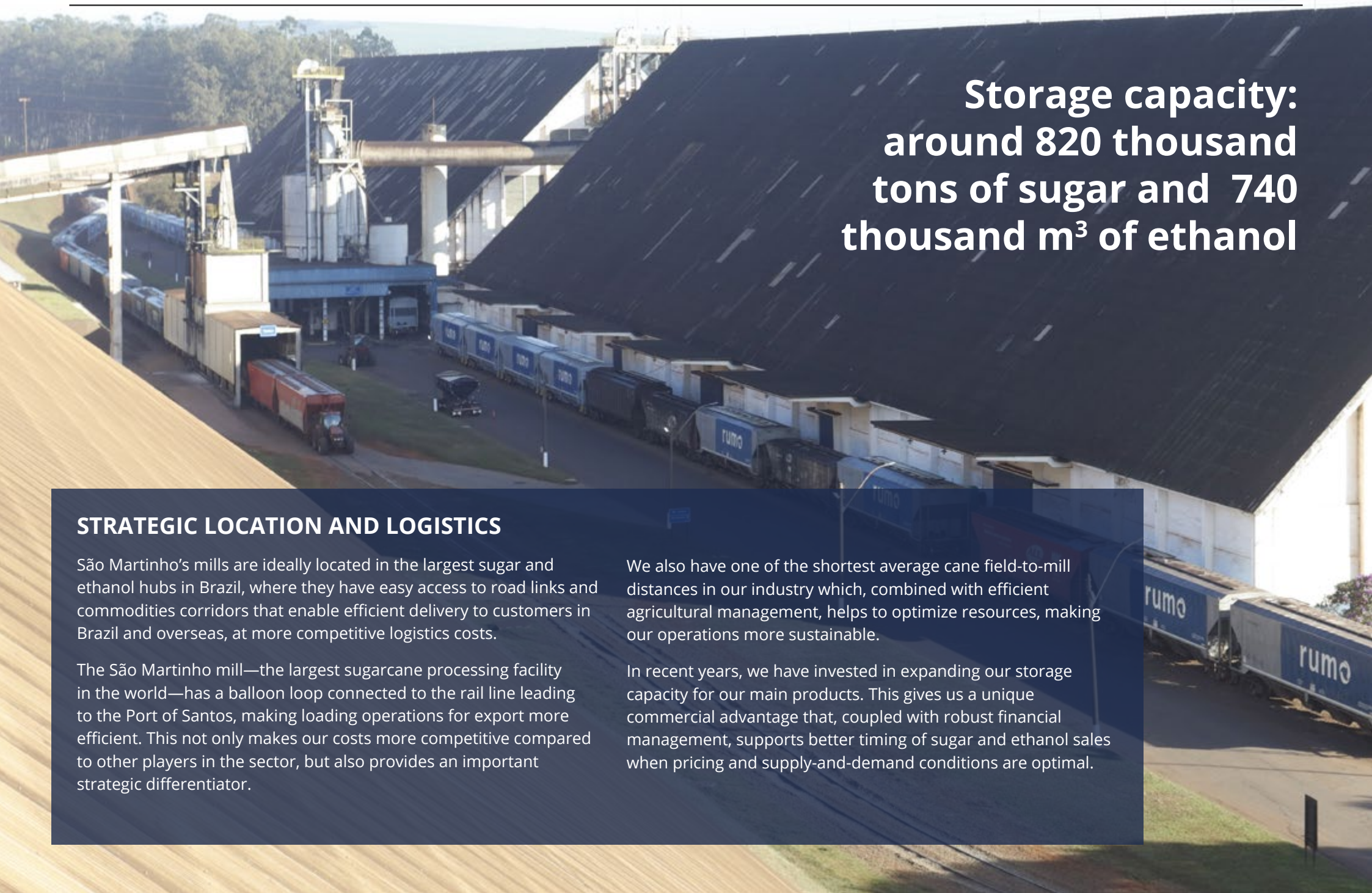
## **STRATEGIC LOCATION AND LOGISTICS**

São Martinho's mills are ideally located in the largest sugar and ethanol hubs in Brazil, where they have easy access to road links and commodities corridors that enable efficient delivery to customers in Brazil and overseas, at more competitive logistics costs.

The São Martinho mill—the largest sugarcane processing facility in the world—has a balloon loop connected to the rail line leading to the Port of Santos, making loading operations for export more efficient. This not only makes our costs more competitive compared to other players in the sector, but also provides an important strategic differentiator.

We also have one of the shortest average cane field-to-mill distances in our industry which, combined with efficient agricultural management, helps to optimize resources, making our operations more sustainable.

In recent years, we have invested in expanding our storage capacity for our main products. This gives us a unique commercial advantage that, coupled with robust financial management, supports better timing of sugar and ethanol sales when pricing and supply-and-demand conditions are optimal.





# Innovation management

Innovation is an essential activity that enables us to continuously pursue sustainable development as a Company.

The Board of Directors and Executive Board set high-level, strategic guidelines for innovation with support from the Innovation Committee.

Once our overall innovation strategy has been established, the Financial Committee and Innovation Committee ensure that innovation investment (R&D, processes, projects, structures and technologies) is aligned with other Company strategies.

São Martinho's innovation efforts are divided into two categories: innovation related to current businesses and long-term innovation (new business).

In **our innovation efforts for current businesses**, we have dedicated **Operational Excellence Groups** for each of our main business processes. These groups are composed of employees from all business units, who meet on a regular basis. They provide a forum for discussion and joint decision-making on day-to-day innovation projects.

We also have a **proprietary digital platform** to track progress on innovation projects and their key performance indicators (KPIs). The platform generates three levels of KPIs: strategic, tactical and operational. These indicators support objective management of our innovation initiatives.

São Martinho's **long-term innovation** strategy is developed as part of our Strategic Plan-building process, every ten years.





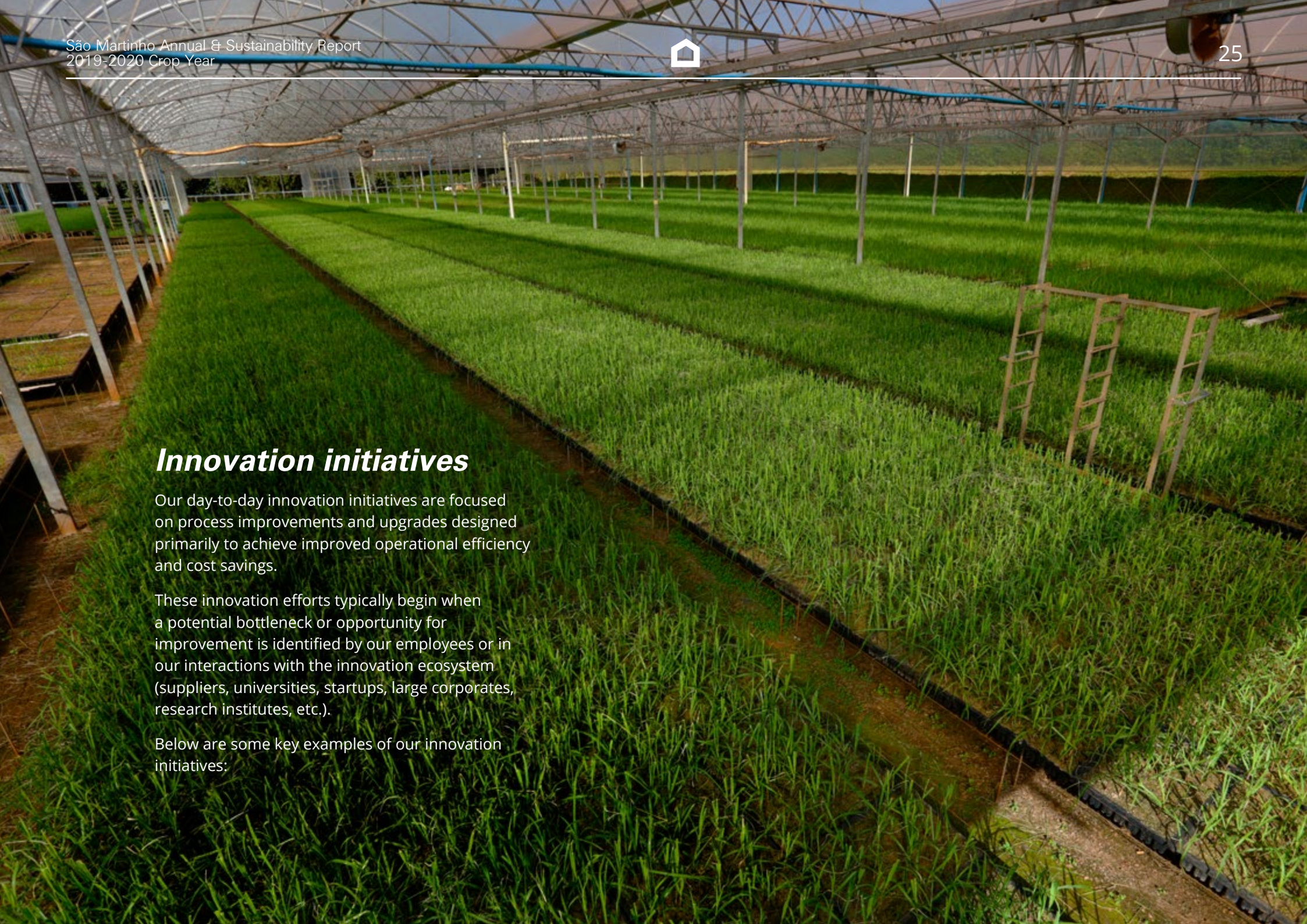


## ***Innovation initiatives***

Our day-to-day innovation initiatives are focused on process improvements and upgrades designed primarily to achieve improved operational efficiency and cost savings.

These innovation efforts typically begin when a potential bottleneck or opportunity for improvement is identified by our employees or in our interactions with the innovation ecosystem (suppliers, universities, startups, large corporates, research institutes, etc.).

Below are some key examples of our innovation initiatives:







## 4.0 AGRICULTURE AUTOMATION

Remote, real-time management of agricultural operations is already a reality at São Martinho. In recent years, we have invested in a collaborative project in partnership with the Brazilian Telecommunications Research & Development Center (CPqD) and other partners to develop a proprietary 4G network for real-time data transmission across our agricultural operations.

From an Agricultural Operations Center (COA), field data are monitored and controlled second by second. Artificial intelligence (AI) and advanced analytics tools are used to optimize processes and equipment performance and to perform predictive analyses, such as weather forecasting and remote detection of potential pest infestations, which can then be promptly contained using drones and

biological control at the infestation site, making the entire process more efficient and sustainable.

In crop year 2019/2020 we implemented agriculture 4.0 at the São Martinho mill and throughout crop year 2020/2021 the technology will be rolled out in our other operations.





## PSS+MEIOSI

Crop establishment is a critical step in the sugarcane crop cycle. In recent years we have implemented an innovative sugarcane planting process that combines pre-sprouted seedling (PSS) technology with the Simultaneously Occurring Intercropping and Rotation (MEIOSI) method.

The PSS method begins at a nursery where seedlings are propagated *in vitro* to obtain uniform and disease-free genetic material. This material is then used to produce pre-sprouted seedlings (PSS), which have been kept in greenhouses for a period of time.

This multiplication technology helps to improve crop uniformity, vigor and health, as well as supporting genetic traceability.

The pre-sprouted seedlings (PSS) are then planted in “mother” rows spaced several rows apart during the winter. When the first rains fall in the spring, soybeans or peanuts are planted between the PSS rows. After three to four months, the soya or peanut crops are harvested and the PSS seedlings, which have now developed into plants, are cut into billets and used for planting in the adjacent strips previously occupied by soybeans or peanuts. This method is known as MEIOSI.

Currently 70% of our planting operations use this method, and we expect this to reach 80% in the following crop year.

The combined use of PSS and the MEIOSI method not only significantly reduces consumption of sugarcane to produce billets for replanting, but also provides a range of important benefits:

- more of the harvested sugarcane can be processed (rather than being used to produce billets);
- seedling transportation costs are reduced;
- wheel traffic is reduced, minimizing soil compaction and improving crop yields; and
- genetic traceability ensures seedlings are healthy and vigorous.

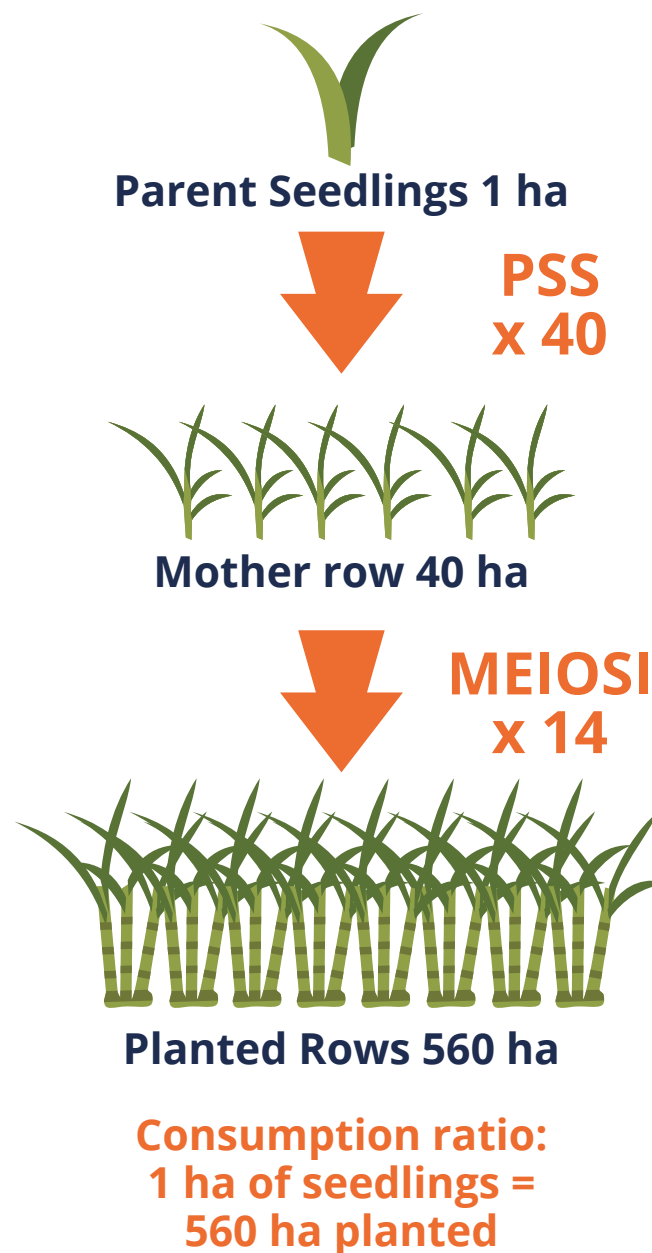
For a notion of the difference in multiplication rates:

### Conventional planting

1 hectare of sugarcane crop: 4 hectares

### PSS+MEIOSI method

1 hectare of sugarcane crop: 560 hectares







# 2019/2020 Crop year performance

8

DECENT WORK AND ECONOMIC GROWTH



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INDUSTRY, INNOVATION AND INFRASTRUCTURE



17

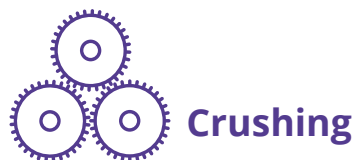
PARTNERSHIPS FOR THE GOALS





# Operational

## *Production volumes*



Based on data compiled by the Brazilian Sugarcane Industry Association (UNICA), Brazil’s Center-South sugar and ethanol cluster processed 590 million tons of sugarcane in the 2019/2020 crop year, 3% more than in the previous crop year. Improved weather conditions in the year were an important factor in the higher crush volumes.

**At São Martinho we set a sugarcane crush record in the 2019/2020 crop year at 22.6 million tons, an improvement of 11% from 2018/2019 crop year.**



Of total processed sugarcane volumes in the Center-South in the 2019/2020 season, 34.3% were used to produce sugar, the lowest percentage in the last 22 years. The region produced a total of 26.7 million tons of sugar in the 2019/2020 crop year, roughly the same volume as in 2018/2019 crop year.

**São Martinho produced 1.1 million tons of sugar in 2019/2020 crop year, 11% more than in the previous year.**



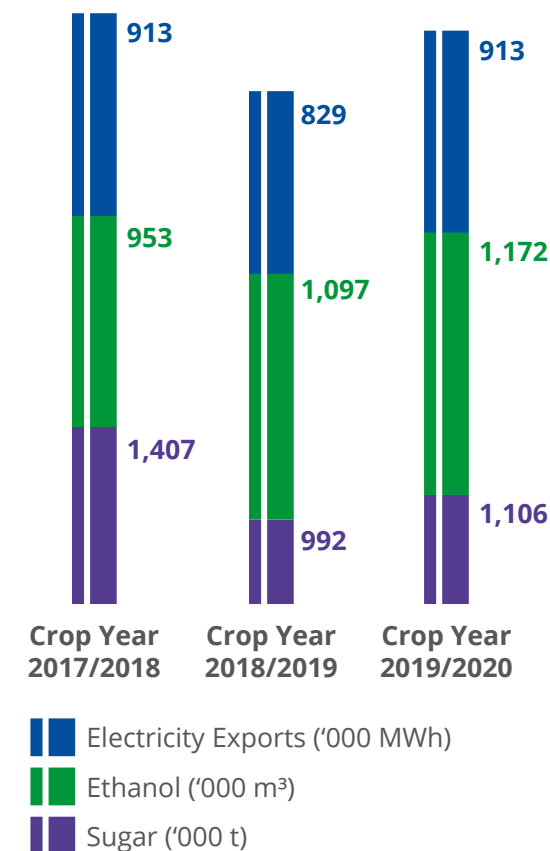
Center-South producers allocated 66% of processed sugarcane to ethanol in the 2019/2020 crop year—the largest percentage to date in the region—producing a total of 33 billion liters, including 10 billion liters of anhydrous ethanol and 23 billion liters of hydrous ethanol.

**São Martinho produced 1.2 billion liters in 2019/2020 crop year, up 7% from 2018/2019 crop year.**



We exported 913 thousand MWh of electricity in the 2019/2020 crop year, an increase of 10% from the previous year. This reflected the higher volumes of sugarcane bagasse available for cogeneration.

Volumes produced by product  
*GRI 102-7*







## Key results

### Excellence in agricultural and mill operations

supported a record crush of 22.6 million tons in crop year 2019/2020, as well as higher crop yields. As measured in tons of cane per hectare (TCH), sugarcane yields rose by 11.7% compared to the previous crop year, not only improving business performance but also helping to reduce greenhouse gas (GHG) emissions, an indicator that has gained increasing attention in the current political and economic landscape.

Our approach to managing agricultural operations has also driven production costs down to the lowest levels in our market, making us more competitive and enabling us to deliver improved and consistent business results even during periods of pricing volatility.

TCH (t of cane/ha)

**Crop Year 2017/2018**



**Crop Year 2018/2019**



**Crop Year 2019/2020**



## Operational results



Operational Indicators	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Change 19/20 vs 18/19 (%)
Sugarcane Processed (thousand tons)	22,206	20,450	22,640	10.7%
Own-sourced	15,191	13,692	15,740	15.0%
Third party-sourced	7,015	6,758	6,900	2.1%
Mechanized Harvest	100%	100%	100%	0.0 p.p.
Crop Yield (t/ha)	79.5	74.2	82.9	11.7%
Average TRS (kg/t)	139.8	142.2	139.4	-2.0%



Production Indicators	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Change 19/20 vs 18/19 (%)
Sugar (thousand t)	1,407	992	1,106	11.4%
Ethanol (thousand m <sup>3</sup> )	953	1,097	1,172	6.9%
Electricity Exports (thousand MWh)	913	829	913	10.1%
TRS Produced	3,104	2,908	3,155	8.5%
Sugar-Ethanol Mix	47% - 53%	36% - 64%	37% - 63%	



# Financial

Throughout our history as a Company, we have relied on several critical success factors to evolve our financial performance and results of operations, including prudent capital allocation and a continuous drive for efficiency, productivity and return on investment.

Solid financial management has made us more resilient to, and has helped to mitigate the impacts from, unexpected events, such as unfavorable climate conditions and domestic and global political and economic uncertainty.

Virtually all of our key financial metrics improved in crop year 2019/2020 compared to the previous year, as detailed opposite.



<b>Financial Highlights (R\$ thousand)</b>	<b>Crop Year 2017/2018</b>	<b>Crop Year 2018/2019</b>	<b>Crop Year 2019/2020</b>	<b>Change 19/20 vs 18/19 (%)</b>
<b>Net Revenue<sup>(1)</sup></b>	<b>3,621,987</b>	<b>3,381,663</b>	<b>3,701,547</b>	<b>9.5%</b>
COGS (Cash)	1,389,475	1,470,671	1,527,063	3.8%
Selling Expenses	119,778	97,367	138,197	41.9%
General and Administrative Expenses (Cash)	168,289	181,717	193,451	6.5%
<b>Adjusted EBITDA</b>	<b>1,949,994</b>	<b>1,644,534</b>	<b>1,857,191</b>	<b>12.9%</b>
Adjusted EBITDA Margin	53.8%	48.6%	50.2%	1.5 p.p.
Adjusted EBIT	1,054,412	599,760	792,538	32.1%
Adjusted EBIT Margin	29.1%	17.7%	21.4%	3.7 p.p.
Earnings before Income Tax	622,546	379,234	733,674	93.5%
<b>Net Income without IFRS 16 Effects</b>	<b>491,706</b>	<b>314,045</b>	<b>661,815</b>	<b>110.7%</b>
<b>Net Income</b>	<b>491,706</b>	<b>314,045</b>	<b>639,010</b>	<b>103.5%</b>
<b>Cash Income</b>	<b>846,362</b>	<b>461,370</b>	<b>713,547</b>	<b>54.7%</b>

(1) Excluding hedge accounting for foreign-denominated debt and SC PPA.







Indicators	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Change 19/20 vs 18/19 (%)
------------	------------------------	------------------------	------------------------	---------------------------------

#### Breakdown of Net Revenue by Product<sup>(1)</sup> (R\$ thousand)

Sugar	1,781,545	1,108,295	1,242,077	12.1%
Ethanol	1,572,009	2,009,052	2,147,041	6.9%
Electric Power	207,293	209,082	218,444	4.5%
Real Estate Development	8,419	2,730	20,107	n.m.
Other	52,721	52,504	73,878	40.7%
<b>Total</b>	<b>3,621,987</b>	<b>3,381,663</b>	<b>3,701,547</b>	<b>9.5%</b>

#### Capital Expenditure (R\$ thousand)

Maintenance	955,578	1,006,741	1,136,110	12.9%
Operational Improvements	109,703	89,787	131,823	46.8%
Upgrading/Expansion	102,443	185,191	120,049	-35.2%
<b>Total CAPEX</b>	<b>1,167,724</b>	<b>1,281,719</b>	<b>1,387,982</b>	<b>8.3%</b>

#### Indebtedness (R\$ thousand)

Consolidated Net Debt	2,462,768	2,401,992	2,879,312	19.9%
Leverage (Net Debt to Adjusted EBITDA)	1.26x	1.46x	1.55x	6.1%

(1) Excluding hedge accounting for foreign-denominated debt and SC PPA.



## Key results

### Net Revenue

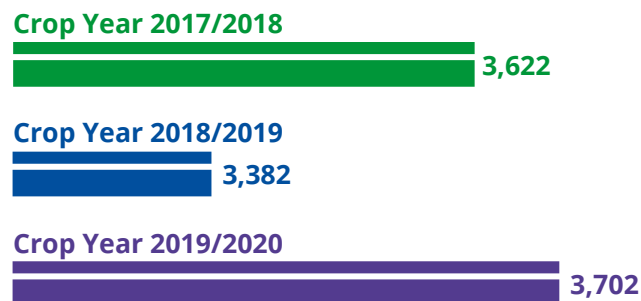
Net revenue was **R\$ 3.7 billion** in the crop year, an increase of **9.5%** from the previous crop year primarily reflecting higher selling prices on sugar and ethanol and higher sugar and electricity volumes sold in the year.

### Financial Statements

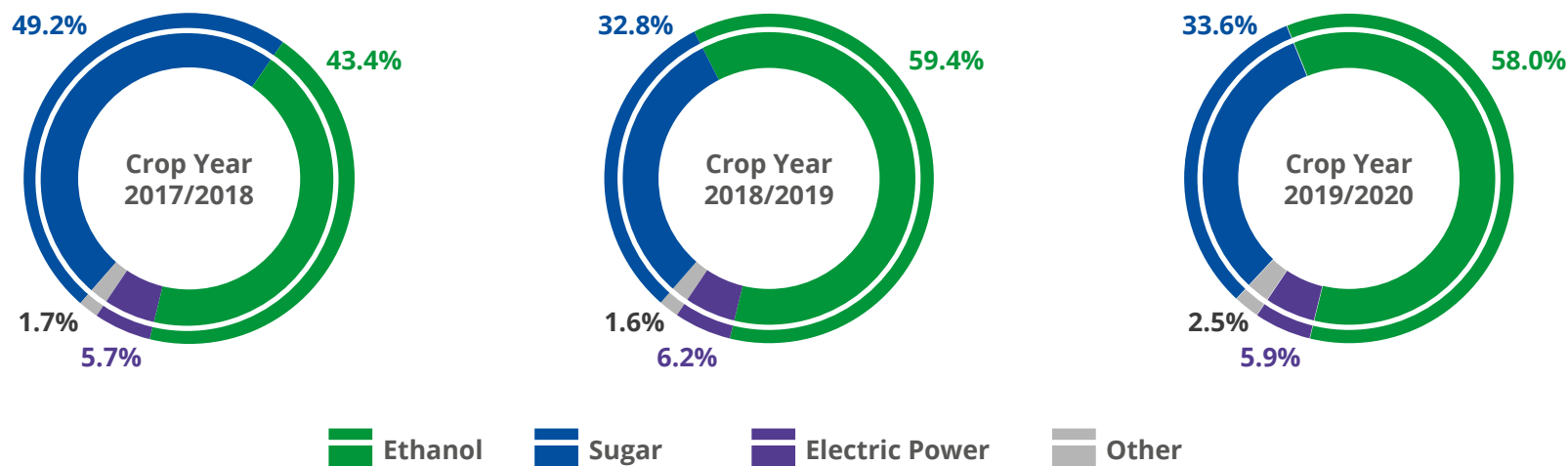
To read our complete Financial Statements for crop year 2019/2020, visit our **Investor Relations website here**.

**Net revenue of R\$ 3.7 billion, up 9.5% from the previous crop year**

Net revenue (R\$ million)



Breakdown of net revenue by product (%)



■ Ethanol   
 ■ Sugar   
 ■ Electric Power   
 ■ Other



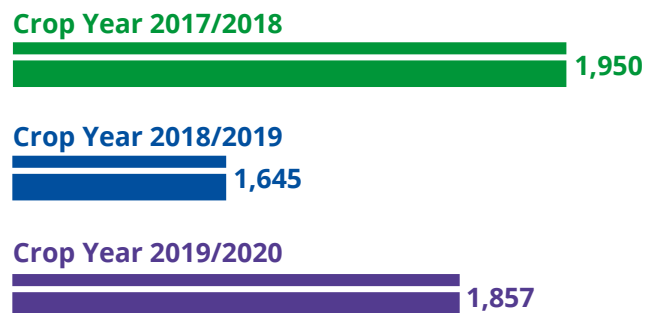


## EBITDA

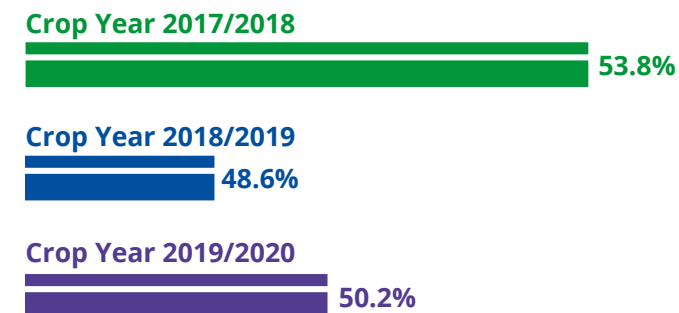
As permitted by CVM Instruction 527/12, we have elected to use adjusted EBITDA as a metric which better reflects our operating cash flows.

Adjusted EBITDA was **R\$ 1,857 million in crop year 2019/2020, an increase of 12.9%** from the previous year, while **Adjusted EBITDA margin was 50.2%**. The improvement primarily reflects the higher selling prices on sugar and ethanol and higher sugar and electricity volumes sold in the year.

### Adjusted EBITDA (R\$ million)



### Adjusted EBITDA Margin (%)

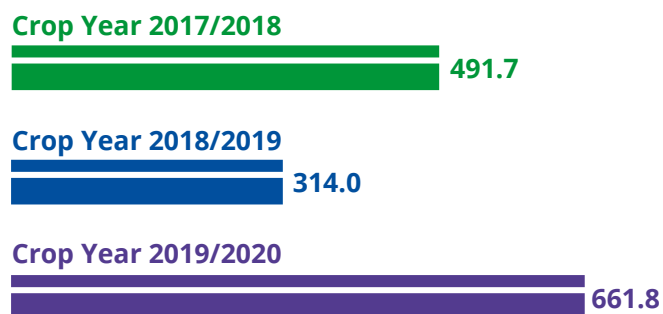


## Net Income and Cash Income

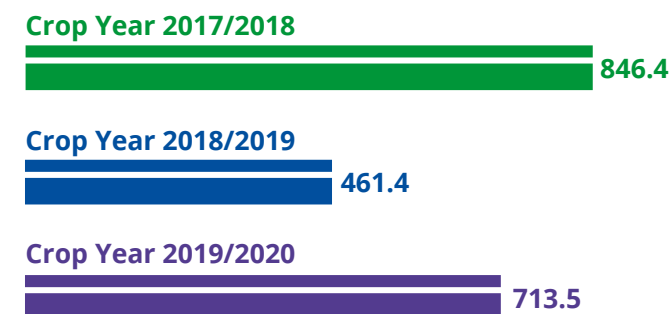
Reflecting improved economic and financial performance, Net Income was **R\$ 639 million** in crop year 2019/2020, **growing 103.5%** on the previous crop year.

Cash Income was **R\$ 713.5 million** in crop year 2019/2020, **increasing 54.7%** from crop year 2018/2019.

### Net Income without IFRS 16 Effects (R\$ million)



### Cash Income (R\$ million)

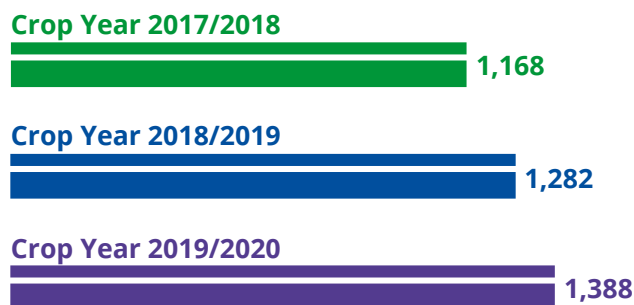




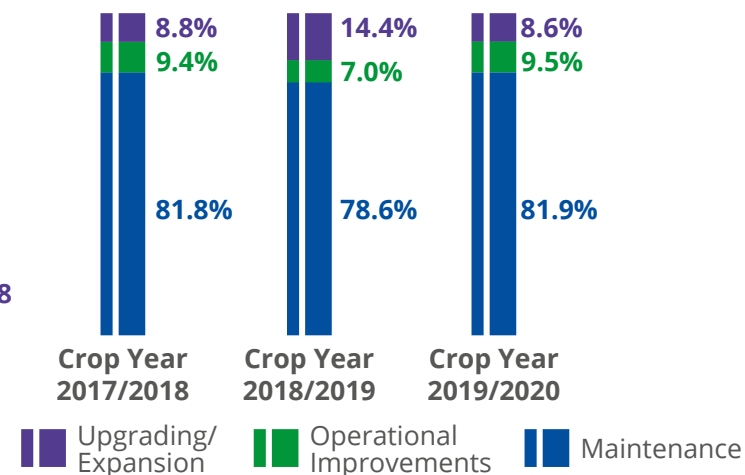
## Capital Expenditure (CAPEX)

Capital expenditure in the 2019/2020 crop year was approximately **R\$ 1,388 million**—across maintenance, operational improvements and upgrades, and expansion—**increasing by 8%** from the previous crop year.

Total CAPEX (R\$ million)



CAPEX Breakdown (%)

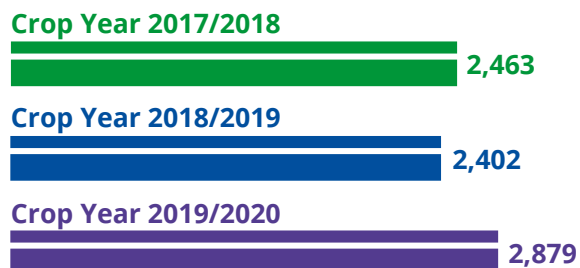


## Indebtedness

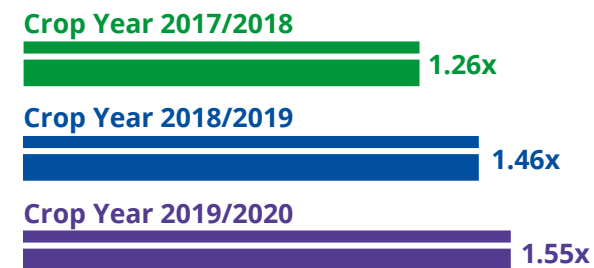
We ended crop year 2019/2020 with net debt of R\$ 2.9 billion, an increase of approximately 20% in relation to the previous year. This primarily reflects the significant weakening of the Real against the US dollar (USD) in the crop year. In addition, we had a working capital requirement of approximately R\$ 125 million reflecting a decision to carry over inventories, especially ethanol, which has since been reverted into cash over the 2020/2021 crop year, at higher prices.

Net Debt to Adjusted EBITDA (12-month) ended the crop year at 1.55 times.

Net Debt (R\$ million)



Leverage  
(Net Debt to Adjusted EBITDA)







## São Martinho upgraded to Investment Grade

In October 2019, *Standard & Poor's Financial Services* ("S&P"), one of the world's leading credit rating agencies, upgraded its long-term global issuer credit rating on São Martinho to **Investment Grade ("BBB-")**. **The Company's national scale rating was affirmed at "AAA"**. The outlook on both scales is stable.

According to S&P, the upgrade reflects the company's ability to generate consistently positive cash flow and sustain low leverage over the last several years, with proven resilience amid industry downturns.

The agency also noted that ongoing investments should further enhance São Martinho's profitability and business resiliency in the long term.

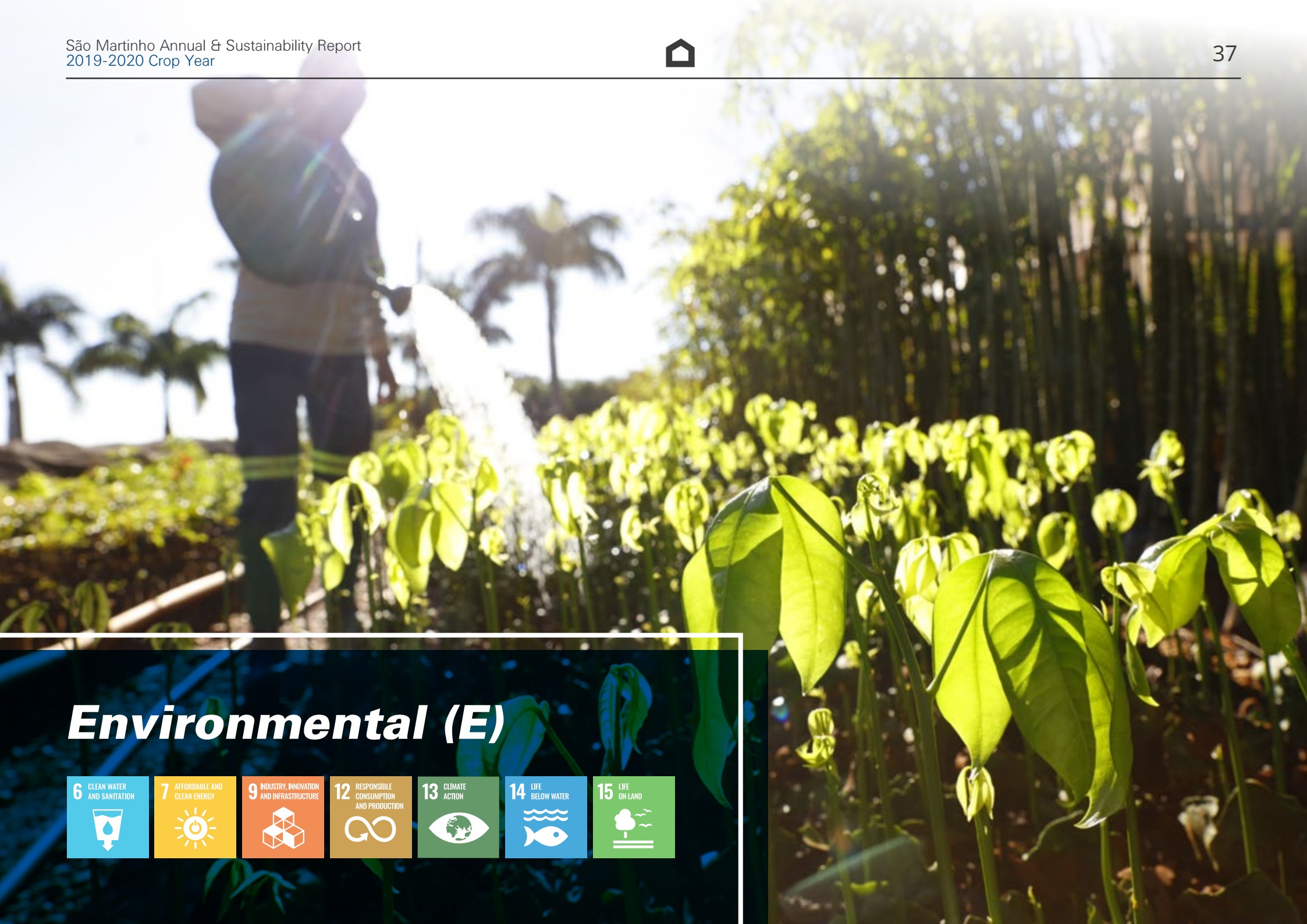
## Statement of Added Value

GRI 201-1

In crop year 2019/2020 our Statement of Added Value was as follows:



(R\$ thousand)	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Revenue			
Gross sales of goods and products	3,721,324	3,738,840	4,102,611
Revenue relating to construction of Company assets	977,347	1,060,507	1,142,445
Other revenue	2,215	17,412	4,557
	<u>4,700,886</u>	<u>4,816,759</u>	<u>5,249,613</u>
Inputs purchased from third parties	-1,086,064	-1,156,682	-946,746
Costs of goods sold	-969,570	-1,034,009	-1,215,916
Material, electricity, outsourced services and other operational expense	-2,055,634	-2,190,691	-2,162,662
	<u>2,645,252</u>	<u>2,626,068</u>	<u>3,086,951</u>
Depreciation and amortization	-356,202	-430,032	-636,816
Biological assets harvested	-539,380	-606,589	-613,101
Net added value produced by the entity	<u>1,749,670</u>	<u>1,589,447</u>	<u>1,837,034</u>
Transferred added value			
Equity in income of associates	-2,994	-240	625
Finance revenue	425,167	457,967	427,393
Other	-11,237	124,686	403,835
Added value to be distributed	<u>2,160,606</u>	<u>2,171,860</u>	<u>2,668,887</u>
Distribution of added value			
Payroll and related charges	796,061	838,409	875,077
Taxes, charges and contributions	285,919	244,711	272,126
Lenders	586,920	574,695	882,674
Dividends and interest on equity	116,780	74,586	151,765
Retained earnings for the year	<u>374,926</u>	<u>239,459</u>	<u>487,245</u>
Added value distributed	<u>2,160,606</u>	<u>2,171,860</u>	<u>2,668,887</u>



## *Environmental (E)*

- 6** CLEAN WATER AND SANITATION
- 7** AFFORDABLE AND CLEAN ENERGY
- 9** INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13** CLIMATE ACTION
- 14** LIFE BELOW WATER
- 15** LIFE ON LAND





# Our areas of focus

Our approach to environmental management spans the entire value chain. We have selected **seven priority topics** in our efforts to ensure the environmental sustainability of the business:



## Mitigating and adapting to climate change

- Monitoring and analyzing gas emissions from boiler stacks
- Reports on NOx and particulate emissions filed with the appropriate environmental agencies
- Efficient use of fossil fuels
- Controlled use of nitrogen and calcium in the soil
- Green-cane harvesting—as opposed to burnt-cane harvesting
- Biological control, minimizing the use of pesticides
- Fire prevention and response



## Biodiversity

- “Viva a Natureza” program
- Legal Reserve Program
- Wildlife monitoring



## Efficient waste management

- Segregation and environmentally compliant disposal of waste materials according to their type, including reuse, recycling, recovery, coprocessing and other methods



## Soil conservation

- Crop rotation
- Maintaining the post-harvest sugarcane trash on the cane field
- Using cropping systems with minimal tillage
- Using soil conservation methods
- Precision fertigation with concentrated vinasse
- Using pre-sprouted seedlings (PSS)
- Employing the Simultaneously Occurring Intercropping and Rotation (MEIOSI) method



## Water stewardship

- Monitoring water withdrawals
- Physical-chemical assays
- Resource efficiency
- Environmentally compliant treatment and disposal



## Complying at all times with applicable laws and regulations undertaken by the Company

- Complying with environmental regulations, tracking compliance with licenses and licensing requirements, and managing environmental aspects and impacts using specialized software



## Raising environmental awareness

- Raising environmental awareness among employees and communities through Environmental Education Centers (EECs) and internal campaigns



# Environmental Management System

São Martinho has an **Environmental Management System** that aligns our efforts to mitigate environmental impacts, develop optimal solutions and ensure natural resources are used efficiently.

As part of the Integrated Management System (IMS), the environmental practices we apply in our operations include:

- Protecting the environment, conserving and using natural resources efficiently, and managing process effluents and waste
- Minimizing potential environmental impacts, with a focus on continuous improvement of our environmental management system
- Complying at all times with applicable laws and regulations and commitments undertaken by the Company

All of our operations in São Paulo State are signatories of the **São Paulo Protocol for the Sugar and Ethanol Industry**, an initiative launched jointly by the São Paulo State Government and the Brazilian Sugarcane Industry Association (UNICA) in 2007 to encourage the adoption of good environmental practices in the industry, including soil conservation, reduced water withdrawals, and preservation of riparian vegetation and river sources.

## Our practices and initiatives

### ***Mitigating and adapting to climate change***

*GRI 302-1, 305-1*

Governments, organizations and civil society are increasingly concerned about the potential impact of global warming, and have undertaken commitments and initiatives to reduce carbon emissions.

Biofuels are internationally recognized as clean fuels as they produce less greenhouse gases (GHG) throughout their lifecycle than fossil fuels. In Brazil, the National Biofuels Policy (RenovaBio) provides a framework for renewable fuels.

### **GHG Emissions Inventory**

*GRI 305-1*

We regularly perform GHG emissions inventories to quantify and monitor emissions. In crop year 2019/2020, we implemented the reporting and quantification guidelines outlined by the Brazilian GHG Protocol Program and in ISO 14064-1.

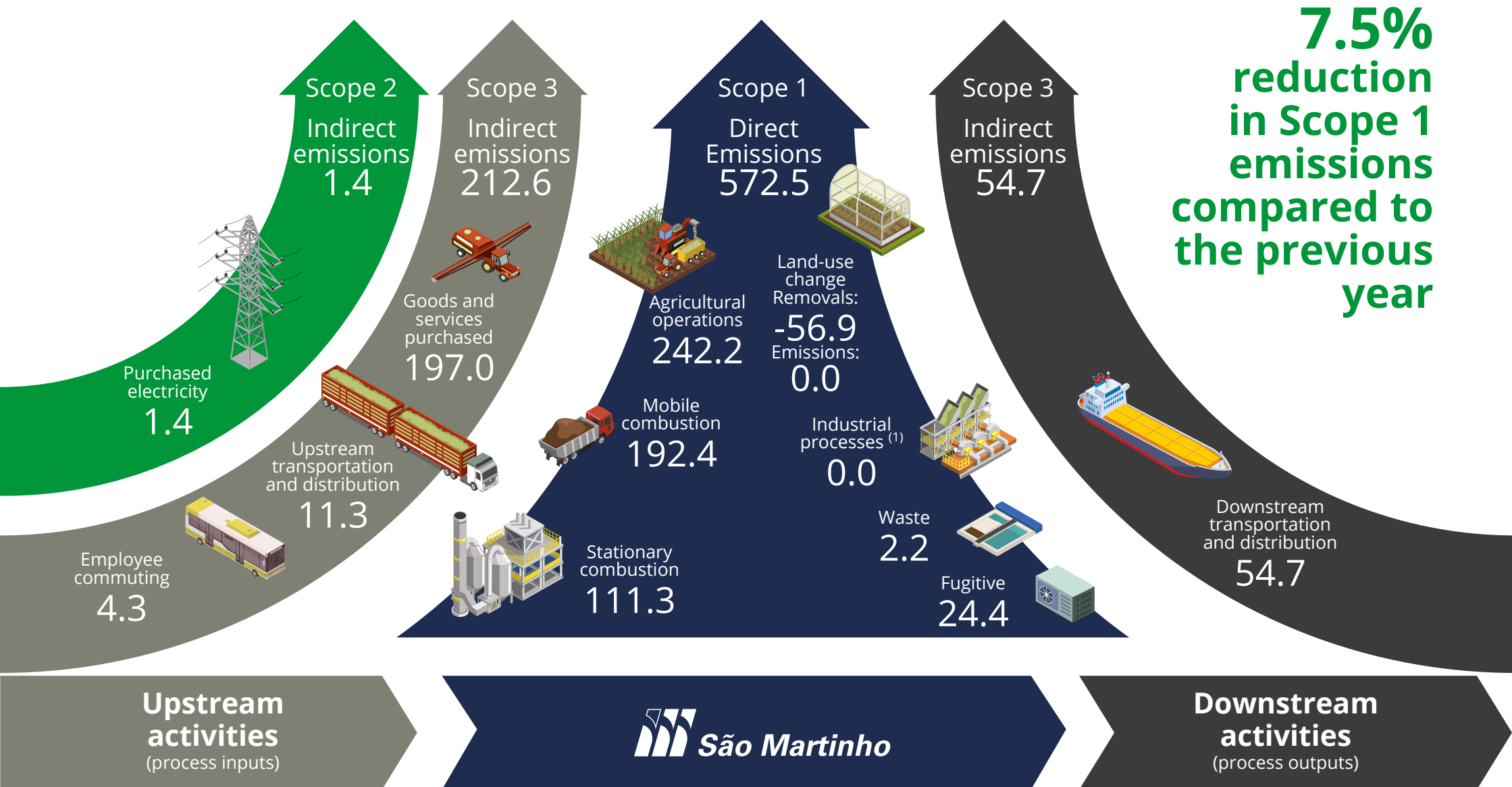






## Greenhouse Gas Emissions in 2019

(thousand tons of CO<sub>2</sub> equivalent)



(1) Industrial processes: biogenic emissions only.



Scope 1 emissions by category  
*GRI 305-1*

Category	CO <sub>2</sub> equivalent Emissions (t)			Biogenic CO <sub>2</sub> Emissions (t)		
	2017	2018	2019	2017	2018	2019
Stationary combustion	113,495	102,850	111,271	5,699,878	5,149,568	5,573,163
Mobile combustion	197,040	183,850	192,422	20,726	23,468	25,975
Fugitive	22,242	21,995	24,364	-	-	-
Land-use change <sup>(1)</sup>	-	-	-	-	-	-
Agricultural practices	268,568	247,984	242,232	156,589	88,557	159,119
Industrial processes	-	-	-	647,150	685,999	731,023
Waste	2,006	2,204	2,193	-	-	-
<b>Total</b>	<b>603,351</b>	<b>558,883</b>	<b>572,483</b>	<b>6,524,343</b>	<b>5,947,591</b>	<b>6,489,280</b>



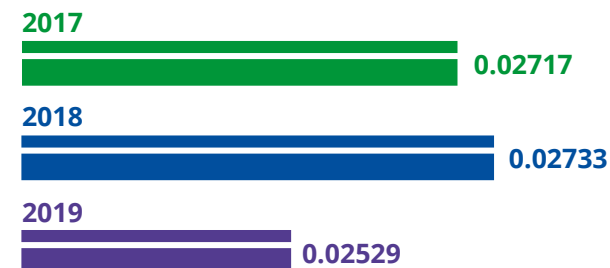
Scope 2 emissions by category -  
location-based approach  
*GRI 305-2*

Category	CO <sub>2</sub> equivalent Emissions (t)			Biogenic CO <sub>2</sub> Emissions (t)		
	2017	2018	2019	2017	2018	2019
Purchased Electricity	1,702	1,408	1,446	-	-	-
<b>Total</b>	<b>1,702</b>	<b>1,408</b>	<b>1,446</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) 58,439, 53,510 and 56,853 tons of biogenic CO<sub>2</sub> emissions removed by planting native seedlings in 2017, 2018 and 2019, respectively

Specific Scope 1 emissions  
(tCO<sub>2</sub>e/t of crushed sugarcane)

*GRI 305-4 and 305-5*





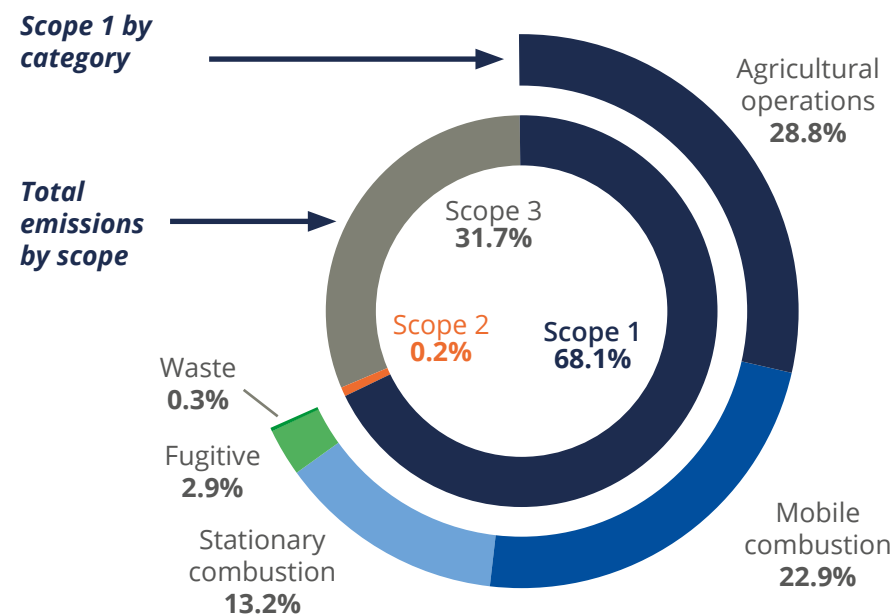


Scope 3 emissions by category  
GRI 305-3

Category	CO <sub>2</sub> equivalent Emissions (t)			Biogenic CO <sub>2</sub> Emissions (t)		
	2017	2018	2019	2017	2018	2019
1. Goods and services purchased	254,782	188,381	196,975	-	-	-
4. Transportation and distribution (upstream)	4,274	5,461	11,261	332	542	1,237
7. Employee commuting	3,306	4,198	4,252	257	412	449
9. Transportation and distribution (downstream)	38,279	35,178	54,655	2,050	1,723	2,025
<b>Total</b>	<b>300,641</b>	<b>233,217</b>	<b>267,143</b>	<b>2,639</b>	<b>2,677</b>	<b>3,711</b>

Because agricultural operations and mobile combustion are our primary sources of emissions, **these will continue to be our focus** over the coming years as we continue our efforts to minimize specific emissions.

Proportion of CO<sub>2</sub>e emissions - 2019





**In 2019 we generated emissions of 0.5 million tons of CO<sub>2</sub> (scope 1) and avoided emissions of 2.3 million tons of CO<sub>2</sub>, through the use of ethanol and bioelectricity.**

## GHG emissions avoided<sup>(1)</sup> and Carbon balance

The table below shows the emissions avoided over the past three years through the use of ethanol in replacement of gasoline and through exports of clean bioelectricity generated from sugarcane bagasse to the grid, significantly reducing GHG emissions compared to alternative fossil fuels:



### Emissions avoided

Use of:	Emissions (tCO <sub>2</sub> e)		
	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Total ethanol fuel	1,570,285	1,805,342	1,898,513
Bioelectricity (compared to natural gas)	436,505	396,315	436,361
<b>Emissions avoided (ethanol + bioelectricity)</b>	<b>2,006,790</b>	<b>2,201,657</b>	<b>2,334,874</b>

We achieved a **7.5% reduction in (scope 1) greenhouse gas emissions in the crop year**, delivering on our commitment to the 13<sup>th</sup> Sustainable Development Goal (SDG)—Climate action. GHG reductions have been achieved primarily by:

- reducing diesel consumption
- minimizing the use of mineral nitrogen fertilizers by replacing them with green manure
- reducing the need to apply lime as a soil amendment

Our efforts to reduce greenhouse gas emissions include the use of a fully ethanol-fueled corporate fleet and high performance, energy-efficient agricultural machinery which, combined with precision agriculture, can contribute to significant fuel savings.

São Martinho has a **lubricant control laboratory** that provides data on the condition of our farm fleets, helping to optimize diesel consumption, reduce GHG emissions and improve vehicle safety.

Our carbon balance is presented in the table below. The biogenic emissions shown are from renewable sources and are therefore considered carbon neutral.



### Carbon balance - 2019

Scope		tCO <sub>2</sub> e
Scope 1 (E1)	Direct Emissions	572,483
	Direct Emissions from land-use change	0.00
	Direct Removals from land-use change	56,853
	Total Scope 1 (Balance)	515,631
Scope 2 (E2)	Purchased electricity	1,446
<b>Total Balance (E1) + (E2)</b>		<b>517,076</b>
<b>Biogenic Emissions (E1) + (E2)</b>		<b>6,489,280</b>

(1) Methodology: GHG PROTOCOL





## Air emissions

GRI 305-1

Each of our operations has a **Black Smoke Monitoring** program for diesel-powered fleets. We use equipment to **monitor air pollution** and gas emissions from fixed and mobile sources, and all our boilers are equipped with gas scrubbers.



Air quality table

Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
PM	3,358	<sup>(2)</sup> 1,654	2,506
NOx	<sup>(1)</sup> 3,001	2,021	2,396

(1) Boa Vista outlier not included

(2) Boa Vista outlier not included



## São Martinho subscribes to the São Paulo Environmental Agreement

In an event held in November 2019 at the seat of the São Paulo State Government, representatives from the Brazilian Sugarcane Industry Association (UNICA) and around 50 executives representing companies in the sugar and ethanol industry, including São Martinho, signed an agreement under which UNICA and producers voluntarily undertook a commitment to the São Paulo State Government to reduce GHG Emissions as part of efforts against global warming. The agreement also encourages Environmental preservation and support for the Paris Agreement targets.

Companies subscribing to the agreement were recognized by the São Paulo State Government as members of a community of leaders on climate change. Companies' voluntary commitments under the agreement to reduce emissions over the following 20 years will be automatically renewed through 2030.



## Electric Power

GRI 302-1, 302-3 and 302-4

Sugarcane bagasse, a byproduct from the crushing process, is used to produce renewable (clean) electric power at all our mills. We use this electricity to operate our mills, making them energy self-sufficient, and export the surplus to the national grid.

Surplus electricity produced (in thousands of MWh)

Crop Year 2017/2018



Crop Year 2018/2019



Crop Year 2019/2020



Our energy efficiency performance has improved year-over-year:

Energy efficiency (GJ/t of crush volume)

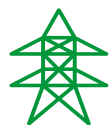
Crop Year 2017/2018



Crop Year 2018/2019



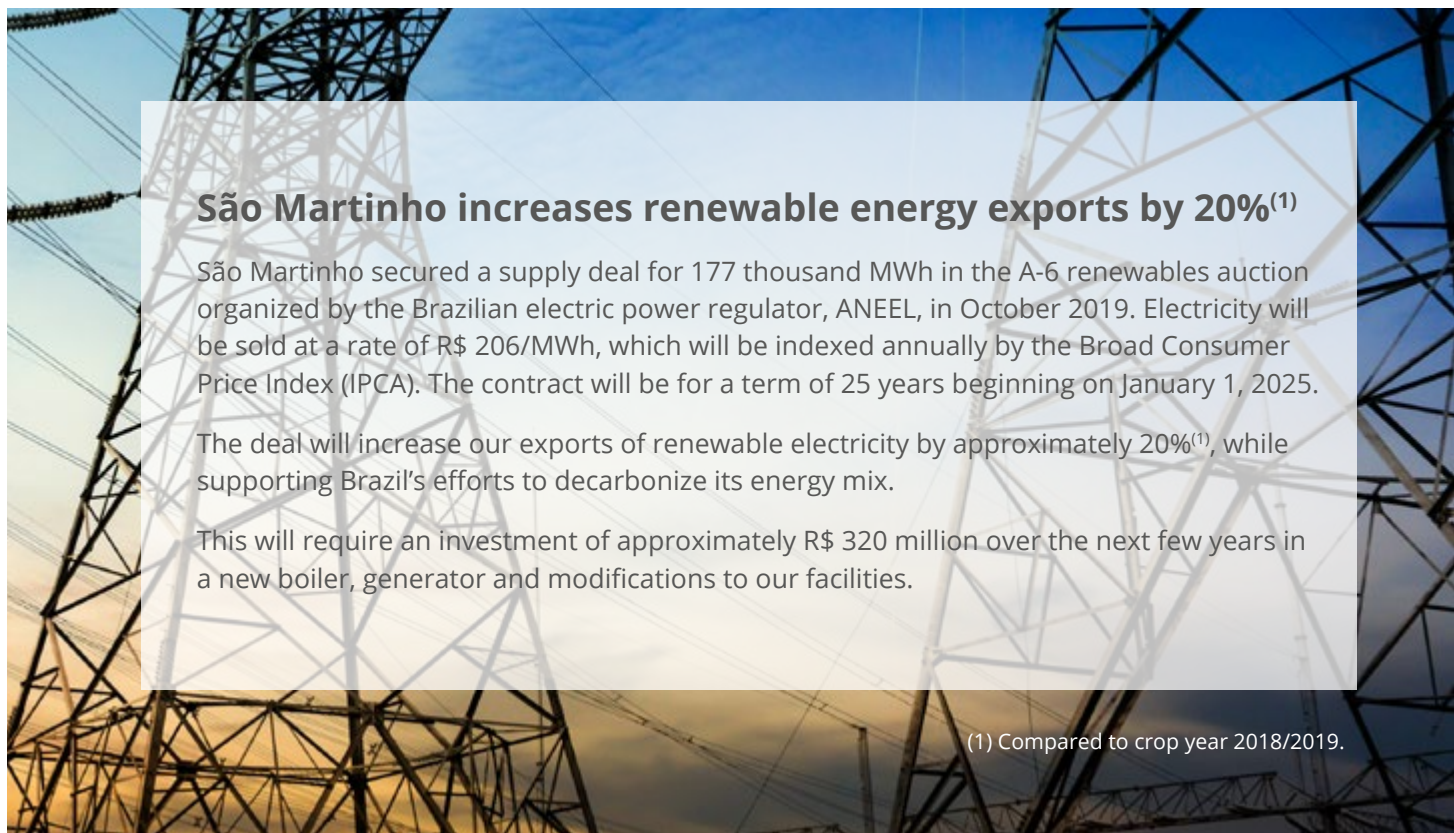
Crop Year 2019/2020



Energy consumption within the Organization (in GJ)

Indicators

Indicators	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
(A) Fuel consumption from non-renewable sources	2,938,785	2,802,018	2,955,783
(B) Fuel consumption from renewable sources	56,869,983	51,385,793	55,608,289
(C) Electricity, heating, cooling and steam purchased for consumption	66,099	68,519	69,388
(D) Electricity, heating, cooling and steam produced on-site	5,090,884	4,513,240	5,081,722
(E) Electricity, heating, cooling and steam sold	3,287,483	2,984,799	3,286,402
<b>Total energy consumption within the Organization (A+B+C-E)</b>	<b>56,587,384</b>	<b>51,271,531</b>	<b>55,347,058</b>



### São Martinho increases renewable energy exports by 20%<sup>(1)</sup>

São Martinho secured a supply deal for 177 thousand MWh in the A-6 renewables auction organized by the Brazilian electric power regulator, ANEEL, in October 2019. Electricity will be sold at a rate of R\$ 206/MWh, which will be indexed annually by the Broad Consumer Price Index (IPCA). The contract will be for a term of 25 years beginning on January 1, 2025.

The deal will increase our exports of renewable electricity by approximately 20%<sup>(1)</sup>, while supporting Brazil's efforts to decarbonize its energy mix.

This will require an investment of approximately R\$ 320 million over the next few years in a new boiler, generator and modifications to our facilities.

(1) Compared to crop year 2018/2019.





## ***Biodiversity***

*GRI 304-1, 304-2, 304-3, 304-4*

We work actively to protect biodiversity on the cane field properties we manage and in the areas around our operations.

In order to preserve biological balance and the environment in and around our properties, we maintain protected areas—including riparian buffers and legal reserves—where we promote forest regeneration or enrichment.

The following sections describe some of our projects and practices in support of preserving biodiversity.

## **Legal Reserve Program**

*GRI 304-1*

Our **Legal Reserve Program** goal is to map out, plan and implement environmental efforts on our farm properties, based on best environmental and sustainability practices.

In crop year 2019/2020 we updated our **Environmental Assessments** on land uses, protected areas and legal reserves, in accordance with applicable laws and regulations.

All of our properties are registered in the **Rural Environmental Registry (CAR, in Portuguese)**, including their protected areas and legal reserves. Any surplus protected areas exceeding legal requirements are used to offset deficits on other properties. Deficits are also offset by purchasing and preserving Government-established protected areas of high biological value.

We have joined the Federal Government's Program for Environmental Compliance (PRA) where necessary.

As part of the Legal Reserve Program, a multidisciplinary group with representatives from different departments across the Company monitors trends and developments and plans and recommends initiatives around sustainability and environmental efficiency.

We also engage in advocacy on environmental policy issues, and follow developments in the regulatory landscape surrounding Brazil's Forest Code.





## Restoration initiatives

GRI 304-3

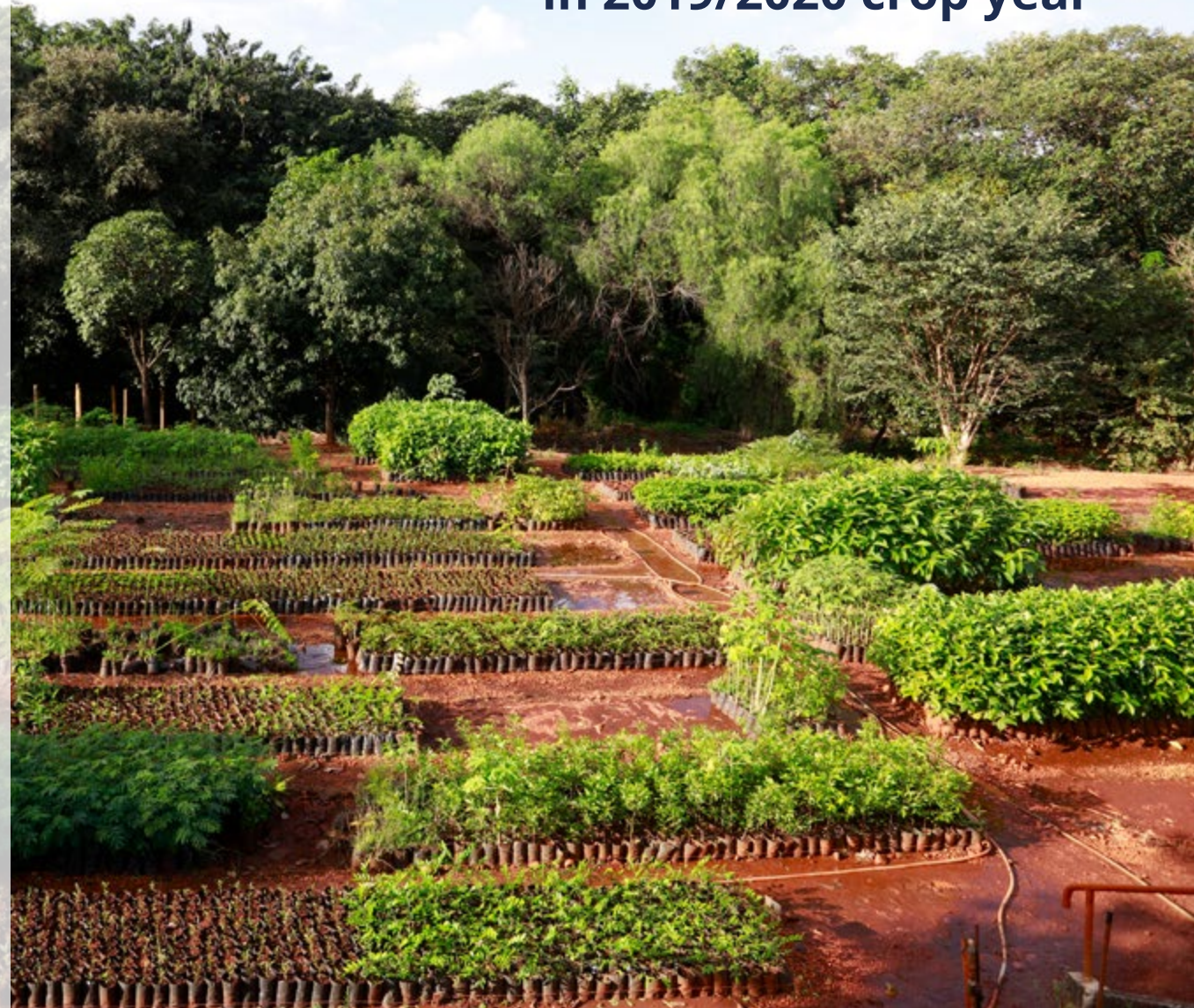


### **Tree Nursery Project**

Our **Tree Nursery Project** produces seedlings of native or fruit tree species to support our reforestation initiatives. We annually produce approximately 240 thousand seedlings. In addition to providing seedlings for reforestation initiatives on our own properties, portions of the seedlings we produce are donated to municipal governments, schools, NGOs, partners, employees and charities in neighboring cities.

In 2000, São Martinho implemented an environmental preservation program called **Viva a Natureza**, with a mission of rehabilitating and protecting riparian vegetation, protecting springs, minimizing siltation in water bodies and preserving native species. The program has also helped to raise awareness among employees, students and surrounding communities about the importance of nature conservation.

**More than 4.6 million seedlings were planted since the beginning of "Viva a Natureza" Project, including 138 thousand seedlings in 2019/2020 crop year**







## Protected Area Footprint

GRI 304-3



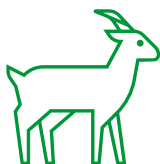
Description/Unit	Iracema Mill	São Martinho Mill	Boa Vista Mill	Santa Cruz Mill
Total area (ha)	15,983	30,690	2,326	1,925
% occupied by protected areas	7.3	10.0	3.2 <sup>(1)</sup>	2.9

Note: (1) The percentage of protected areas in the Boa Vista operation differs from the figure in the previous Report due to accounting adjustments.

## Wildlife

GRI 304-4

Within our Biodiversity Monitoring and Wildlife Conservation Program, we assess the impacts from our agricultural operations on wildlife to inform conservation strategies. Surveys to map out the wildlife populations on our properties have identified the following species numbers:



Description/Unit	Iracema Mill	São Martinho Mill	Boa Vista Mill	Santa Cruz Mill
Total species	156	243	402	341
Threatened species	5	17	0	20







## ***Vehicle traffic around our operations***

### *GRI 304-2*

We have procedures in place such as speed limits, adequate signage and records of roadside animal sightings, and drivers are instructed to support wildlife protection near our operations.

## ***Use of pesticides***

### *GRI 304-2*

São Martinho has a range of initiatives — including integrated pest management, the use of disease-resistant cultivars and the use of biological control methods—to minimize the application of crop protection products (herbicides, insecticides, fungicides, nematicides and ripeners).

All products are registered with the Brazilian Ministry of Agriculture and Food Supply and are used in accordance with label prescriptions on application rates and pre-harvest intervals. In

addition, none of the crop protection products we use are listed as Persistent Organic Pollutants (POP) or as classes Ia or Ib in the World Health Organization (WHO) classification.

In applying crop protection products, precautions are taken to ensure workers perform their tasks safely by wearing appropriate personal protective equipment (PPE) and having their work clothes washed at a dedicated laundry room.







## **Fire prevention and response**

*GRI 304-2*

São Martinho uses fully mechanized green-cane harvesting rather than burnt-cane harvesting. We have a fire prevention and response program designed to prevent and/or mitigate the ecosystem disturbances and social and economic damage caused by fires.

We also have a **Fire Prevention and Response Plan** and an **Emergency Response Plan**—on which field crews receive training and refresher training during the off-season—as well as fire response teams who are prepared to respond on a moment's notice.

São Martinho's fire response capabilities are often deployed to assist neighboring communities in containing fire outbreaks. We are members of **Mutual Assistance Programs** in partnership with other mills, independent producers, associations and fire departments.

In crop year 2019/2020 we ran social media campaigns to raise awareness about preventing fires and the resulting damages and impacts on society.

**Fire watch teams** monitor our properties 24/7 using dedicated, strategically located equipment including watchtowers, cameras, fire trucks, support trucks and emergency vehicles.

With the implementation of our **Agricultural Operations Center (COA)**, we have taken fire prevention and response to the next level: our properties are now monitored remotely and in real time, allowing for a faster response that can further limit the area affected and the social and environmental impacts from a fire.



**Under a partnership agreement with other mills, independent producers, associations and the Fire Department, we assist neighboring communities in responding to fires and are recognized for best practices in fire response**



**A.B.E.L.H.A.**

Associação Brasileira de Estudos das Abelhas

## São Martinho signs partnership agreement with A.B.E.L.H.A.

In September 2019 our Iracema mill (\*) partnered with the Brazilian Association for Bee Studies (A.B.E.L.H.A.) to promote dialog with bee farmers surrounding the mill. The partnership aims to promote good practices in farm management that enable crop farming to coexist harmoniously with bee farming.

A.B.E.L.H.A uses its platform to identify bee farmers and assist them in optimizing the spatial distribution of beehives through georeferencing. Partner companies also provide alerts on scheduled crop dusting activities.

The platform also helps to share best practices between crop and bee farmers and with communities.

(\*) Under a Memorandum of Intent signed on April 29, 2019 between the São Paulo State Government's Department of Agriculture and Food Supply (SAA), the Brazilian Sugarcane Industry Association (UNICA), the Brazilian Organization of Sugarcane Grower Associations (ORPLANA) and Syngenta.





## ***Efficient waste management***

GRI 306-2

Our operations have Waste Centers for waste segregation, and we have a Waste Management Plan that uses the 3Rs concept of:

- reducing consumption of inputs and raw materials
- re-utilizing materials and byproducts
- and recycling materials to the extent possible

The overarching goal of the program is to ensure that waste from field and mill operations is managed in a way that prevents harmful impacts on the environment and ensures that waste materials are adequately disposed of.

In the 2019/2020 crop year:

- Around **99%** of hazardous waste materials were reutilized
- Approximately **100%** of nonhazardous waste materials were reutilized
- Hazardous waste per ton of sugarcane was reduced by **6.5%**
- Hazardous waste was reduced by **48.9% (R\$ SAV)**
- Nonhazardous waste was reduced by **45.5% (R\$ SAV)**





## Reuse

Reuse of waste materials generated by our operations helps to make our business more sustainable. Approximately **99% of the waste materials generated in our operations are reused** in our agricultural and mill operations. Below are some examples:

### Sugarcane bagasse

Sugarcane bagasse, a byproduct from the crushing process, is fully re-utilized in producing clean electric power at all our mills. This not only makes our mills energy self-sufficient, but also produces a surplus—currently around 1 TWh—that we export to the national grid.

### Filter cake

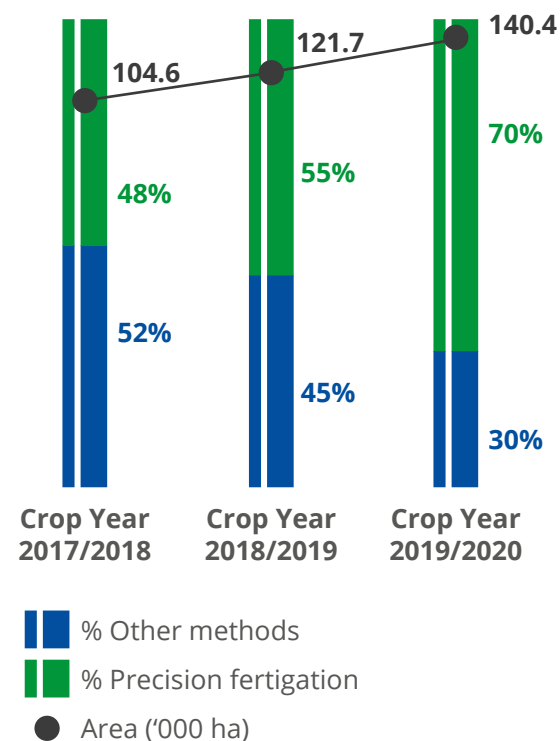
Filter cake, a residue from the cane juice decantation process, is rich in phosphorus and organic matter. Filter cake is treated and supplemented with nutrients to produce an organic fertilizer that is applied to plant or ratoon crops in replacement of mineral fertilizers.

### Vinasse

A byproduct from the ethanol distillation process, vinasse is rich in potassium, one of the nutrients required by sugarcane crops. Using strictly controlled procedures, vinasse is fully re-utilized in our cane fields through fertigation, a fertilization method used to nourish the soil. Vinasse is stored in ponds that are lined with a high density polyethylene material to prevent soil contamination.

We have invested over the years in expanding precision vinasse application to reduce average expenses on mineral fertilizers and to improve crop yields. In crop year 2019/2020, vinasse application reduced our requirement for potassium fertilizers by 11%.

Vinasse application







Waste by type and disposal method  
(in tons) - GRI 306-2

	Hazardous Waste			Nonhazardous Waste		
	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
<b>Total (in tons)</b>	<b>1,206</b>	<b>1,242</b>	<b>1,291</b>	<b>7,481,832</b>	<b>6,728,256</b>	<b>7,449,427</b>
Reutilization	57	45	60	6,316,190	5,792,030	6,348,751
Recycling	-	-	7	4,418	5,247	3,758
Mixing Yard	-	-	-	1,159,028	928,990	1,094,798
Incineration (mass burn)	-	-	9	-	-	-
Co-processing	626	665	731	-	-	-
Reverse Logistics	157	112	107	1,175	1,011	1,337
Re-refining	365	414	367	-	-	-
Landfill (Industrial / Sanitary)	-	6	9	1,019	909	783
Recovery (including energy recovery)	-	-	-	2	69	-
Other	2	-	-	-	-	-



Industry-specific indicators

	UNCTAD	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
% Reuse of Hazardous Waste	B.2.2	99.88%	99.51%	98.63%
% Reuse of Non-Hazardous Waste	B.2.2	99.99%	99.99%	99.99%
% Reduction of Hazardous Waste Produced	B.2.1		3.00%	3.91%
% Reduction of Non-hazardous Waste Produced	B.2.1		-10.07%	10.72%

**Industry-specific indicators**

Tons of cane processed	22,206,429	20,450,340	22,640,241
Hazardous waste produced/ t of cane processed	0.000054	0.000061	0.000057
Non-hazardous waste produced/ t of cane processed	0.337000	0.329000	0.329000



## Soil conservation

Our soil conservation plan provides guidance on soil management, remediation, protection and nutrition to ensure that land-use for sugarcane cultivation is sustainable.

Some of the practices we use for soil conservation include:

- Green-cane harvesting – as opposed to burnt-cane harvesting
- Planting native tree species to help preserve the soil
- Properly fertilizing the soil at each cycle depending on each crop's nutrient requirements, improving the soil's physical, chemical and biological properties
- Applying crop protection products as prescribed in label instructions, within established limits and using recommended methods
- Using biological control to minimize the use of insecticides
- Replenishing organic matter using byproducts such as vinasse and filter cake
- Using contour bunds and terraces to reduce slope lengths and the velocity of surface runoff, and increase water infiltration into the soil;
- Using sugarcane trash to retain moisture, release nutrients and reduce soil compaction
- Using cropping systems with minimum tillage for minimal soil disturbance
- Using methods such as pre-sprouted seedlings (PSS) and the MEIOSI system to improve crop yields per hectare
- Monitoring, preventing and promptly responding to fire outbreaks to minimize adverse environmental impacts, such as loss of soil cover and agricultural inputs previously applied

**Best practices in soil management also help to reduce greenhouse gas emissions in our operations, benefiting surrounding communities and broader society**





## Agricultural Chemistry Lab

In 1979 we set up an Agricultural Chemistry Lab (ACL) that has been accredited by the Brazilian Institute for Metrology, Quality and Technology (INMETRO) to perform soil chemistry analyses and sampling in accordance with ABNT NBR ISO/IEC 17025:2017. Located at the São Martinho mill, the lab analyzes soil and byproduct samples (such as filter cake and vinasse) and other materials from our four mills.

**Lab analyses inform crop management practices—such as precision applications of soil amendments and fertilizers—that minimize waste and greenhouse gas (GHG) emissions**





## Water stewardship

GRI 303-1, 303-2, 303-3, 303-4 and 303-5

Within a stringent management process, we use good water stewardship practices that include:

GRI 303-2



Metering withdrawals of surface and groundwater



Managing water consumption to reduce total water withdrawals



Performing quality analyses on effluents returned to the environment to prevent any harm being done to natural ecosystems



**Water reuse: In crop year 2019/2020 our water reuse rate was 72%**

## Water withdrawal

GRI 303-1 and 303-3

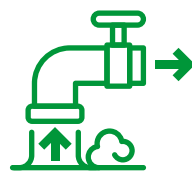
Our operations derive their water supplies from different water bodies:

- **Iracema Mill:** Paramirim Creek and Iracema Creek.
- **São Martinho Mill:** Mogi Guaçu River, Triste Creek and the Guarani Aquifer (five wells).
- **Boa Vista Mill:** Preto River and the Guarani Aquifer (one well).
- **Santa Cruz Mill:** Paulino Creek, João Mendes Creek, Anhumas Creek and the Guarani Aquifer (two wells).

Our water withdrawals amount to less than 1 m<sup>3</sup> per ton of processed sugar cane at all mills except

São Martinho, which has a different plant set-up. To reduce water withdrawals at São Martinho, we plan to upgrade the water cooling system in order to optimize the process and consequently reduce water withdrawal requirements over the coming years.

It is important to note, however, that this mill returns most of its water withdrawals to the Mogi Guaçu River, after treating its wastewater so it is compliant with regulatory requirements. This means that its effective water withdrawal rate per ton of cane is 0.80 m<sup>3</sup>/tc.



Total water withdrawal by source

GRI 303-3

	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Withdrawals m <sup>3</sup>	27,534,825	25,117,837	30,912,774
Groundwater	2,250,978	1,808,458	1,865,613
Surface Water	25,283,847	23,309,379	29,047,161
t of cane processed	22,206,429	20,450,340	22,640,241
<b>Specific withdrawals m<sup>3</sup>/t</b>	<b>1.24</b>	<b>1.23</b>	<b>1.37</b>

Note: Based on an assessment using the Aqueduct water risk atlas, none of our operations are located in areas with water stress





In 2020 we conducted a water risk assessment across our operations using the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). The assessment generated the following data on the risk of water stress near our operations, as inputs for strategic management of water resources:



Results from Water Risk Assessment using the *Aqueduct Water Risk Atlas of the World Resources Institute (WRI)*

GRI 303-3

Mill	Iracema	São Martinho	Boa Vista	Santa Cruz
Overall Water Risk	Low to medium	Medium to high	Low to medium	Medium to high
Physical Risks - Quantity	Low to medium	Low to medium	Low to medium	Low to medium
Baseline Water Stress	Low (< 10%)	Low (< 10%)	Low (< 10%)	Low (< 10%)
Physical Risks - Quality	Medium to high	Medium to high	Medium to high	Medium to high

[Click here](#) to learn more about the Aqueduct atlas.

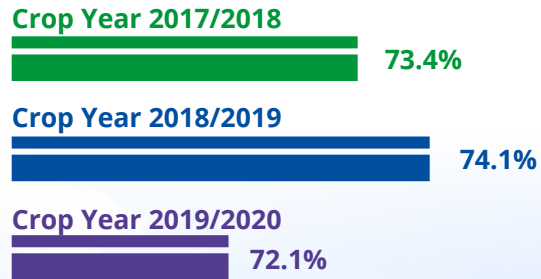




## Water reuse

São Martinho has implemented water reuse initiatives—such as reusing condensates and water from the vinasse concentration process—that aim to reduce the water footprint of our production process.

% Water reuse



## Water shortage contingency plan

*GRI 303-3*

Even though none of our operations are in locations with water stress according to the Aqueduct water risk atlas, we have continued our efforts to improve water management.

Some of our key water management initiatives include: measures to reduce water withdrawals and increase water reuse, and using groundwater as a water reserve. We believe these initiatives are **adequate to mitigate any vulnerability in the event of a water shortage.**

## Effluents

*GRI 303-4 and 303-5*

We regularly test the effluents we return to water bodies or to the soil to ensure they meet applicable regulatory requirements and to minimize impacts on ecosystems.

At the São Martinho mill, effluents are treated in stabilization ponds before being discharged into the river. At our other mills no effluents are discharged into water bodies.







## Complying at all times with applicable laws and regulations and commitments undertaken by the Company

To guarantee we are compliant with environmental laws and regulations, São Martinho uses a software tool to manage legal and technical environmental requirements related to our environmental licenses.

In crop year 2019/2020 we incurred certain environmental sanctions that are currently being appealed against and are not yet final.

We seek to anticipate and either mitigate or eliminate potential environmental impacts from our agricultural and mill operations.



### Non-compliance with environmental laws and regulations GRI 307-1

Disclosure	Unit of Measure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Judicial sanctions imposed	Number	1	0	1
	Amount R\$	1,000.00	0.00	3,878.25
Judicial sanctions paid	Number	6	2	3
	Amount R\$	691,246.10	56,791.53	401,289.51
Administrative sanctions imposed	Number	22	20	41
	Amount R\$	786,642.87	1,124,782.04	2,534,929.32
Administrative sanctions paid	Number	0	0	0
	Amount R\$	0.00	0.00	0.00
Terms of Adjustment of Conduct (TACs or TCs) imposed	Number	0	0	0
	Amount R\$	0.00	0.00	0.00
Terms of Adjustment of Conduct (TACs or TCs) complied with	Number	0	0	0
	Amount R\$	0.00	0.00	0.00
Total cases resolved through dispute resolution mechanisms	Number	0	0	0
	Amount R\$	0.00	0.00	0.00
<b>TOTAL</b>	Number	<b>29</b>	<b>22</b>	<b>45</b>
	Amount R\$	<b>1,478,888.97</b>	<b>1,181,573.57</b>	<b>2,940,097.08</b>



## Raising environmental awareness

Education is a key factor in raising awareness about the importance of the environment. Recognizing this, we work continuously to disseminate our culture and commitment to environmental sustainability among employees and the different stakeholders we interact with.

The São Martinho, Santa Cruz and Boa Vista mills have **Environmental Education Centers (EECs)** tasked with raising awareness among employees, students, business visitors and the broader community about the importance of preserving natural resources and the environment .

The EECs have thematic rooms featuring topics such as waste, recycling, water, air, soil, renewable energy, biodiversity and the sugarcane value chain. They also have an environmental control room from which users can observe the operation of our agricultural and mill processes and biological pest control activities.

The EECs received nearly 8 thousand visitors in the 2019/2020 crop year, and have received nearly 132 thousand visitors in total in the last 20 years.



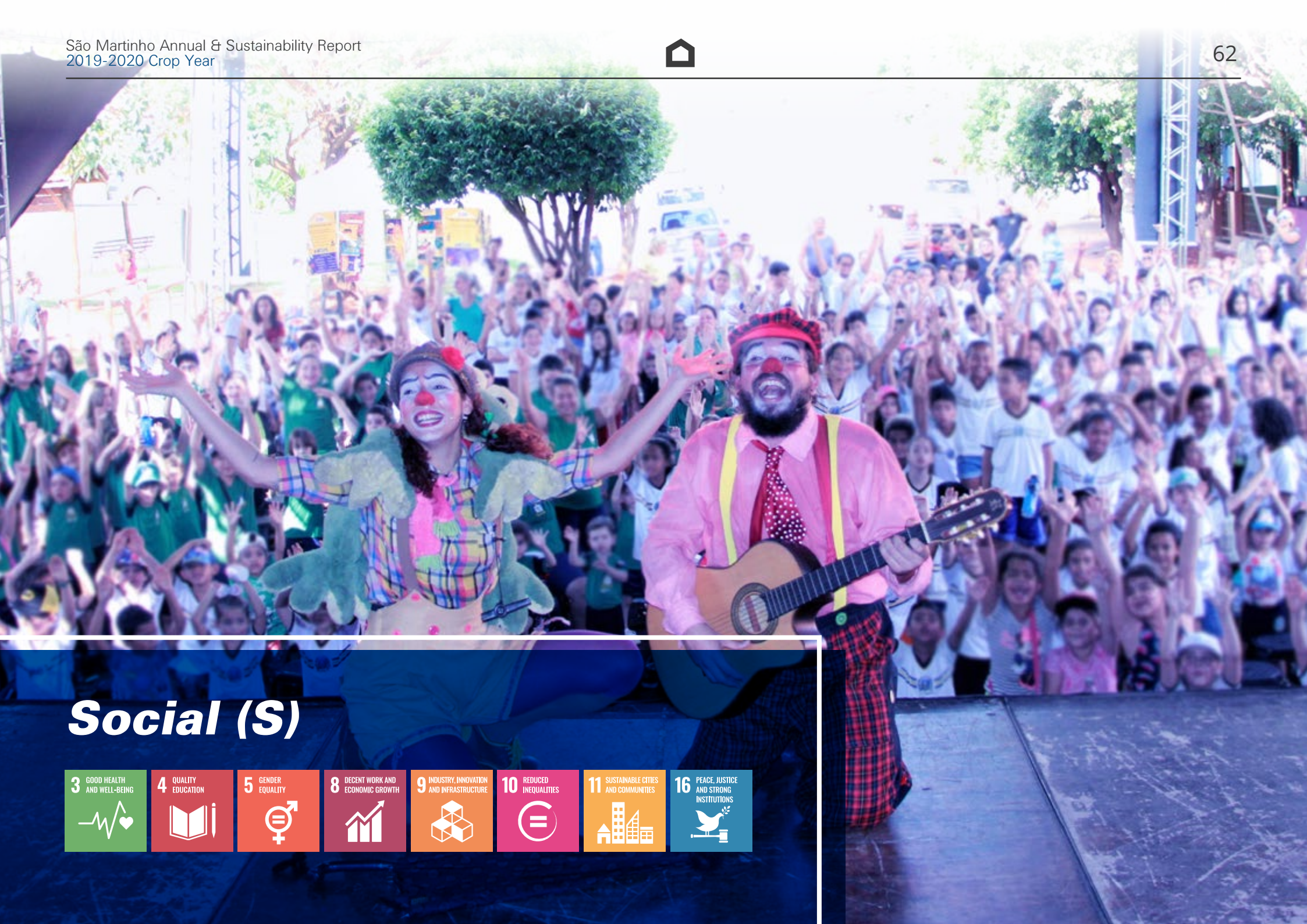
### São Martinho supports environmental preservation and education campaigns in the Ribeirão Preto (SP) area

São Martinho has partnered with the Ribeirão Preto chapter of the Brazilian Association of Agribusiness (ABAG-RP) to collaborate on two key fronts: an awareness campaign on preventing and responding to fires, and an educational program called *"Agronegócio na Escola"* ("Agribusiness at School").

Within the **"Agribusiness at School"** program, students and teachers visit our facilities where they learn about agribusiness through educational activities. The 2019 edition of the program reached approximately 20 thousand students from 140 schools in 49 municipalities in the Ribeirão Preto area.

The **awareness campaign on preventing and responding to fires** brought together sugarcane mills, trade associations and farmers in a series of communication and education initiatives aiming to raise awareness among communities about the hazards and damages caused by fires.





# Social (S)

- 3** GOOD HEALTH AND WELL-BEING
- 4** QUALITY EDUCATION
- 5** GENDER EQUALITY
- 8** DECENT WORK AND ECONOMIC GROWTH
- 9** INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10** REDUCED INEQUALITIES
- 11** SUSTAINABLE CITIES AND COMMUNITIES
- 16** PEACE, JUSTICE AND STRONG INSTITUTIONS





# Employees

## *Human capital management*

Training and developing a future-ready workforce is essential for the continuity of our business. We strive to provide our employees with the best possible workplace conditions and a stimulating and positive work environment so they can all develop and deliver results in support of our business goals.

As part of our efforts to pursue continuous improvement in human resources as in other areas, in 2018 we developed a **HR Master Plan** centered around the 10 pillars shown opposite.

We also implemented several initiatives in the 2019/2020 crop year, which are described in detail in the following pages, and have ongoing projects aiming to build increasing engagement among our employees and a merit-based culture.







## Workforce profile

### Attracting and selecting talents

In attracting and selecting talents, we seek out candidates who are aligned with our essence, our culture and the São Martinho Way of doing business. If possible, candidates are sourced from communities surrounding our operations. Job openings are advertised on our website and social media accounts, at universities and in local newspapers and radio programs.

We are committed to supporting the development of our employees. We give preference to internal candidates for job openings, and provide equal opportunity to all participants. Approximately 65% of job openings are filled internally, with an average internal mobility rate of 800 per month.

The induction process includes visits to our cane fields and mills and presentations with information about the Company.

## Workforce and turnover

GRI 102-8, 202-2, 401-1, 404-1

At the end of crop year 2019/2020 we had a workforce of 12,881 employees.

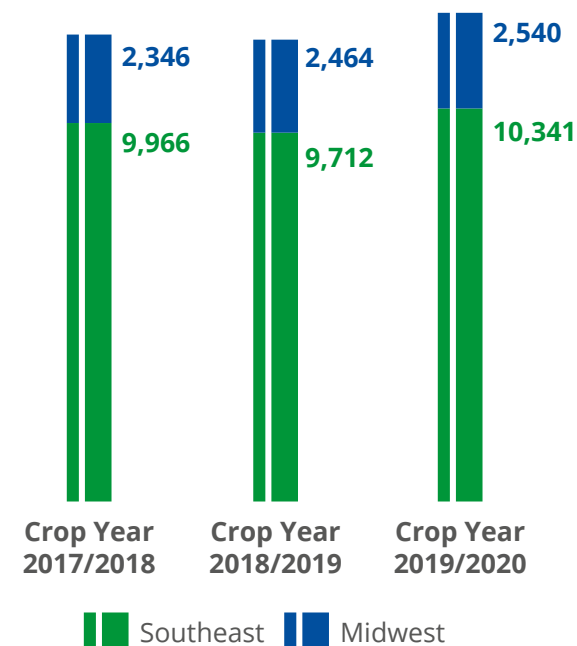
In terms of turnover, during the crop year:

- 1,987 employees left the Company (15.4% of our total workforce).
- 2,672 employees were hired (20.7% of our total workforce).

These figures exclude members of the Board of Directors and Executive Board, interns, trainees, apprentices and third-party employees.

The changes in employee turnover reflect the nature of agricultural operations. There are typically two periods of peak turnover: from February to April, when we hire new employees ahead of the harvest season, and from November to December, when some employees leave the company at the end of the harvest season, while others are hired for planting using the MEIOSI system.

### Total workforce by region



Notes:

- a) The data were compiled from our employee database as of March 2020 (active employees).
- b) The data excludes third-party employees, apprentices, interns, trainees and members of the Board of Directors and Executive Board.



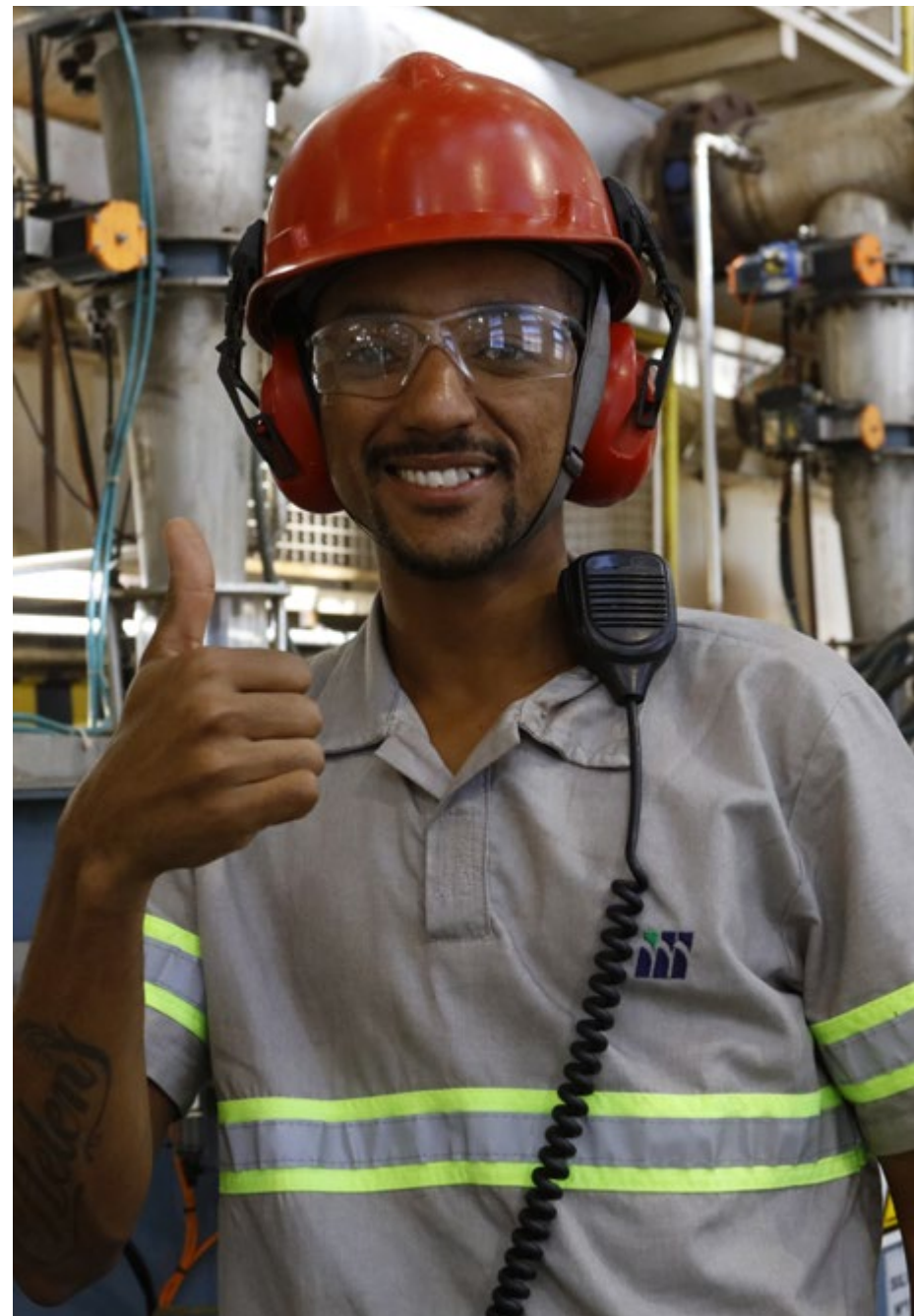
### Workforce by region and employment contract

Crop Year	Type of contract	Midwest	Southeast	Total (by type)	Grand total
Crop Year 2017/2018	Definite term	207	827	1,034	12,312
	Indefinite term	2,139	9,139	11,278	
Crop Year 2018/2019	Definite term	376	566	942	12,176
	Indefinite term	2,088	9,146	11,234	
Crop Year 2019/2020	Definite term	454	970	1,424	12,881
	Indefinite term	2,086	9,371	11,457	



### Workforce by gender and employment contract

Crop Year	Gender	Definite term	Indefinite term	Total by gender	Grand total
Crop Year 2017/2018	Men	1,007	10,440	11,447	12,312
	Women	27	838	865	
Crop Year 2018/2019	Men	929	10,391	11,320	12,176
	Women	20	836	856	
Crop Year 2019/2020	Men	1,370	10,620	11,990	12,881
	Women	54	837	891	







Turnover  
GRI 401-1

Employee turnover

New employee hires

	Unit of Measure	Employee turnover			New employee hires		
		Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Total Workforce	Number	12,312	12,176	12,881	12,312	12,176	12,881
<b>BY GENDER</b>							
Women	Number	126	104	106	85	80	139
Men	Number	1,576	1,743	1,881	2,109	1,597	2,533
Women (%)	%	1.02	0.85	0.82	0.69	0.66	1.08
Men (%)	%	12.80	14.32	14.60	17.13	13.12	19.66
<b>BY AGE GROUP</b>							
Under 30	Number	342	470	511	969	683	945
30 to 50	Number	929	1,026	1,086	1,087	887	1,485
Over 50	Number	431	351	390	138	107	242
Under 30 (%)	%	2.78	3.86	3.97	7.87	5.61	7.34
30 to 50 (%)	%	7.55	8.43	8.43	8.83	7.28	11.53
Over 50 (%)	%	3.50	2.88	3.03	1.12	0.88	1.88
<b>BY REGION</b>							
Southeast	Number	1,348	1,452	1,478	1,419	1,163	2,091
Midwest	Number	354	395	509	775	514	581
Southeast (%)	%	10.95	11.93	11.47	11.53	9.55	16.23
Midwest (%)	%	2.88	3.24	3.95	6.29	4.22	4.51
<b>TOTAL</b>							
Total	Number	1,702	1,847	1,987	2,194	1,677	2,672
Total (%)	%	13.82	15.17	15.43	17.82	13.77	20.74

Proportion of senior management hired from the local community GRI 202-2

Description	Unit of Measure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Employees hired from the local community	Number	11	11	11
Total employees hired	Number	12	12	12
% Local employees/ Total employees	%	91.90	91.90	91.90

Note: We define local communities as cities in which our operations are located or which are subject to the economic, social or environmental impacts from our operations.



## Internal communication

We engage in broad and transparent communications with our employees to drive alignment, using a variety of employee communications channels, including general notices, the intranet, electronic newsletters and WhatsApp.

## Union relations

*GRI 102-41*

We maintain permanent dialog with unions representing our employees. Collective bargaining agreements are signed on an annual basis with unions representing 100% of our employees.

## Diversity

*GRI 405-1 and 412-2*

In all our people management actions and decisions, we take into consideration the diversity of our workforce, including diversity of gender, race, ethnicity, age and other indicators of diversity.

## Diversity Program

In 2019 we expanded our **Diversity Program** as part of our HR Master Plan. As a first initiative, we organized a diversity workshop during Occupational Accident Prevention Week (SIPAT), emphasizing the importance of respecting people regardless of age, sexual orientation, religion, deficiency, gender or color.

Diversity is also addressed as part of the induction process, and has been included in our social media campaigns to increase awareness.

### **We believe we are all equal in our differences.**

Based on this belief, we have promoted discussion about ways we ensure that others are adequately included and feel assured at the workplace. We recognize, support and value each others' differences.







## Women participation

There is a large perceived gender gap in agribusiness, but this has begun to change in recent years as women are increasingly employed in the industry. In our General Meeting on July 31, 2020, we elected the first female member of our Board of Directors, another important step in our journey to promote diversity.

Positions previously held by women were mostly administrative. Today, women are present across all areas of the Company, and the number of young women and apprentices

who have received training for industrial and agricultural positions has grown. We have also trained women to take on leadership and management roles within the Company in the future.

In crop year 2019/2020 we established **a temporary workforce consisting of women only** for the Gotejo project in our Boa Vista Mill operation.



### Commitment to the Women's Empowerment Principles

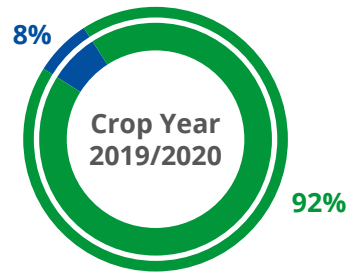
In October 2019 we signed a commitment to the **Women's Empowerment Principles**, a protocol developed by UN Women and the Global Compact Network Brazil to promote gender equality.

The initiative, which has been joined by another 18 companies in Brazil's sugar and ethanol industry, aims to transform the sector and amplify practices and policies that promote gender equality at the workplace.

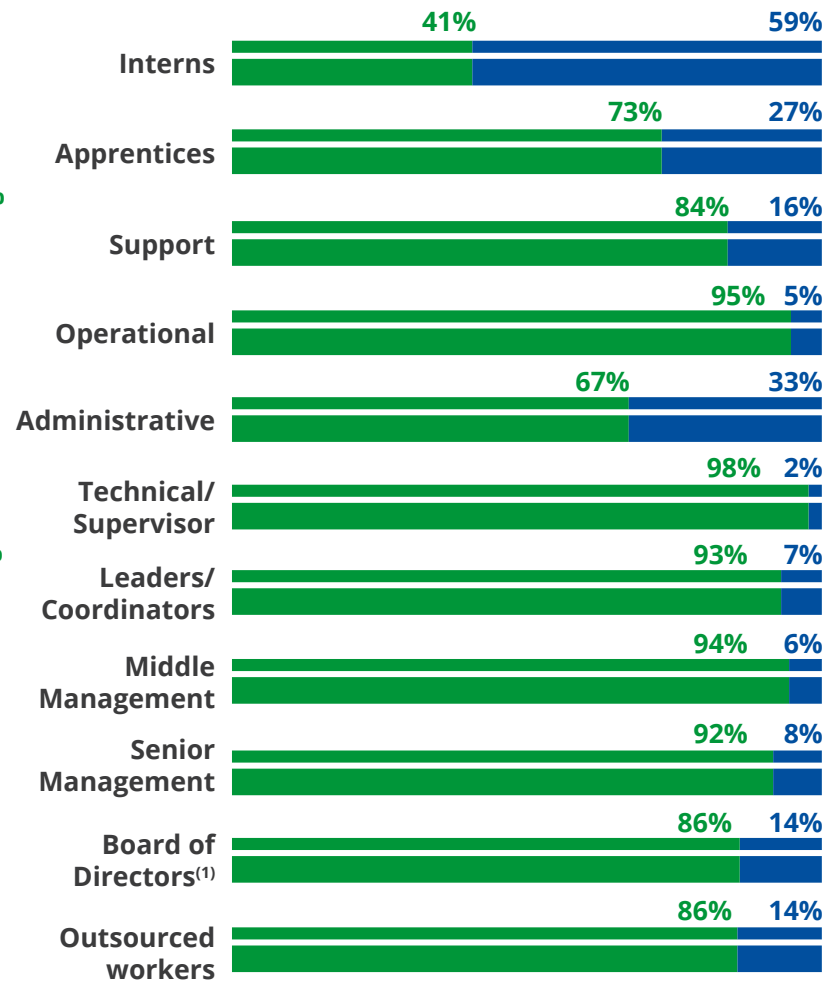




### Gender Diversity by Crop Year



### Gender Diversity by Position – Crop Year 2019/2020



Men Women

**NOTE:**

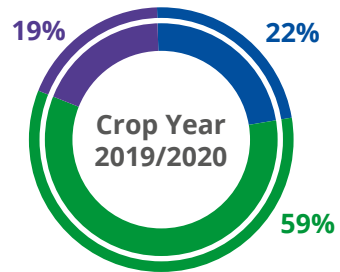
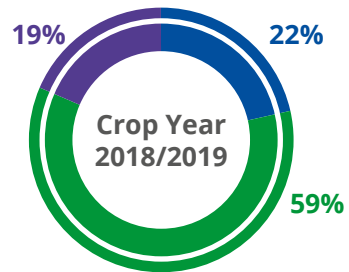
(1) New BoD members were elected in crop year 2020/2021.



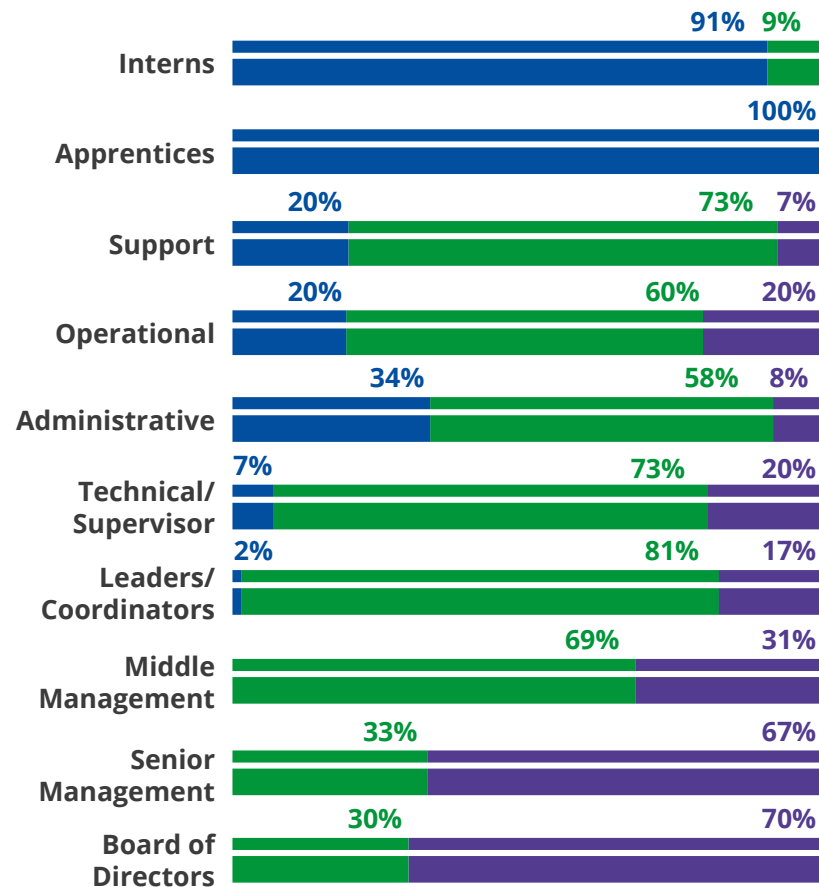




### Age Diversity by Crop Year



### Age Diversity by Position – Crop Year 2019/2020

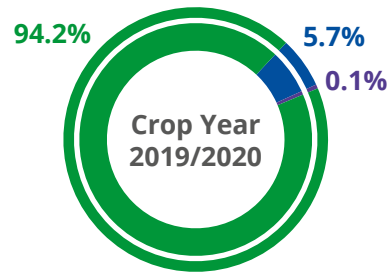


■ Under 30 years     
 ■ 30 to 50 years     
 ■ Over 50 years

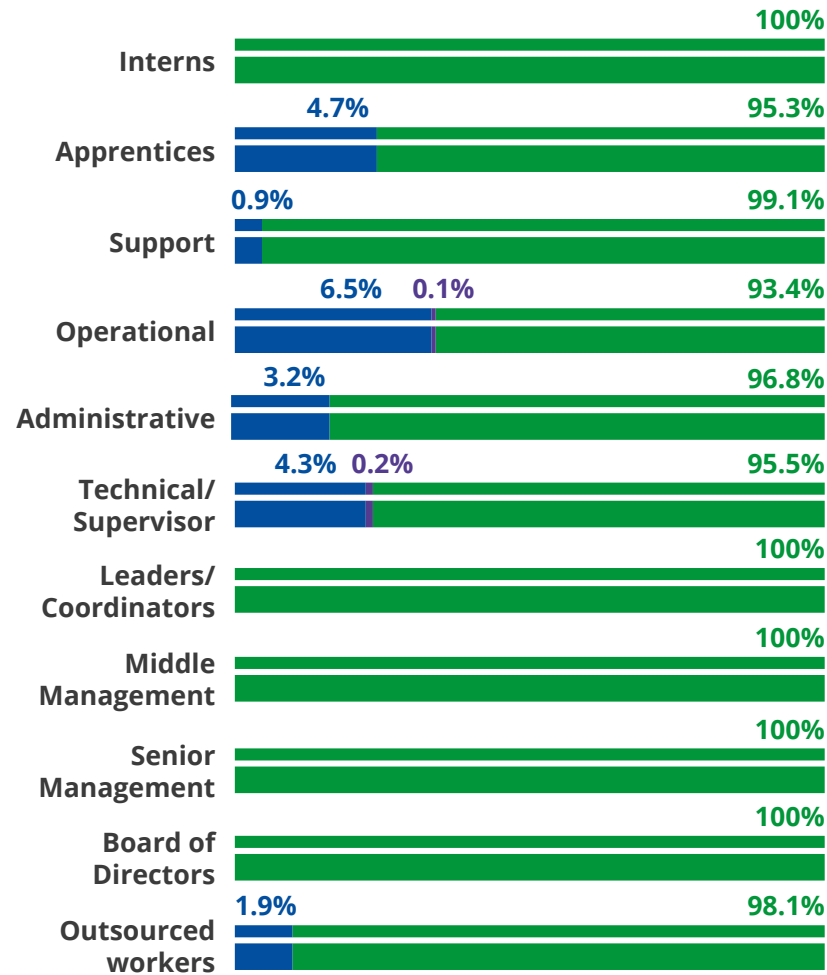




### Racial Diversity by Crop Year



### Racial Diversity by Position – Crop Year 2019/2020







## Inclusion for people with disabilities

Since 2013, we have implemented a range of initiatives to support **job inclusion for people with disabilities**. We have developed training courses in partnership with the National Industrial Training Service (SENAI) and the municipal governments of Guariba, Pradópolis, Barrinha, Araraquara, Américo Brasiliense, Dumont and Iracemápolis in São Paulo State, and Quirinópolis in Goiás.

The primary goal of the program is to provide people with disabilities with the skills needed to engage in the employment market. Approximately 350 people have received professional training to date.

We have also created a multidisciplinary committee to support recruiting and selection, accessibility initiatives and identification of roles and positions best suited for these professionals.

## Pay equality

In relation to **gender** equity, it is our policy to provide equal pay to men and women, or **pay equity**. Within a merit-based culture, compensation earned is based on skill and performance, and never on sex and/or gender or any other form of discrimination.

## Human rights

In the area of human rights, in crop year 2019/2020 we increased the number of people receiving training, and total hours of training, on human rights policies and/or procedures.



### Description

Description	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Total hours of training on human rights	133,451	132,715	137,933
Total workforce	12,312	12,176	12,881
Total workforce trained on human rights	11,403	11,154	11,557
<i>Percentage of workforce trained on human rights</i>	93%	92%	90%

**90% of employees trained on human rights in crop year 2019/2020**

## Combating child labor and forced or slave labor

*GRI 408-1, 409-1*

Respecting people is among our values. Our Code of Ethics & Business Conduct outlines our commitments to human and labor rights and our policy against child labor and all forms of forced labor. Specifically:

- All supplier contracts include provisions under which the supplier commits not to engage in or condone child, slave or forced labor. We have

no operations or suppliers at significant risk for incidents of forced or compulsory labor.

- We emphasize these commitments to our employees and the communities where we operate through appropriate training.

## Human and organizational development

Our training and development programs are designed around the “São Martinho Way” of doing business.

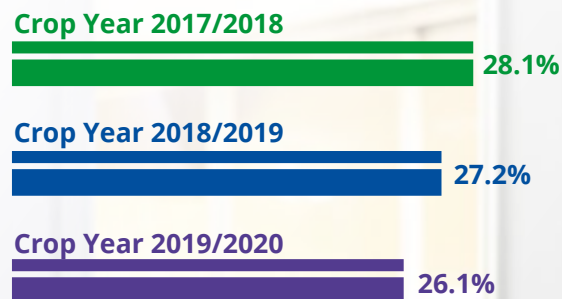
### Competencies-based assessments and performance reviews

GRI 404-3

All employees other than executive officers and employees who receive entry-level wages for their categories undergo annual **competencies-based assessments**.

The assessment process includes an assessment by the employee’s immediate superior, self-assessment, peer assessment and an assessment of managers by their teams. The process includes the following dimensions: assessment on competencies/ behaviors, assessment on skills, developing an Individual Development Plan (IDP), individual feedback from the employee’s immediate manager, and compensation-setting based on competencies.

Percentage of employees receiving performance reviews







## Succession

We have an annual **succession mapping** process in place to identify potential successors for leadership roles deemed strategic.

Two specific criteria are evaluated: the employee's potential to perform well in the target position, and their performance in their current role. These criteria are supplemented by an assessment of the employee's performance in the previous year, people management decisions, academic training, aspirations and career history.

We are currently working on improvements to the competencies-based assessment and succession mapping processes, and new tools will be available for the assessment cycle in crop year 2020/2021.

Career planning activities are also being integrated with development, capacity building and training initiatives. Succession mapping activities and outcomes are used as inputs in, for example, our Trainee Program and Values in Action Program, and where there are gaps in filling leadership positions.

## Development initiatives for young talents

*GRI 404-2*

### *Young Apprentice Program*

This program trains and develops young students for the job market. After undergoing training and receiving certification, students are enrolled in a selection process for positions within the Company. In crop year 2019/2020, 385 young students enrolled in the two-year training courses.

### *Internship Program*

Six-month internships offered each year. Besides our Agricultural Internship Program, we also offer internship opportunities in other business areas across the Company, as well as holiday season internships. São Martinho hired 104 interns in crop year 2019/2020 across all internship programs.

### *Trainee Program*

This program aims to attract, retain and develop potential talents for strategic positions. Participants are students who have newly graduated in fields that are relevant to the business. The program has a duration of 18 months, during which participants receive training from specialized institutions and internal mentors.



## Leadership development

GRI 404-2

### Leadership Academy

This program supports the sustainability of the business by training new leaders and developing current leaders, with a focus on São Martinho's strategic drivers. The program is due to begin in the first half of 2021.

### Job Rotation

This program supports the retention and development of employees in leadership positions. On an annual schedule, participants rotate to positions at other business units within the Company.

### Leadership Training Program

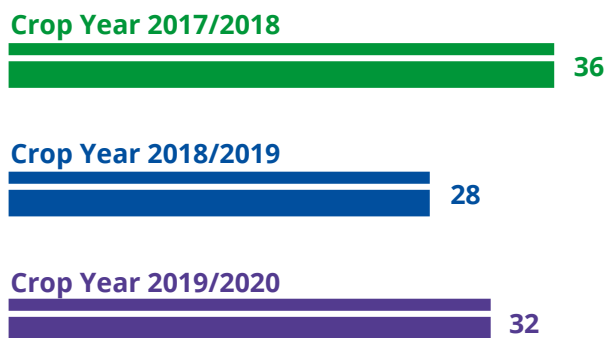
This program develops employees with the potential to take on leadership roles. The two-year program is run with support from an external consultancy for the behavioral modules. Technical modules on essential processes for leadership roles are also available.

## General training and development programs

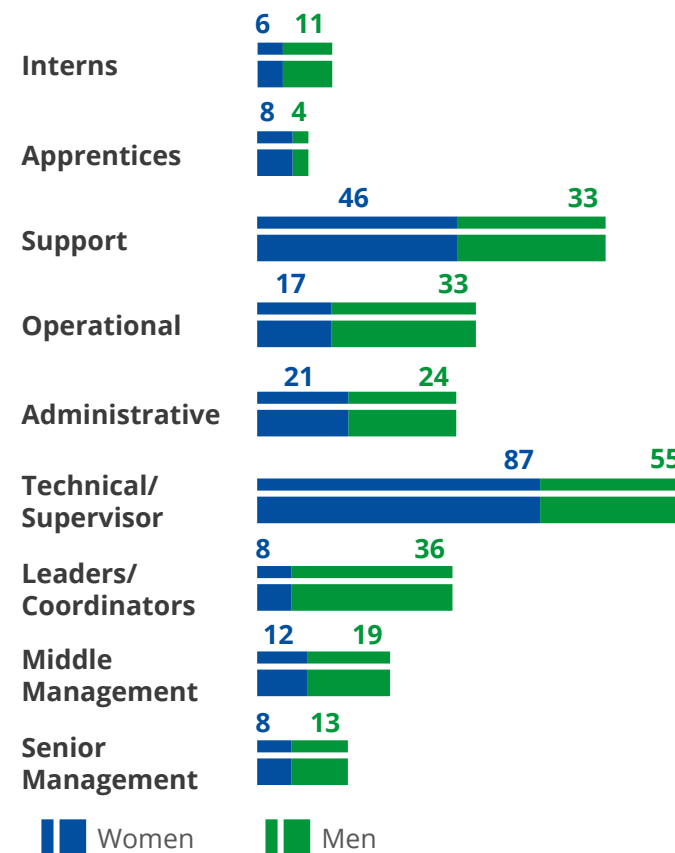
GRI 404-1 and 404-2

In crop year 2019/2020, we provided a total of 409,502 hours of training, or an average of 32 hours per employee, in a total investment of R\$ 6.5 million.

Number of hours of training - average per employee



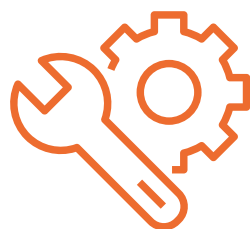
Number of hours of training, by position







## Training and development programs



### ***Values in Action Program***

This program is designed to accelerate employees' careers by identifying potential talents within the Company and advancing their development. The program has a duration of 18 months and is run with support from specialized institutions and internal mentors.

### ***Agricultural Power and Equipment Technician Program***

This 18-month program trains employees on servicing agricultural machinery and equipment. The program provides approximately 800 hours of training in partnership with the National Industrial Training Service (SENAI). Participants are employees who are beginning their careers in entry-level positions. At the end of program, participants can choose to pursue a career in agricultural equipment maintenance.

### ***Behavioral Awareness Program***

This eight-hour program is administered to all employees by an external consulting firm with support from internal leaders and facilitators. In crop year 2019/2020, the program used gamification and robotics to provide practical training on safety, purpose and excellence.

### ***Behavioral development (annual department meetings)***

Each department holds annual meetings to build team integration, share information on Company strategy, develop personal behaviors, disseminate the São Martinho culture, and discuss related topics. The meetings are led by the department head with support from the Human Resources department and, if necessary, from specialized consultants.



## Post-career transitioning

São Martinho's "Second Half" Program helps to prepare employees for their career-end transition to retirement. The program fosters discussion about career phases and transitioning and helps employees to develop life plans covering physical, intellectual, social and financial aspects. It also encourages participants to adopt healthy lifestyles that enhance quality of life, and to discover new sources of fulfillment.

A total of 65 employees participated in the program in crop year 2019/2020.





## ***Health and safety***

*GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9*

In 2014 we approved and published an **Occupational Health & Safety Policy** that outlines our commitment to providing and maintaining a safe and healthy work environment for all direct and third-party employees and visitors.

We also have an occupational health and safety management system as part of our Integrated Management System (IMS).



**São Martinho's health and safety culture is widely disseminated to employees, and health and safety performance directly affects our leadership team's variable compensation**



## Occupational Health & Safety Management System

GRI 403-1, 403-4, 403-7

São Martinho's OHS Management System covers 13 elements requiring control. It aims to ensure that risks are identified and addressed in order to minimize the chances of accidents occurring.



**Leadership and management**



**Critical task analysis**



**Scheduled inspections**



**Training plans**



**Accident investigations**



**Personal protective equipment**



**Emergency preparedness and response**



**Job rules and permits to work**



**Occupational health: industrial hygiene**



**Engineering controls**



**Contractor management**



**Vehicle safety**



**Behavioral safety**

The OHS Management System is designed to **mitigate risks**. Each year, investments and initiatives are undertaken to address situations involving risk. The system is managed by each facility based on a self-assessment. Process managers also act as element managers.

All risks inherent to individual processes and tasks are mapped out and assessed on each of the management system elements. Where necessary, action plans are developed. To improve employees' understanding of health and safety procedures, processes and precautions, awareness events and campaigns are organized by the Accident Prevention Committee (CIPA), the Rural Accident Prevention Committee (CIPATR) and as part of our *Bem Saudável* program, as detailed further below.

All departments have **safety dashboards** with relevant health and safety indicators that are regularly updated. All employees contribute to the continuous Improvement of the OHS System by helping to identify hazards and risks.





## **Occupational Health & Safety Committees**

Our management of occupational health and safety is supported by the following formal OHS committees:

- **Management Committees** led by unit directors and managers, who are responsible for maintaining and enforcing the OHS management system. Committee meetings are also attended by process managers, the OHS team, element managers and facilitators.
- A **Strategic OHS Committee** composed of executive officers and the vice president, who address topics raised by Management Committees.

### **Regulatory Standards** *GRI 403-8*

São Martinho's Occupational Health & Safety Management System is also based on Brazilian occupational safety standards (Regulatory Standards, or NRs in Portuguese) applicable to agricultural and industrial operations.

We have safety procedures for all tasks and especially those involving greater exposure to risk, such as work at heights, work in high-temperature environments, work on electrical systems and confined-space work.

São Martinho uses a special software system to manage legal requirements and ensure the system is enforced and is compliant with applicable laws and regulations.



## Employee health

*GRI 403-3, 403-6*

Our attention to employee health extends beyond just occupational risks. Employees are also encouraged to take care of their long-term health and well-being and to lead healthy lifestyles.

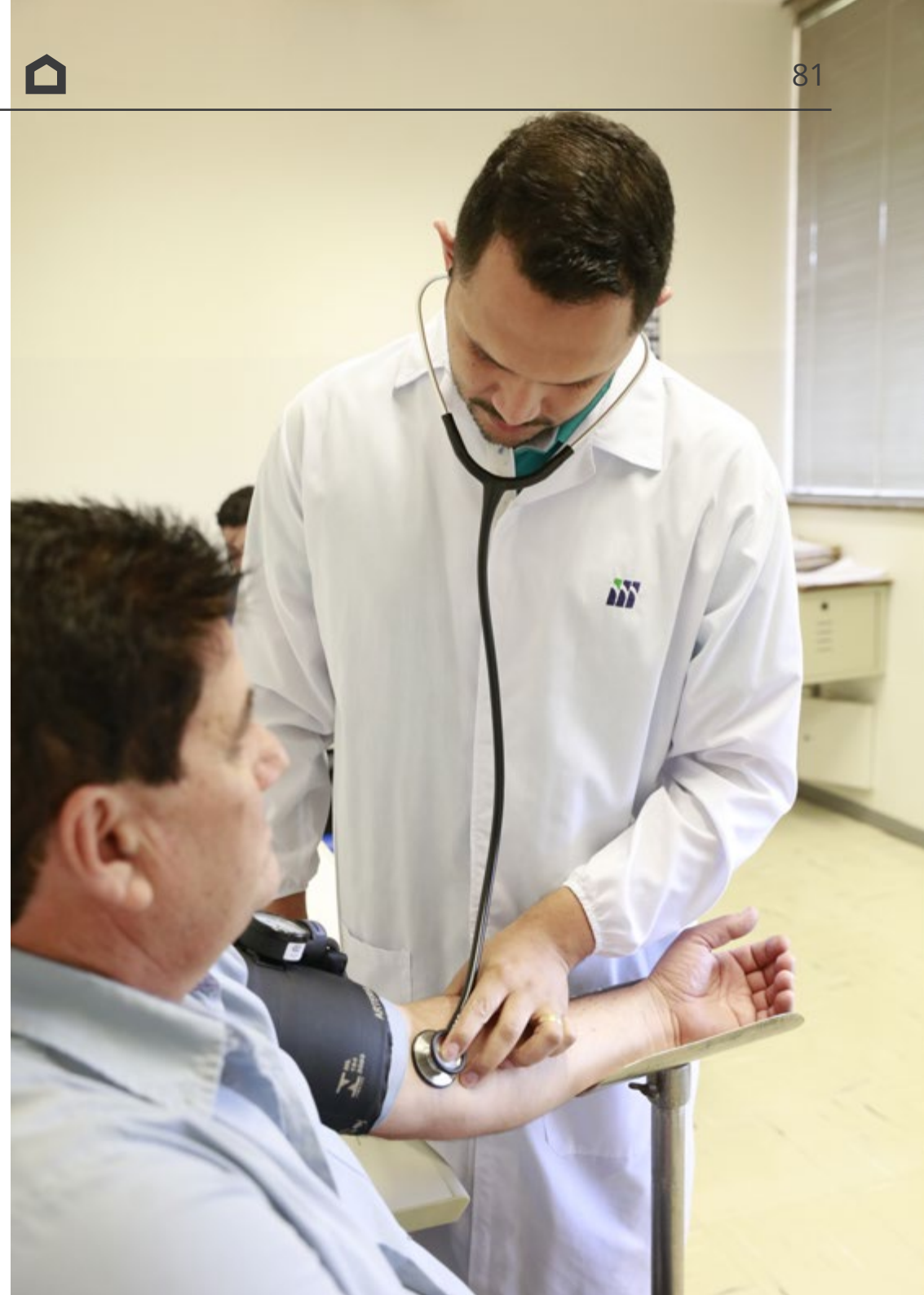
In 2019 we implemented a **Health Committee** to assess and recommend initiatives to enhance employees' quality of life. The committee conducts assessments to gain insight into the health-related behavior of employees and their dependents, including assessments of medical bills, risk profile assessments and analysis of absenteeism rates. These assessments inform actions to improve employees' health.

Our **Bem Saudável Program**, which has been in place since 2014, organizes activities focused on quality of life as well as annual initiatives such as: campaigns to reduce obesity, an anti-smoking program, campaigns addressing sedentary lifestyles, and campaigns on preventing cancer ("Pink October" and "Blue November") and other chronic diseases, such as diabetes and hypertension. We also run annual free **influenza vaccination** campaigns covering all employees.

São Martinho's occupational health management activities additionally include an **Occupational Health Surveillance Program (PCMSO)** to monitor the effectiveness of proposed actions, and a **Hearing Preservation Program**.

Our facilities have 24/7 **outpatient clinics** staffed by physicians, nurses and occupational nursing technicians. Employees can freely access our health department whenever the need arises.

In addition, all employees have **health plans** giving them access to private hospitals. We encourage employees to seek preventive health checkups, and provide health counseling during occupational checkups.





## Safety

GRI 403-2, 403-9

Safety is among our guiding pillars and is part of our essence. In addition to our Occupational Health & Safety Policy, safety is addressed in all our procedures and in all operational training given to employees.

A set of guidelines on safe and appropriate behaviors and mindsets, which we refer to as the “**São Martinho Way**” of doing things, serves as a guide for our employees in their day-to-day activities.

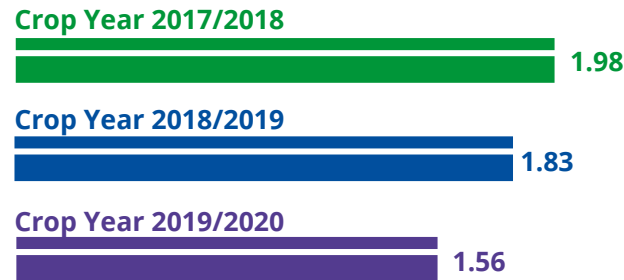
In crop year 2019/2020, management’s focus on reducing incidents through continuous awareness efforts addressed to all employees, in addition to ongoing prevention activities, delivered excellent results.

**We had the lowest injury rates to date in the crop year.** The total number of injuries fell in the period, reducing our **Injury Frequency Rate** by 15% to **1.56** injuries for every 1 million man-hours worked. Our Injury Severity Rate also declined significantly.

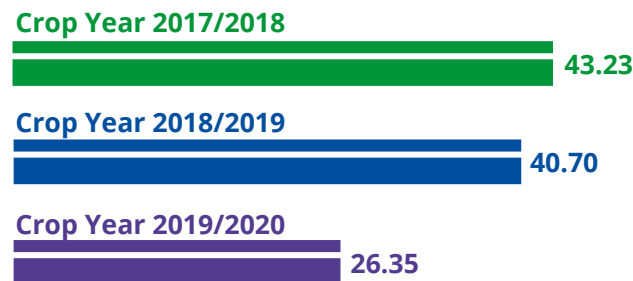
Despite the reduction, however, we regret to report that in the previous three crop years we had one fatality each year. In all cases, we provided full support to the persons involved and conducted a comprehensive investigation to inform improvements to our practices, which were then disseminated to all our operations.

The fatal injury in the 2019/2020 crop year was at the Iracema mill and was reported to the Ministry of Employment. The primary cause of the accident was determined to be failure to follow safety procedures. As a result, we changed and improved our work procedures to ensure that safety items are used properly, and we provided refresher training to all employees in the affected department.

### Injury Rate<sup>(1)</sup>



### Severity Rate



(1) Calculated per 1 million hours worked

**We use our best efforts toward reducing injuries and achieving our goal of zero fatalities**





Our **Internal Occupational Accident Prevention Week (SIPAT)** event in crop year 2019/2020 featured a guest speaker who discussed the "**São Martinho Way**" with a focus on following proper procedures in performing tasks.

We also discussed projects in crop year 2019/2020 to **reduce risks** by implementing improvements in some of our processes that are most exposed to risk, such as:

- improvements to maintenance systems at tire repair shops, for better safety, efficiency and ergonomics;
- improvements to our fire response process, including new procedures and clearer and more comprehensive emergency response plans; and
- new driving procedures for our sugarcane transportation fleet, including tools to monitor and prevent drowsiness when driving, enhancing driver safety. This is another initiative as part of the Agricultural Operations Center (COA), an agricultural automation project.





## Compensation and benefits

We offer our employees a robust compensation and benefits package.

### Compensation

Each year we conduct studies and research to benchmark our wages and ensure they are competitive and attractive. We have a merit-based pay equity policy that makes no distinction on the basis of gender, color, religious beliefs, sexual orientation, disability or other discriminatory criteria.

Employees at all levels of the organization also receive variable compensation linked to financial and operating performance including:

- Profit sharing, for all employees
- Bonuses for employees in tactical and strategic positions
- Monthly variable compensation for operations employees

### Benefits

*GRI 401-2*

São Martinho's standard benefit package is provided to both full-time and part-time and temporary employees at each of our four mills and at our head offices in São Paulo. Our benefit package includes:

- extended parental leave in accordance with "Corporate Citizenship" regulations
- health and dental insurance
- buffets self service
- grocery vouchers
- meal vouchers (São Paulo)
- group life insurance
- supplementary health benefits (reimbursement for glasses, contact lenses, braces and prosthesis)
- shopping cards/advances
- PBM (drugstore cards or discounts)
- Christmas hampers
- credit cooperatives
- workplace exercise
- shuttle buses for operations and transportation tickets for our São Paulo office
- pension plans
- flu vaccination
- education initiatives





## Education



**Education Grant Program** – education grants are awarded to employees based on their Individual Development Plans (IDPs). Grants are provided for technical, sequential/associate, undergraduate and graduate programs, covering 66% of tuition.

A total of 215 employees were benefited in crop year 2019/2020.



**Programa Bom Ano Escolar** – This program raises awareness about the importance of education and helps employees keep their children at school by providing free school-supply kits. The program has been implemented at the Iracema mill for 1<sup>st</sup> to 9<sup>th</sup> grade students, and at the Santa Cruz mill for preschool and technical school freshman students. Employees are given the opportunity to apply for the benefit each year.

In crop year 2019/2020, more than 1,900 school-supply kits were distributed.

**As part of our efforts to support inclusion, we have subscribed to the Federal Government's Corporate Citizenship program requirements and have accordingly extended maternal leave from 120 to 180 days, and paternal leave from 5 to 20 days**





# Communities

Social investment (R\$ '000)

## Culture and recreation

Crop Year 2017/2018



Crop Year 2018/2019



Crop Year 2019/2020



## Education and social development

Crop Year 2017/2018



Crop Year 2018/2019



Crop Year 2019/2020



## Donations to communities

Crop Year 2017/2018



Crop Year 2018/2019



Crop Year 2019/2020



## Principles that underpin our relations

GRI 102-43, 102-44, 413-1, 413-2

Since our inception we have always striven to meaningfully engage with local communities, as we know the mutual **importance** of this relationship to both parties. We play an important role in the our local communities, and we couldn't do business without them.

In the 2019/2020 crop season we officially introduced our **Private Social Investment Policy**, approved by our Board of Directors, and reviewed our existing Social Responsibility Policy. These two policies enshrine our respect for people and emphasize the importance of good community relations. Amongst other things, our Private Social Investment Policy ([click here to see it](#)) states the following:

- **Engagement and relations with surrounding communities:** respecting local cultures and traditions and supporting quality and inclusive education for all are critical success pillars.

NB: We found that our operations were not impacting indigenous or maroon communities.

- **Stakeholder engagement:** we know how important it is to protect their interests, to identify the direct and indirect impacts of our operations and to facilitate engagement, based mainly around active communications and nurturing sustainable development.

The Company steers its social investments towards **education**, in order to create meaningful value for society in general.

Communities are engaged daily in initiatives through meetings organized with education and culture departments and municipal government agencies. Social initiatives and projects work in tandem, thereby bolstering our partnership and making our community initiatives more effective.

To further enhance our **social responsibility** strategy, we ran a specific, targeted initiative between October and November 2019. **Community Engagements** were organized, consisting of meetings with communities in the towns and cities where we have production plants. The entire process of talks, dynamic activities and information sharing was mediated by an independent consultancy firm.

The main objective of this initiative was to make official the partnership that has always underpinned the relationship with our local communities, helping nurture more sustainable local development whilst improving our standing on matters of importance to the communities.



Multiple community representatives attended these meetings and contributed to the discussions around sustainability. There were 15 participants per location on average, including representatives from entities, organizations, associations and the government, amongst others, related to the fields of culture, education, sport, religion, the environment and safety, in addition to local sourcing.

As of offshoot of this, we are assessing and studying issues raised by the communities and are holding a fresh round of talks during which we will report back from our first meeting. This is another opportunity to ramp up our engagement with local communities. Our aim is to hold these talks yearly.

The Community Engagement Panels fall within our general process of engaging our stakeholders, as can be seen in the table below.

*GRI 413-2*

In addition to these actions, we assess and handle all claims received from the community. We seek to resolve any complaints about the adverse impacts of our operations by adjusting our procedures and taking other measures as necessary.



Stakeholder engagement

*GRI 102-43, 102-44*

Stakeholder Group	Goals /Material Topics	Means of Engagement	Frequency
Governments	Sustainability (economic, social and environmental pillars)	Rounds of talks	Annual
Suppliers			
Communities			
NGOs			
Influencers			
Employees	Relationship, behavior, conduct and values	Behavioral awareness	Annual

**Our aim is to run the Engagement Panels with the Communities annually**



## Private social investment

GRI 203-1, 203-2, 413-1

We have always had a process of prioritizing social investments in partnership with the community. By carrying out our social assessment and getting close to the community, we aim to allocate funds and resources better and enhance the overall process.

Our **Private Social Investment Policy** lays down guidelines for us to invest in local communities through **donations, sponsorship and tax incentives**, in social projects or initiatives carried out directly or by partnering with others.

Our annual donations and sponsorship budget is approved by the Board of Directors. Projects qualifying for tax incentives have to be approved on a case-by-case basis.

Projects and initiatives should primarily focus on elementary and professional, cultural and sporting education. These themes will be given top priority:

### Education for children, teenagers and adults

Effectively contributing to the educational cycle in local communities, from elementary education courses to personal development and professional qualification, to facilitate entry into the labor market.

### Education for diversity

Initially focusing on people with special needs, women and black people, fostering social transformation and social inclusion.

### Environmental education

Effectively raising community awareness about the environment, with a focus on sustainability.

### Education for the elderly

Focusing on improving well-being and the quality of life of the elderly, through programs and partnerships with social institutions.



## São Martinho receives accolade from Hospital de Amor of Barretos (SP)

In April 2019, Hospital de Amor, formerly Hospital do Câncer de Barretos (SP), received a boost in its battle against childhood leukemia with the inauguration of the Pediatric Bone Marrow Transplant Center which can care for up to 70 patients a year.

During the opening ceremony, we received an accolade for our partnership with the hospital. We donated a part of the surplus electricity generated by our plants, equal to 20% of the hospital's monthly energy consumption. Called "Energia do Bem", this initiative is a part of the project "O Agro Contra o Câncer".

## Volunteering

All our employees are encouraged to participate in social projects as volunteers. The main campaigns included the **Hunger-Free Christmas** (food collection), the **winter clothing campaign** and the blood and **bone marrow donation campaigns**.

Employees volunteer to participate in the **Entrepreneurs of the Future Program** as

teachers, to show high school students the ins and outs of the business world. The project took place at Iracema Mill for 15 weeks and arose from São Martinho's partnership with the NGOs *Junior Achievement* and the Limeira Development Institute (Ideli).





## Social responsibility initiatives

### Education and development



#### *My First Job Program*

Conducted in partnership with social institutions in Iracemápolis (SP) and Pradópolis (SP), this aims to help state school goers aged between 16 and 18 find their first job. At the end of the program, the young people can stay at the Company or participate in selection processes until one year after their departure. In the 2019/2020 crop season, 55 young people took part in the program, of whom 9 (nine) were ultimately hired by the Company.



#### *Community Income Creation and Qualification Program*

In partnership with BNDES and SENAI, in the 2019/2020 crop season we offered Income Creation and Qualification to the communities surrounding our plants, focusing on diversity. We invested just shy of R\$ 1 million in training for 542 people, including women, black people and people with special needs, where various of these people find work in the community after the project had ended.

### Culture and leisure



#### *Emcena Brasil*

In partnership with theater project Emcena Brasil, every year our road show delivers plays, storytelling cultural workshops, music and cinema. We invested nearly half a million reais in the initiatives, benefiting some 20 thousand people in nine cities: Pradópolis, Iracemápolis, Américo Brasiliense, Guariba, Dumont, Santa Lúcia, Barrinha and Santa Bárbara D'Oeste, in São Paulo, and Quirinópolis, in Goiás.



#### *Reading is Life Project*

Every year employees from Usina São Martinho can visit the National Book Fair in Ribeirão Preto (SP) and received donated books, with a view to encouraging people to read. In 2019, employees from Santa Cruz Mill also participated. A total of 125 staff members visited the fair.

### Sports



#### *São Martinho Run*

The São Martinho Run takes place every year at São Martinho Mill, to encourage our employees and local residents to exercise and lead healthier lives. The 11<sup>th</sup> edition of the run took place in 2019 and was participated in by 2.1 thousand people, including professional and amateur athletes, and children aged 8 to 14.





## Other stakeholders

### *Customer relations*

*GRI 102-6, 102-12*

We have approximately 110 customers across Brazil and in 18 countries on four continents. Our products are supplied to customers in a range of industries, including food and beverage, animal nutrition, coatings, consumer goods and fuels.

Operating efficiency, combined with vertically integrated logistics and agricultural and mill operations, and high storage capacity, provide us with complete and efficient commercial capabilities that enable us to better monetize and target our products.

All commercial negotiations are governed by our Code of Ethics & Business Conduct and by antitrust, free-market, integrity and fair trade policies.

Because we do business with well established—often multinational—companies that require high standards of management and governance of their suppliers, we have implemented a **Food Safety and Quality Policy** that guides our related practices, and have obtained international certification for our agricultural and mill operations, including ISO and Bonsucro certification.

We regularly receive technical visits from customers, and interact with them in connection with technical support, due diligence activities and when responding to requests for inspection.

In crop year 2019/2020 we reaffirmed our customer relations policy, which includes procedures on technical support, customer satisfaction assessment visits and incident investigations. Significant reductions in food safety-related incidents have been achieved each crop year.

Food safety issues have been addressed and procedures and hazard assessments have been revised to continuously improve our food safety management system, including in shipping. Also in logistics, we have implemented initiatives to minimize waiting times, helping to make our value chain more sustainable.







## Supplier relations

*GRI 102-9, 102-10, 204-1, 408-1, 409-1*

São Martinho has **structured processes** in place for supplier selection, due diligence, onboarding, development and monitoring. Our supplier base includes large, medium and small companies and sole proprietorships that supply raw materials, inputs, products, services, equipment and technology for our operations.

Supplier selection and onboarding are conducted transparently and using previously established, technically-based procedures. We seek to maintain business relationships that support mutual development, ethical business and a commitment to quality, competitiveness and safety.

Both new suppliers and current suppliers are contractually required to comply with laws and regulations regarding collective bargaining agreements, human rights and social and environmental matters. **We also have a zero-tolerance policy on child, forced, slave or degrading labor, corruption and discrimination.**

Suppliers are assessed on aspects that include price, lead times and location. As part of our commitment to supporting the development of communities where we operate, we source from **local suppliers** within 150 km of our operations to the extent possible.



Proportion of spending on locally-based suppliers

*GRI 204-1*

Mill	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
São Martinho	40.7%	40.5%	43.3%
Santa Cruz	39.3%	36.2%	35.2%
Iracema	58.3%	46.3%	50.5%
Boa Vista	17.7%	17.3%	14.9%





## ***Sugarcane suppliers***

Contract sugarcane suppliers produce approximately 30% of our raw materials and are a vital part of our agricultural operations. In crop year 2019/2020 we had 1,132 sugarcane suppliers as well as 1,302 other business partners including lessors and agricultural partners.

Each year we organize **“Field Day”** events for our teams and sugarcane outgrowers, where we share best practices, discuss improvements, build closer relations and promote the professionalization of our outgrowers. **In crop year 2019/2020, 325 growers attended across our four mills.**







## Investor relations

Our Investor Relations (IR) department operates to high standards of corporate governance as required by the listing rules of B3's (*Brasil, Bolsa, Balcão*) "Novo Mercado" segment, in which São Martinho has been listed since going public in 2007.

The Investor Relations department is responsible for, among other duties, providing **disclosures to the market** including financial statements, company notices and earnings releases. Disclosures are published in Portuguese and English and at a frequency that is consistent with generally accepted market practices.

The department also participates in meetings and conferences with financial industry specialists and opinion makers in Brazil and other countries to keep the market informed about its strategy and key developments at the Company.

During crop year 2019/2020 our Board of Directors approved a **Dividend Policy** setting out objective guidelines on reconciling consistent payouts to shareholders with the long-term sustainability of the business.

Under the Policy, shareholders are entitled to minimum annual dividends and/or interest on equity equivalent to the greatest of 25% (twenty-five percent) of net income or 40% of cash income for the fiscal year. The complete policy is available on our Investor Relations website. **Click here to view the policy.**



## ***Relations with governments and political parties - GRI 415-1***

We interact with government officials through our membership of the Governing Board of the Brazilian Sugarcane Industry Association (UNICA), an organization that represents the sugar and ethanol industry and engages in policy advocacy.

In crop year 2019/2020 we made no monetary contributions to political parties or other political entities. Our Private Social Investment Policy establishes that no contributions may be made to political parties, partisan alliances or political candidates, whether or not in the context of elections, if those contributions violate ethical, legal or constitutional principles, in particular those enshrined in the Brazilian Anti-bribery Act.

## ***Relations with trade associations - GRI 102-13***

We interact on a regular basis with trade associations and employer organizations in our industry and, in particular, with UNICA, the primary organization representing the sugar and ethanol industry in Brazil.

We are also members of the Center for Company-School Integration (CIEE) and the Board of Directors of Centro de Tecnologia Canavieira S.A. (CTC), where we provide thought leadership in discussions on education, science, technology and innovation in our industry.

In addition to the above, São Martinho is a member of the São Paulo State Industry Federation (FIESP), the São Paulo State Sugar Industry Union (SIAESP) and the Goiás State Ethanol Industry Union (SIFAEG).





# Governance (G)

<p>5 GENDER EQUALITY</p> 	<p>10 REDUCED INEQUALITIES</p> 	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 
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**Sustainability is a strategic pillar that underpins everything we do at São Martinho.**

On the governance front, we have policies in place that provide guidelines on upholding high standards of ethics in conducting business, ensuring fair treatment of shareholders, maintaining transparent decision-making, and managing business risks.

Since the IPO in 2007, **São Martinho has been subject to the enhanced corporate governance rules of the Brazilian stock exchange B3's "Novo Mercado" listing segment.**

## Ownership Structure<sup>(1)</sup>

*GRI 102-18, 102-20*

São Martinho's ownership structure is illustrated below. The Company has a capital stock of 354,011,329 common shares, with LJN Participações S.A. holding a controlling interest of 53.7% in the Company's voting stock.



Our governance structure, as illustrated below, comprises a Board of Directors and an Audit Board, which are elected in a General Meeting and are supported by **internal committees and formal policies**:



(1) Position as of March 2020







## **Board of Directors**

*GRI 102-18, 102-20*

The Board of Directors is a joint decision-making body responsible for overall oversight of the business. Its duties include setting goals and strategic, long-term guidance, appointing executive officers and overseeing and monitoring executive management, including ESG (environmental, social and governance) matters such as greenhouse gas emissions, land use, health and safety, diversity, community relations and human rights.

The current members of the Board of Directors—who are selected for diversity of skills—were appointed in an Ordinary General Meeting on July 31, 2020 for a term of two years. The Board is currently composed of seven members, two of whom are independent members, including the chairman.

Current members:

**Murilo César Lemos dos Santos Passos**

Chairman and Independent Member

**Maurício Krug Ometto**

Vice Chairman

**Olga Stankevicius Colpo**

Member

**Guilherme Fontes Ribeiro**

Member

**Marcelo Campos Ometto**

Member

**Nelson Marques Ferreira Ometto**

Member

**João Carlos Costa Brega**

Independent Member



## Advisory Committees

GRI 102-18, 102-20

Our Advisory Committees are non-statutory bodies advising the Board of Directors. Their duties are to examine and review and then advise the Board of Directors on matters within their scope of competence. The roles and duties of our Advisory Committees have been recently reformulated and can be viewed on our Investor Relations website or by [clicking here](#).

Advisory Committees are composed of members of the Board of Directors and meet on a quarterly basis under an annual work plan.

### People Management Committee

The People Management Committee is responsible for reviewing senior management's and employees' compensation and benefits plans, recommending targets and goals, and evaluating the performance of the senior management team. It also oversees talent retention activities and all other human resources, culture and organizational matters.

### Financial Committee

The Financial Committee is responsible for oversight of all cash flow-related activities and documents, including annual/multi-annual budgets, results of operations and financial transactions. It also advises the Board of Directors on the Company's risk matrix and exposure limits, and on optimizing risk-return ratios and capital allocations.

### Audit Committee

The Audit Committee is responsible for oversight of matters related to compliance (ethics and reputation), internal controls and risk management. In addition, it exercises oversight of accounting activities, which includes reviewing the Company's financial statements.

### Innovation Committee

The Innovation Committee is responsible for monitoring innovation and technology trends related to our industry which have the potential to create value or improve productivity within the Company.



## Executive Board

*GRI 102-18, 102-20*

The current members of our Executive Board were appointed by the Board of Directors in a meeting on July 31, 2020, for a term of two years. A given member may hold one or more positions on the Executive Board concurrently, at the discretion of the Board of Directors.

Executive compensation includes a fixed and a variable component, as well as a long-term incentive program (virtual stock option plan). Variable compensation is linked to indicators that include workplace and occupational safety performance—demonstrating senior management’s commitment to supporting employees’ rights and quality of life, talent retention and accident prevention.

Current members:

**Fabio Venturelli**

Chief Executive Officer

**Agenor Cunha Pavan**

Vice President and Chief Operating Officer

**Felipe Vicchiato**

Chief Financial and Investor Relations Officer

**Helder Luiz Gosling**

Commercial and Logistics Officer

**Elias Eduardo Rosa Georges**

Legal, Compliance and Institutional Relations Officer

**Luciana Cortes Carvas**

Human Resources Officer

**Plinio Sergio Ferraz de Campos**

Administrative Officer

**Marcos Helder Pavan Mônico**

Agroindustrial Officer – Iracema

**Ricardo Azevedo Gonçalves**

Agroindustrial Officer - São Martinho

**Ivan Barcellos Dalri**

Agroindustrial Officer - Boa Vista

**Carlos Fernando Zaneti de Andrade**

Agroindustrial Officer - Santa Cruz

**Mario Ortiz Gandini**

Agriculture and Technology Officer

## Audit Board

*GRI 102-18, 102-20*

Under our Bylaws, the Audit Board is a non-permanent body with responsibility for auditing management activities, reviewing our financial statements and reporting its conclusions to our shareholders. The Audit Board currently consists of three members and their substitutes, who were appointed in an Ordinary General Meeting on July 31, 2020.

Current members:

**Carlos Alberto Ercolin**

Member

**Isabel Cristina Bittencourt Santiago**

Substitute

**Maurício Curvelo de Almeida Prado**

Member

**Marcos Ribeiro Barbosa**

Substitute

**Paulo Nóbrega Frade**

Member appointed by minority shareholders

**Eduardo Cysneiros de Moraes**

Substitute appointed by minority shareholders





## Ethics and integrity

*GRI 102-11, 102-16, 102-17 and 205-2*

Ethics is an inseparable part of our corporate governance. We cherish the culture of ethics and integrity/compliance and strive to instill it in all of our practices, activities and relations both inside and outside of our offices and production plants.

### ***Principal references***

Our ethical conduct and integrity values mainly reference the following documents:

#### **Code of Ethics & Business Conduct**

São Martinho's Code of Ethics & Business Conduct has been laying down standards and principles since 2010 and establishes a set of guidelines that inform the conduct expected of employees in their professional performance and relations with colleagues, suppliers, clients, competitors, shareholders, governments and communities.

#### **Internal standards and documents**

Standards and documents that govern the Company's daily operations, such as:

- Compliance Policy
- Code of Ethics & Business Conduct
- Anti-corruption Policy
- Information Security Policy
- Related-party Transactions and Conflicts of interests Policy
- Governance Handbook
- Dividends Policy
- Securities Trading Policy
- Policy for Disclosing and Using Company Information or Announcements
- Occupational Health and Safety Policy
- Private Social Investment Policy
- Food Safety and Quality Policy
- Environmental Policy; and
- Environmental Management Plan.

## ***Work groups***

A **Sustainability Committee** meets on a monthly basis with managers from different departments across the Company to discuss and implement initiatives to promote sustainability at the tactical level.

We also rely on specific work groups to handle certain issues. They are:

### **Ethics and Compliance Committee - Strategic**

Consists of the CEO and executive officers. It is tasked with monitoring the Ethics Channel and other issues related to ethics and compliance.

### **Ethics and Compliance Committee - Tactical**

Consists of the officer of the legal, compliance and institutional relations department, mill officers and managers. It is tasked with monitoring and discussing issues around ethics, compliance and other related matters

### **GRC – Governance, Risk and Compliance**

Consists of the officer of the legal, compliance and institutional relations department and risk, compliance and internal control managers. It is tasked with handling matters of interest to the three departments.





## Communications and training initiatives

We frequently carry out internal communication initiatives for topics related to ethics and integrity. These will also be part of the annual training agenda, embracing all employees.

## Ethics Channel

*GRI 103-2 e 406-1*

We have had the Ethics Channel since 2011 for cases of violations and breaches of the legislation and internal regulations in addition to misconduct.

The Ethics Channel is independent of its management and is operated by an outside company. Any complaints received are handled in absolute confidence if so desired by the whistleblowers/requestors. Cases are investigated by specific committees/workgroups.

In charge of the Ethics Channel, Compliance Department prepares quarterly reports for the Executive Board and semi-annual reports for the Board of Directors and Audit Committee, presenting an overview of reports received. An average of 300 reports are received every year.

Reports can be submitted to the ethics channel by telephone, email and its website.



### SÃO MARTINHO ETHICS CHANNEL



Phone: 0800 777 3131 – toll free call



Email: [etica@saomartinho.com.br](mailto:etica@saomartinho.com.br)



Site: [www.canaldeetica.com.br/saomartinho](http://www.canaldeetica.com.br/saomartinho)





Total number of reports<sup>(1)</sup> (Quantity)

Number of reports:	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
Submitted during the reporting period	358	303	338
Processed during the reporting period	358	303	338
Closed during the reporting period	358	303	329
Inconclusive/unsubstantiated	73	79	68

(1) From crop year 19/20 the figures above include cases involving compliments, queries, suggestions and cases that are inconclusive or unsubstantiated.

Approximately 70% of complaints and grievances are related to topics such as benefits, conduct, transportation and third parties. The remaining 30% are split between various complaints, occupational health & safety, compliments, suggestions and inquiries. Around 80% of submissions are anonymous.

We did not identify cases of discrimination reported in the Ethics Channel in the 2019/2020 crop season.

### ***Internal controls***

We have an internal controls practice to implement risk mitigation actions and controls and to monitor the effectiveness thereof. Internal control practices and tools make it possible to identify and handle nonconformities, whilst also mapping out opportunities for improvement.





## Compliance Plan

*GRI 205-2, 307-1*

In 2019, we launched our **Compliance Plan**, which presents initiatives to manage compliance and enhance governance. The plan aims to strengthen mechanisms to enable management that can handle uncertainty, respond to events posing risks to the Company and resolve issues that involve possible ethical, legal or internal regulation violations.

The plan also aims to instill an ethics culture and support the adoption of institutional measures and actions aiming to prevent, detect and punish irregularities and misconduct.

To support the plan we carried out a **compliance analysis** with the support of independent experts. This allowed us to make progress in the mapping of compliance threats and risks, helping draw up the Compliance Plan.

## Anti-corruption

*GRI 205-1, 205-2, 205-3*

We created control mechanisms and carried out awareness raising initiatives around anti-corruption. An Anti-corruption Policy steers and regulates our work in this area.

To this end we also seek to bolster our Ethics Channel, and draw attention to the guidelines set out in our management policies, in the Governance Handbook and our Code of Ethics and Business Conduct. Furthermore, all of our contracts have specific anti-corruption clauses.

We understand that anti-corruption risk assessment should be ongoing, embracing all Company operations, processes and activities through a range of mechanisms, such as the policies for procurements, onboarding, accounting, internal controls, risk management, legal and compliance controls, internal audits and independent audits.

No incidents of corruption were documented in the 2019/2020 crop season.





## Continuous Improvement Program

We strive for continuous improvement in our day-to-day business, operations and management and in line with our governance guidelines, a concept which permeates all our projects and initiatives.

In specific regard of processes, we rolled out the Continuous Improvement Program based on the Lean Philosophy.

At the end of the 2019/2020 crop season we had 182 projects in the program. In 2019 we received recognition for this initiative at the Brazilian Kaizen awards.

## Integrated Management System

São Martinho has an Integrated Management System (IMS) that unifies and increases integration across quality, health and safety, and environmental management. This ensures our efforts in managing these aspects are better focused and more consistent. The goals of the IMS are to:

- Connect processes and create synergies across quality, safety and the environment in our operations
- Implement and/or improve health, safety, environment and quality systems across business units, in line with certification requirements under ISO standards

- Improve social-impact assessments to better inform our management processes and ensure they are auditable in accordance with international standards such as ISO 26.000
- Enhance our relations with stakeholders, and especially customers, by creating multiple channels to provide service

Among the important outcomes from our Integrated Management System is our ability to meet the requirements for and obtain certifications relevant to our industry (see page 19 of this Report).





## Risk management

*GRI 102-11*

**Our risks** are related to our agricultural, industrial, logistics and commercial activities, which are covered by the Company's risk management guidelines.

These guidelines are based around the requirements of standard **NBR ISO 31000:2009**, and tailored to São Martinho's specific needs. They establish the processes, controls and agents used in the Company's risk management practice, assigning them roles and responsibilities to guarantee the suitable steps for identifying, assessing, handling, monitoring, reporting and documenting risk items.

Our risk management techniques and practices also follow the guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Brazilian Institute for Corporate Governance (IBGC), the Brazilian Securities Commission (CVM) and the "Novo Mercado" segment of B3 - Brasil, Bolsa, Balcão.

The **Risk Dashboard** is the main instrument used to track our risks, in which specific indicators are reported and discussed every month by the Financial Committee.

The Risk Dashboard is comprised of six permanent risk groups: Revenue, Financial Liquidity, Exchange, Logistics, raw material availability and personnel availability. Other risk groups are reported by request of the Financial Committee or in the event of a criticality identified in its monitoring, entered into the Risk Dashboard as needed.



## Information security

We have a cell in the Information Technology practice with professionals dedicated to **information security**, which includes **cyber security**.

Its management is supported by an **Information Security Policy**, reviewed annually; an **Operating Model and Governance** which is continuously enhanced and improved; and supported by a **Information Security Steering Plan**, which sets out a priority list of projects, and is reviewed and updated annually, to maintain a clear roadmap shared in all Company hierarchies.

The projects aim to improve the maturity of cybernetic risk management and enhance our protection, detection and response capacities in the event of any security breaches. Awareness raising campaigns involving all Company employees, including communications, training and learning assessments, strengthen our information security culture.

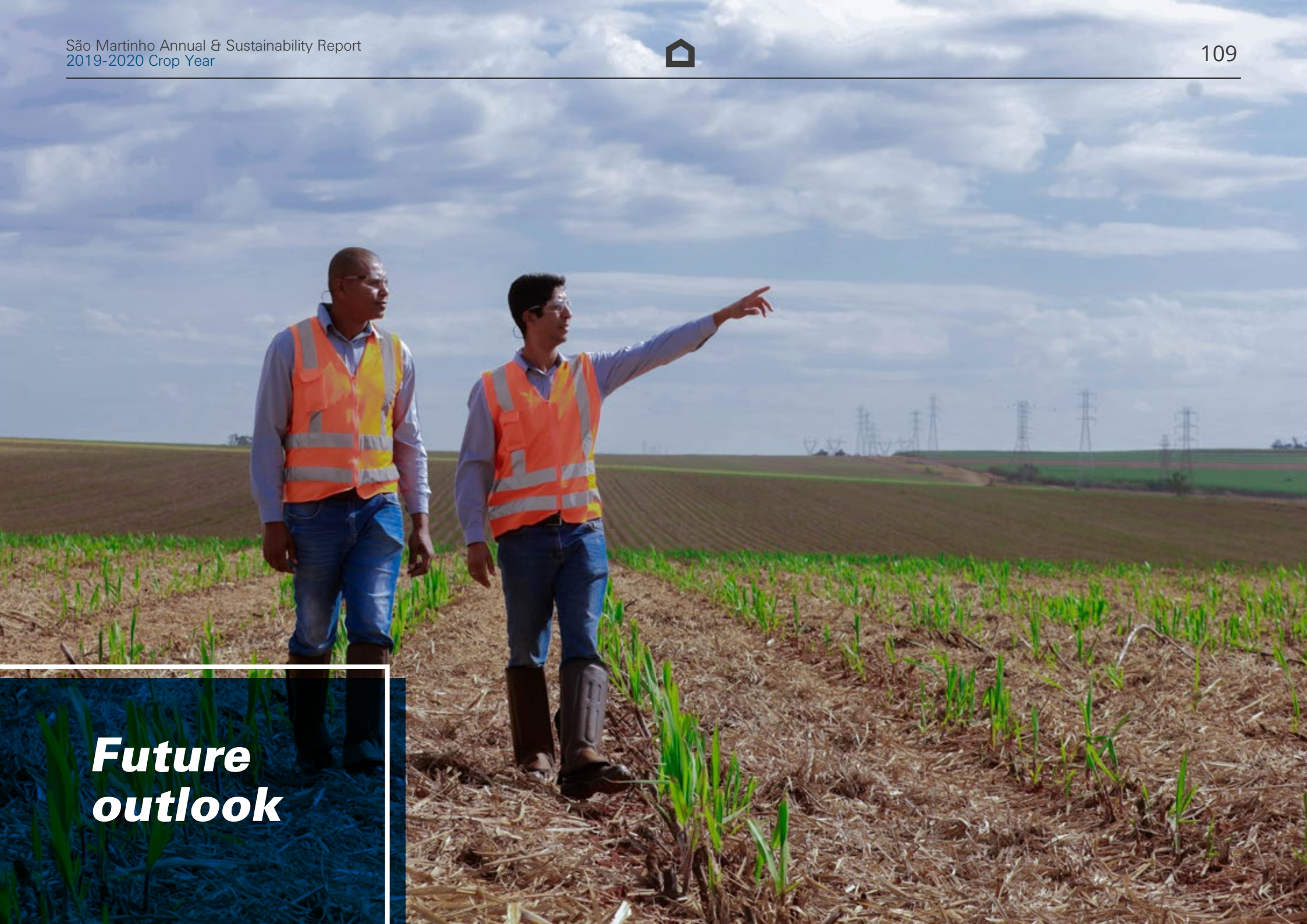
## Data privacy

We set up a specific Information Security cell in the 2019/2020 crop season to handle data privacy matters. We also engaged the services of independent consultants to map out the improvements required to adapt our processes and policies to the General Data Protection Act (LGPD) by the legal deadline.

In the crop season currently in progress (2020/2021), we will implement the recommendations made by the consultancy firm and structure our governance around the matter, which includes the creation of the **Privacy Committee** or establishment of its duties within the existing governance framework. The committee will assess and resolve all situations related to data protection.







***Future  
outlook***





2020 has seen the onset of a new cycle for our Company. In March this year we completed our strategic planning for the next ten years (2020 to 2030), set out in the “Building the Future of São Martinho” plan.

In line with the ongoing pursuit of business longevity, we want to keep reporting satisfactory

results whilst expanding our operations, cementing our pioneering position and further enhancing our management, always sustainably, including growing reliance on renewable sources.

We will also adapt to the new market reality and social and economic conditions ushered in by the COVID-19 pandemic.







## ***GRI Content Index***





# GRI Content Index

GRI 102-55

GRI Standard	Reference page or disclosure	Omissions	SDG	UNGC
<b>Standard disclosures</b>				
GRI 101: Foundation 2016				
<b>Organizational profile</b>				
GRI 102: Standard disclosures 2016				
GRI 102-1	Name of the organization	São Martinho S.A.		
GRI 102-2	Activities, brands, products, and services	Sugar, ethanol, electric power and speciality products.		
GRI 102-3	Location of headquarters	São Paulo (SP).		
GRI 102-4	Location of operations	Iracemópolis, Pradópolis and Américo Brasiliense, in the state of São Paulo, and Quirinópolis in Goiás.		
GRI 102-5	Ownership and legal form	Publicly traded corporation.		
GRI 102-6	Markets served	Page 12		
GRI 102-7	Scale of organization	Page 9		
GRI 102-8	Information on employees and other workers	Pages 64 to 66	8.8, 10.3	6
GRI 102-9	Supply chain	Pages 92 and 93		3
GRI 102-10	Significant changes to the organization and its supply chain	There were no significant changes at São Martinho or in our supply chain.		
GRI 102-11	Precautionary principle or approach	Pages 21, 101 and 107 (Risk Management).		
GRI 102-12	External initiatives	UN Women; Global Compact.		
GRI 102-13	Membership of associations	Page 95		



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Strategy</b>					
GRI 102: Standard disclosures 2016					
GRI 102-14	Statement from senior decision-maker	Page 4			
GRI 102-15	Key impacts, risks, and opportunities	1. Price volatility 2. Foreign-exchange exposure 3. Sugarcane supply 4. Leverage and financial liquidity 5. Availability of labor 6. Logistics constraints			
<b>Ethics and integrity</b>					
GRI 102: Standard disclosures 2016					
GRI 102-16	Values, principles, standards, and norms of behavior	Pages 14, 15, 101 and 103		16.3	10
GRI 102-17	Mechanisms for advice and concerns about ethics	Page 101		16.3	10
<b>Governance</b>					
GRI 102: Standard disclosures 2016					
GRI 102-18	Governance structure	Pages 97 to 108			
GRI 102-19	Chairman of the highest governance body	Murilo César Lemos dos Santos Passos Chairman of the Board of Directors			
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Not reported.			
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Pages 16 to 18		16.3, 16.7	
GRI 102-22	Composition of the highest governance body and its committees	Pages 97 to 99		5.5, 16.7	
GRI 102-23	Chairman of the highest governance body	Pages 97 to 99		16.6	
GRI 102-24	Nominating and selecting the highest governance body	Pages 97 to 99		5.5, 16.7	
GRI 102-25	Conflicts of interest	Pages 97 to 99		16.6	





<i>GRI Standard</i>		Reference page or disclosure	Omissions	SDG	UNGC
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Pages 97 to 99			
GRI 102-27	Collective knowledge of highest governance body	Pages 97 to 99			
GRI 102-28	Evaluating the highest governance body's performance	Pages 97 to 99			
GRI 102-29	Identifying and managing economic, environmental, and social impacts	Pages 97 to 99		16.7	
GRI 102-30	Effectiveness of risk management processes	Pages 97 to 99			
GRI 102-31	Review of economic, environmental, and social topics	Pages 97 to 99			
GRI 102-32	Highest governance body's role in sustainability reporting	Pages 97 to 99			
GRI 102-33	Communicating critical concerns	Pages 97 to 99			
GRI 102-34	Nature and total number of critical concerns	Pages 97 to 99			
GRI 102-35	Remuneration policies	Pages 97 to 99		16.6	
GRI 102-36	Process for determining remuneration	Pages 97 to 99			
GRI 102-37	Stakeholders' involvement in remuneration	Not reported.		16.7	
GRI 102-38	Annual total compensation ratio	Not reported.			
GRI 102-39	Percentage increase in annual total compensation ratio	Not reported.			



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Stakeholder engagement</b>					
GRI 102: Standard disclosures 2016					
GRI 102-40	List of stakeholder groups	Pages 16 to 18			
GRI 102-41	Collective bargaining agreements	All employees are covered by collective bargaining agreements.		8.8, 8.8.2	
GRI 102-42	Basis for identification and selection of stakeholders with whom to engage	Pages 16 to 18			
GRI 102-43	Approach to stakeholder engagement	Pages 16 to 18			
GRI 102-44	Key topics and concerns raised	Pages 16 to 18			
<b>Reporting practices</b>					
GRI 102: Standard disclosures 2016					
GRI 102-45	Entities included in the consolidated financial statements	The financial statements cover the Company's four mill operations: Iracema, São Martinho, Boa Vista and Santa Cruz.			
GRI 102-46	Defining report content and topic Boundaries	Pages 16 to 18			
GRI 102-47	List of material topics	Pages 16 to 18			
GRI 102-48	Restatements of information	There were no restatements of information compared with the previous reporting period			
GRI 102-49	Changes in reporting	There were no changes in report content or topic boundaries			
GRI 102-50	Reporting period	April 1, 2019 to March 31, 2020			
GRI 102-51	Date of most recent report	Crop year 2018/2019.			
GRI 102-52	Reporting cycle	Annual.			
GRI 102-53	Contact point for questions regarding the report	comunicacoes@saomartinho.com.br			
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report has been developed in accordance with the GRI Standards: Core option.			
GRI 102-55	GRI content index	Pages 112 to 131			



GRI Standard	Reference page or disclosure	Omissions	SDG	UNGC
GRI 102-56	External assurance	The information in this report covers all of São Martinho's operations and the financial statements have been independently audited by PwC (PricewaterhouseCoopers) Brazil. Non-financial information has not been assured by an independent third-party entity, but has been validated as part of an internal process at São Martinho.		

## Economic Disclosures

### Material topic: Economic performance

#### GRI 103: Management approach 2016

GRI 103-1	Explanation of the material topic and its Boundary	Pages 29 to 36			7
GRI 103-2	The management approach and its components	Pages 29 to 36			
GRI 103-3	Evaluation of the management approach	Pages 29 to 36			

#### GRI 201: Economic performance 2016

GRI 201-1	Direct economic value generated and distributed	Page 36		8.1, 8.2, 8.2.1, 9.1, 9.4, 9.4.1, 9.5, 17.1.2	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Not reported. We are preparing to report this disclosure in the future.		13.1	7
GRI 201-3	Defined benefit plan obligations and other retirement plans	Not reported. We are preparing to report this disclosure in the future.			
GRI 201-4	Financial assistance received from government	Not reported. We are preparing to report this disclosure in the future.			

### Material topic: Market presence

#### GRI 103: Management approach 2016

GRI 103-1	Explanation of the material topic and its Boundary	Page 66			7
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GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 202: Market Presence 2016					
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not reported. We are preparing to report this disclosure in the future.		1.2, 5.1, 8.5	6
GRI 202-2	Proportion of senior management hired from the local community	In crop years 2017/2018, 2018/2019 and 2019/2020 91.9% of senior management members were hired from the local community. Page 66		8.5	6
<b>Material topic: Indirect economic impacts</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 88 to 91			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
<b>GRI 203: Indirect economic impacts 2016</b>					
GRI 203-1	Infrastructure investments and services supported	In crop years 2017/2018, 2018/2019 and 2019/2020 our community investments did not include infrastructure investments.		5.4, 9.1, 11.2	9
GRI 203-2	Significant indirect economic impacts	Not reported. We are preparing to report this disclosure in the future.		1.2, 3.8, 8.2, 8.3, 8.5	
<b>Material topic: Procurement impacts</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 92			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 204: Procurement impacts 2016					
GRI 204-1	Proportion of spending on locally-based suppliers	Page 92		8.3, 9.3.1	



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Anti-corruption</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 105			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 205: Anti-corruption 2016					
GRI 205-1	Operations assessed for risks related to corruption	Page 105		16.5.2	10
GRI 205-2	Communication and training about anti-corruption policies and procedures	Page 105		16.5.2	10
GRI 205-3	Confirmed incidents of corruption and actions taken	Page 105		16.5.2	10
<b>Material topic: Anti-competitive behavior</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 105			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 206: Anti-competitive behavior 2016					
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We have no actions pending of this nature. Our products are commodities for which prices are fixed by stock exchanges, which prevents price fixing among agents.		16.3	



GRI Standard	Reference page or disclosure	Omissions	SDG	UNGC
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## Environmental Disclosures

### Material topic: Materials

#### GRI 103: Management approach 2016

GRI 103-1	Explanation of the material topic and its Boundary	-		
GRI 103-2	The management approach and its components			
GRI 103-3	Evaluation of the management approach			

#### GRI 301: Materials 2016

GRI 301-1	Materials used by weight or volume	Not reported. We are preparing to report this disclosure in the future.		8.4, 12.2	7.8
GRI 301-2	Recycled input materials used	Not reported. We are preparing to report this disclosure in the future.		8.4, 12.2, 12.5	8
GRI 301-3	Reclaimed products and their packaging materials	Non-material topic.		8.4, 12.2, 12.5	8

### Material topic: Electric Power

#### GRI 103: Management approach 2016

GRI 103-1	Explanation of the material topic and its Boundary	Page 45		
GRI 103-2	The management approach and its components			
GRI 103-3	Evaluation of the management approach			

#### GRI 302: Energy 2016

GRI 302-1	Energy consumption within the organization	Page 45		7.2, 7.2.1, 7.3, 7.3.1, 8.4, 12.2, 13.1	7.8
GRI 302-2	Energy consumption outside of the organization	Not reported. We are preparing to report this disclosure in the future.		7.2, 7.3, 8.4, 12.2, 13	8
GRI 302-3	Energy intensity	Page 45		8.4, 12.2, 13.1	8





GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
GRI 302-4	Reduction of energy consumption	Page 45		7.3, 8.4, 13.1	8.9
GRI 302-5	Reductions in energy requirements of products and services	Non-material topic.		7.3, 8.4, 13.1	8
<b>Material topic: Water &amp; effluents</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 57 to 59			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 303: Water and effluents 2018					
GRI 303-1	Interactions with water as a shared resource	Pages 57 to 59		6.4	8
GRI 303-2	Management of water discharge-related impacts	Pages 57 to 59		6.5, 14.2, 15.1, 15.5	8
GRI 303-3	Water withdrawal	Pages 57 to 59		6.4, 6.4.2	7.8
GRI 303-4	Water discharge	Pages 57 to 59		3.9, 6.3, 6.4, 12.4, 14.1	8
GRI 303-5	Water consumption	Pages 57 to 59		6.3, 6.4.1, 8.4, 12	8
<b>Material topic: Biodiversity</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 46 to 51			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>GRI 304: Biodiversity 2016</b>					
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pages 46 to 51		6.6, 14.2, 15.1, 15.5, 12	3.8
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	Pages 46 to 51		6.6, 14.2, 15.1, 15.5	8
GRI 304-3	Habitats protected or restored	Pages 46 to 51		6.6, 14.2, 15.1, 15.5	8
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pages 46 to 51		6.6, 14.2, 15.1, 15.5	8
<b>Material topic: Emissions</b>					
<b>GRI 103: Management approach 2016</b>					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 39 to 43			
GRI 103-2	The management approach and its components			9.4, 12.4, 12.5, 13.1, 13.3, 14.2, 14.3, 15.1	7, 8, 9
GRI 103-3	Evaluation of the management approach				
<b>GRI 305: Emissions 2016</b>					
GRI 305-1	Direct (Scope 1) GHG emissions	Pages 39 to 43		3.9, 9.4.1, 12.4, 14.3, 15.2	7, 8
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Pages 39 to 43		3.9, 9.4.1, 12.4, 13.1, 14.3, 15.2	7, 8
GRI 305-3	Other indirect (Scope 3) GHG emissions	Pages 39 to 43		3.9, 12.4, 13.1, 14.3, 15	7, 8
GRI 305-4	GHG emissions intensity	Pages 39 to 43		13.1, 14.3, 15.2	8



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
GRI 305-5	Reduction of GHG emissions	Pages 39 to 43		13.1,14.3, 15.2	8.9
GRI 305-6	Emissions of ozone-depleting substances (ODS)	In crop year 2019/2020 our operations generated 1065.75 t of HCFC-141b and 2265.98 t of HCFC-32 emissions.			
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Page 44		8.9, 12.4, 14,3 15.2	7.8
<b>Material topic: Effluents and waste</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 52 to 54			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 306: Effluents and waste 2016					
GRI 306-2	Waste by type and disposal method	Pages 52 to 54		3.9, 6.3, 12.4, 12.4.2, 12.5, 12.5.1,	8
GRI 306-3	Significant spills	Not reported. We are preparing to report this disclosure in the future.		3.9, 6.3, 6.6, 12.4, 12.5, 14.1, 15.1	8
GRI 306-4	Transportation of hazardous waste	Non-material topic.		3.9, 12.4	8
<b>Material topic: Environmental compliance</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 60 and 105			
GRI 103-2	The management approach and its components			9.4, 12.4, 12.5, 13.1, 13.3, 12.2, 14.3, 15.1	
GRI 103-3	Evaluation of the management approach				





GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
GRI 307: Environmental compliance 2016					
GRI 307-1	Non-compliance with environmental laws and regulations	Page 60		16.3	8
<b>Material topic: Supplier environmental assessment</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 92			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 308: Supplier environmental assessment 2016					
GRI 308-1	New suppliers that were screened using environmental criteria	Not reported. We are preparing to report this disclosure in the future.			8
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Not reported. We are preparing to report this disclosure in the future.			8

## Social Disclosures

<b>Material topic: Employment</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 63 to 66			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 401: Employment 2016					
GRI 401-1	New employee hires and employee turnover	Page 66		5.1, 8.5, 8.6, 10.3	6
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 63		3, 5.4, 8.5	
GRI 401-3	Parental leave	Not reported. We are preparing to report this disclosure in the future.		5.1, 5.4, 8.5	6



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Labor/management relations</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 63 to 77			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 402: Labor/management relations 2016					
GRI 402-1	Minimum notice periods regarding operational changes	Not reported. We are preparing to report this disclosure in the future.		8.8	3
<b>Material topic: Occupational health and safety</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 78 to 83			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 403: Occupational health and safety 2018					
GRI 403-1	Occupational health and safety management system	Pages 78 to 83		3.8, 8.8	6
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Pages 78 to 83		3.8, 8.8	6
GRI 403-3	Occupational health services	Pages 78 to 83		3.8, 8.8	6
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 78 to 83		3.8, 8.8	6
GRI 403-5	Worker training on occupational health and safety	Pages 78 to 83		3.8, 8.8	6
GRI 403-6	Promotion of worker health	Pages 78 to 83		3.8, 8.8	6
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 78 to 83		3.8, 8.8	6



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
GRI 403-8	Workers covered by an occupational health and safety management system	Pages 78 to 83		3.8, 8.8	6
GRI 403-9	Work-related injuries	Pages 78 to 83		3.8, 8.8, 8.8.1	6
GRI 403-10	Work-related ill health	Pages 78 to 83		3.8, 8.8	6
<b>Material topic: Training and education</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 75 to 77			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 404: Training and education 2016					
GRI 404-1	Average hours of training per year per employee	Pages 75 to 77		4.3, 4.3.1, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3	6
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Pages 75 to 77		8.2, 8.5	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Pages 75 to 77		5.1, 8.5, 10.3	6
<b>Material topic: Diversity and equal opportunity</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 67 to 72			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 405: Diversity and equal opportunity 2016					
GRI 405-1	Diversity of governance bodies and employees	Pages 67 to 72		5.5.2, 8.5, 16.7.1	6
GRI 405-2	Ratio of basic salary and remuneration of women to men	Not reported. We are preparing to report this disclosure in the future.		8.5, 10.3	6





GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Non-discrimination</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 103			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 406: Non-discrimination 2016					
GRI 406-1	Incidents of discrimination and corrective actions taken	Page 103		5.1, 8.8	6
<b>Material topic: Freedom of association and collective bargaining</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 67			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 407: Freedom of association and collective bargaining 2016					
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not reported. We are preparing to report this disclosure in the future.		8.8	3
<b>Material topic: Child labor</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 72 and 92			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 408: Child labor (2016)					
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Pages 72 and 92		8.7, 16.2	5



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Forced or compulsory labor</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 72 and 92			
GRI 103-2	The management approach and its components				1
GRI 103-3	Evaluation of the management approach				
GRI 409: Forced or compulsory labor 2016					
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pages 72 and 92		8.7	4
<b>Material topic: Security practices</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	-			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 410: Security practices 2016					
GRI 410-1	Security personnel trained in human rights policies or procedures	Non-material topic.		16.1	1
<b>Material topic: Rights of indigenous and traditional peoples</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 86			
GRI 103-2	The management approach and its components				1
GRI 103-3	Evaluation of the management approach				
GRI 411: Rights of indigenous peoples 2016					
GRI 411-1	Incidents of violations involving rights of indigenous peoples	Not reported. We are preparing to report this disclosure in the future.		2.3	1



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Human rights assessment</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 72			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 412: Human rights assessment 2016					
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Not reported. We are preparing to report this disclosure in the future.		5, 10, 16	1
GRI 412-2	Employee training on human rights policies or procedures	Not reported. We are preparing to report this disclosure in the future.			1
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not reported. We are preparing to report this disclosure in the future.			2
<b>Material topic: Local communities</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 86 to 90			
GRI 103-2	The management approach and its components				1
GRI 103-3	Evaluation of the management approach				
GRI 413: Local communities 2016					
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Pages 86 to 90			1
GRI 413-2	Operations with significant actual or potential negative impacts on local communities	Pages 86 to 90		1.4, 2.3	1





GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Supplier social assessment</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 92			
GRI 103-2	The management approach and its components				
GRI 103-3:	Evaluation of the management approach				
GRI 414: Supplier social assessment 2016					
GRI 414-1	New suppliers that were screened using social criteria	Not reported. We are preparing to report this disclosure in the future.		5.2, 8.8, 16.1	2.6
GRI 414-2	Negative social impacts in the supply chain and actions taken	Not reported. We are preparing to report this disclosure in the future.		5.2, 8.8, 16.1	2
<b>Material topic: Public policy</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 101 to 108			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 415: Public policy 2016					
GRI 415-1	Political contributions	We make no political contributions and comply with applicable laws and regulations in Brazil.		16.5	10
<b>Material topic: Customer health and safety</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary				
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 416: Customer health and safety 2016					
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Not reported. We are preparing to report this disclosure in the future.			
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not reported. We are preparing to report this disclosure in the future.		16.3	



GRI Standard		Reference page or disclosure	Omissions	SDG	UNGC
<b>Material topic: Marketing and labeling</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	-			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 417: Marketing and labeling 2016					
GRI 417-1	Requirements for product and service information and labeling	Non-material topic.		12.8	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	Non-material topic.		16.3	
GRI 417-3	Incidents of non-compliance concerning marketing communications	Non-material topic.		16.3	
<b>Material topic: Customer privacy</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Page 91 and 108			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 418: Customer privacy 2016					
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Non-material topic.		16.3, 16.10	
<b>Material topic: Social and economic compliance</b>					
GRI 103: Management approach 2016					
GRI 103-1	Explanation of the material topic and its Boundary	Pages 101 to 108			
GRI 103-2	The management approach and its components				
GRI 103-3	Evaluation of the management approach				
GRI 419: Social and economic compliance 2016					
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Not reported. We are preparing to report this disclosure in the future.		16.3, 16.5.2	



**SASB**  
**Disclosures**





## SASB Disclosures *About SASB*

The Sustainability Accounting Standards Board (SASB) is a nonprofit organization that develops standards on financial reporting. SASB was founded in 2011 with a mission to develop and disseminate sustainability accounting standards.

SASB connects businesses and investors on the financial impacts of sustainability.

### **Financially Material**

SASB's mission is to help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors.

### **Market Informed**

SASB standards are developed based on extensive feedback from companies, investors, and other market participants as part of a transparent, publicly-documented process.

### **Industry Specific**

SASB standards differ by industry, enabling investors and companies to compare performance from company to company within an industry.

SASB has developed a complete set of 77 standards related to different industries. In November 2018, SASB published these standards, providing a complete set of globally applicable industry-specific standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry.

São Martinho has applied the SASB standards for Agricultural Products (#CN0101) and Biofuels (#RR0101).

Our Biofuels and Agricultural Products disclosures for crop year 2019/2020 summarize our financially material sustainability performance and, to the extent possible, provide information on known performance trends over the previous three crop years based on SASB metrics. Changes in information and restatements may occur over time as data collection methods improve.

For further information about SASB, visit [www.sasb.org](http://www.sasb.org)



# SASB Disclosures

## RR0101 - BIOFUELS

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report																
Air Quality	Air emissions for the following pollutants: NOx (excluding N <sub>2</sub> O), SOx, Volatile Organic Compounds (VOCs), Particulate Matter (PM), and Hazardous Air Pollutants (HAPs)	Quantitative	t	RR-BI-120a.1	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>PM</td> <td>3,358</td> <td><sup>(2)</sup> 1,654</td> <td>2,506</td> </tr> <tr> <td>NOx</td> <td><sup>(1)</sup> 3,001</td> <td>2,021</td> <td>2,396</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	PM	3,358	<sup>(2)</sup> 1,654	2,506	NOx	<sup>(1)</sup> 3,001	2,021	2,396				
	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020																	
PM	3,358	<sup>(2)</sup> 1,654	2,506																		
NOx	<sup>(1)</sup> 3,001	2,021	2,396																		
	Number of incidents of non-compliance with air quality permits, standards, and regulations	Quantitative	number	RR-BI-120a.2	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>Number</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Number	0	0	0								
Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020																		
Number	0	0	0																		
Water Management in Manufacturing	1: Total water withdrawn 2: Total water consumed 3: % of each in regions with High or Extremely High Baseline Water Stress	Quantitative	m <sup>3</sup> , %	RR-BI-140a.1	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>1:</td> <td>27,534,825</td> <td>25,117,837</td> <td>30,912,774</td> </tr> <tr> <td>2:</td> <td>17,181,653</td> <td>15,685,147</td> <td>16,600,441</td> </tr> <tr> <td>3:</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	1:	27,534,825	25,117,837	30,912,774	2:	17,181,653	15,685,147	16,600,441	3:	0%	0%	0%
	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020																	
1:	27,534,825	25,117,837	30,912,774																		
2:	17,181,653	15,685,147	16,600,441																		
3:	0%	0%	0%																		
	Discussion of water management risks and description of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RR-BI-140a.2	Pages 57 to 59 of the Annual and Sustainability Report for crop year 2019/2020.																
Water Management in Manufacturing	Number of incidents of non-compliance with water quality permits, standards, and regulations	Quantitative	number	RR-BI-140a.3	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>Number</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Number	0	0	0								
Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020																		
Number	0	0	0																		

(1) Boa Vista outlier not included

(2) Boa Vista outlier not included



## RR0101 - BIOFUELS (continued)

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report											
Lifecycle Emissions Balance	Lifecycle greenhouse gas (GHG) emissions, by biofuel type	Quantitative	g CO <sub>2</sub> eq/MJ	RR-BI-410a.1	Crop year 2017/2018: n/a Crop year 2018/2019: n/a Crop year 2019/2020: RenovaBio (Brazilian Biofuels Policy) Score on Environmental Energy Efficiency											
					g CO <sub>2</sub> eq/MJ											
					Mill	Hydrous Ethanol	Anhydrous Ethanol									
					São Martinho	60.6	61.0									
					Santa Cruz	62.5	62.8									
Iracema	66.3	66.7														
Boa Vista	62.7	63.0														
Sourcing & Environmental Impacts of Feedstock Production	Description of strategy to manage risks associated with environmental impacts of feedstock production	Discussion and Analysis	n/a	RR-BI-430a.1	Pages 46 to 61 of the Annual and Sustainability Report for crop year 2019/2020.											
	% of biofuel production third-party certified to an environmental sustainability standard	Quantitative	% of gallons	RR-BI-430a.2	<table border="1"> <thead> <tr> <th>Mill</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Iracema</td> <td style="text-align: center;">42.8%</td> <td style="text-align: center;">39.4%</td> <td style="text-align: center;">35.8%</td> </tr> <tr> <td>Santa Cruz</td> <td style="text-align: center;">57.9%</td> <td style="text-align: center;">71.6%</td> <td style="text-align: center;">72.5%</td> </tr> </tbody> </table>	Mill	2017	2018	2019	Iracema	42.8%	39.4%	35.8%	Santa Cruz	57.9%	71.6%
Mill	2017	2018	2019													
Iracema	42.8%	39.4%	35.8%													
Santa Cruz	57.9%	71.6%	72.5%													
Management of the Legal & Regulatory Environment	Amount of subsidies received through government programs	Quantitative	U.S. Dollars (\$)	RR-BI-530a.1	Not reported.											
	Discussion of positions on the regulatory and political environment related to environmental and social factors and description of efforts to manage risks and opportunities presented	Discussion and Analysis	n/a	RR-BI-530a.2	Pages 95 and 98 of the Annual and Sustainability Report for crop year 2019/2020.											





## RR0101 - BIOFUELS (continued)

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report																
Operational Safety, Emergency Preparedness, and Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	number and rate	RR-BI-540a.1	Rates calculated as per NBR 1458 (1 million man-hours worked)																
					<table border="1"> <thead> <tr> <th>Rates:</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>incidents</td> <td>n/a</td> <td>n/a</td> <td>n/a</td> </tr> <tr> <td>frequency</td> <td>1.98</td> <td>1.86</td> <td>1.56</td> </tr> <tr> <td>severity</td> <td>43.23</td> <td>40.7</td> <td>26.35</td> </tr> </tbody> </table>	Rates:	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	incidents	n/a	n/a	n/a	frequency	1.98	1.86	1.56	severity	43.23	40.7	26.35
					Rates:	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020													
					incidents	n/a	n/a	n/a													
frequency	1.98	1.86	1.56																		
severity	43.23	40.7	26.35																		

Activity Metric	Category	Unit of Measure	SASB Code	Page or Report								
Biofuel Production Capacity	Quantitative	millions of gallons (gal)	RR-BI-000.A	310 million gallons.								
Production of: 1: Renewable fuel 2: Advanced biofuel 3: Biomass-based diesel 4: Cellulosic biofuel	Quantitative	millions of gallons (gal)	RR-BI-000.B	2: Advanced biofuel <table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>Millions of gallons (gal)</td> <td>252</td> <td>290</td> <td>310</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Millions of gallons (gal)	252	290	310
Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020									
Millions of gallons (gal)	252	290	310									
Amount of Feedstock Consumed in Production	Quantitative	t	RR-BI-000.C	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>tons of sugarcane</td> <td>22,206,409</td> <td>20,450,340</td> <td>22,640,241</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	tons of sugarcane	22,206,409	20,450,340	22,640,241
Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020									
tons of sugarcane	22,206,409	20,450,340	22,640,241									



## CN0101 - AGRICULTURAL PRODUCTS

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report			
					Disclosure	2017	2018	2019
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	t CO <sub>2</sub> eq	FB-AG-110a.1	t CO <sub>2</sub> eq	603,351	558,883	572,483
	Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emission-reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	Not reported.			
	Fleet fuel consumed, percentage renewable	Quantitative	gigajoules (GJ), %	FB-AG-110a.3	Consumption GJ	2,938,785	2,802,018	2,955,783
					% renewable	2.68%	2.82%	2.79%
Energy & Fleet Fuel Management	Operational energy consumed, percentage grid electricity, percentage renewable	Quantitative	gigajoules (GJ), %	FB-AG-130a.1	Consumption of:	2017	2018	2019
					energy (GJ)	1,869,500	1,596,959	1,864,708
					electricity %	3.30%	3.11%	3.37%
					renewable %	95	95	95
Water Resource Management	1: Total water withdrawn 2: Total water consumed 3: % of each in regions with High or Extremely High Baseline Water Stress	Quantitative	m <sup>3</sup> , %	FB-AG-140a.1	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020
					1:	27,534,825	25,117,837	30,912,774
					2:	17,181,653	15,685,147	16,600,441
					3:	0%	0%	0%



## CN0101 - AGRICULTURAL PRODUCTS *(continued)*

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report																																																																
Water Resource Management	Discussion of water management risks and description of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2	Pages 57 to 59 of the Annual and Sustainability Report for crop year 2019/2020.																																																																
	Number of incidents of non-compliance with water quality permits, standards, and regulations	Quantitative	number	FB-AG-140a.3	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>Number</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	Number	0	0	0																																																								
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Number	0	0	0																																																																		
Food Safety & Health Concerns	1: Global Food Safety Initiative (GFSI) audit conformance: major non-conformance rate and associated corrective action rate 2: Minor non-conformance rate and associated corrective action rate	Quantitative	rate	FB-AG-250a.1	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Sugar (general)</b></td> </tr> <tr> <td>No. of incidents</td> <td>47</td> <td>13</td> <td>3</td> </tr> <tr> <td>Volume recalled (t)</td> <td>1,657.2</td> <td>378.6</td> <td>80.0</td> </tr> <tr> <td>Volume sold (t)</td> <td>1,381,392</td> <td>1,008,767</td> <td>1,129,617</td> </tr> <tr> <td>% recalled</td> <td>0.12%</td> <td>0.04%</td> <td>0.01%</td> </tr> <tr> <td colspan="4"><b>Sugar (related to food safety)</b></td> </tr> <tr> <td>No. of incidents</td> <td>9</td> <td>2</td> <td>0</td> </tr> <tr> <td>Volume recalled (t)</td> <td>209.1</td> <td>52.2</td> <td>0.0</td> </tr> <tr> <td>Volume sold (t)</td> <td>1,381,392</td> <td>1,008,767</td> <td>1,129,617</td> </tr> <tr> <td>% recalled</td> <td>0.02%</td> <td>0.01%</td> <td>0.00%</td> </tr> <tr> <td colspan="4"><b>Ethanol</b></td> </tr> <tr> <td>No. of incidents</td> <td>1</td> <td>0</td> <td>4</td> </tr> <tr> <td>Volume recalled (t)</td> <td>119.4</td> <td>0.0</td> <td>349.6</td> </tr> <tr> <td>Volume sold (t)</td> <td>909,384</td> <td>1,146,236</td> <td>1,192,436</td> </tr> <tr> <td>% recalled</td> <td>0.01%</td> <td>0.00%</td> <td>0.03%</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	<b>Sugar (general)</b>				No. of incidents	47	13	3	Volume recalled (t)	1,657.2	378.6	80.0	Volume sold (t)	1,381,392	1,008,767	1,129,617	% recalled	0.12%	0.04%	0.01%	<b>Sugar (related to food safety)</b>				No. of incidents	9	2	0	Volume recalled (t)	209.1	52.2	0.0	Volume sold (t)	1,381,392	1,008,767	1,129,617	% recalled	0.02%	0.01%	0.00%	<b>Ethanol</b>				No. of incidents	1	0	4	Volume recalled (t)	119.4	0.0	349.6	Volume sold (t)	909,384	1,146,236	1,192,436	% recalled	0.01%	0.00%	0.03%
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**CN0101 - AGRICULTURAL PRODUCTS** *(continued)*

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report																																																															
Food Safety & Health Concerns	% of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) scheme.	Quantitative	% by spend	FB-AG-250a.2	Not reported.																																																															
	1: Number of recalls issued 2: Total amount of food product recalled	Quantitative	number, t of food product recalled	FB-AG-250a.3	<table border="1"> <thead> <tr> <th>Disclosure</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Sugar (general)</b></td> </tr> <tr> <td>No. of incidents</td> <td>47</td> <td>13</td> <td>3</td> </tr> <tr> <td>Volume recalled (t)</td> <td>1,657.2</td> <td>378.6</td> <td>80.0</td> </tr> <tr> <td>Volume sold (t)</td> <td>1,381,392</td> <td>1,008,767</td> <td>1,129,617</td> </tr> <tr> <td>% recalled</td> <td>0.12%</td> <td>0.04%</td> <td>0.01%</td> </tr> <tr> <td colspan="4"><b>Sugar (related to food safety)</b></td> </tr> <tr> <td>No. of incidents</td> <td>9</td> <td>2</td> <td>0</td> </tr> <tr> <td>Volume recalled (t)</td> <td>209.1</td> <td>52.2</td> <td>0.0</td> </tr> <tr> <td>Volume sold (t)</td> <td>1,381,392</td> <td>1,008,767</td> <td>1,129,617</td> </tr> <tr> <td>% recalled</td> <td>0.02%</td> <td>0.01%</td> <td>0.00%</td> </tr> <tr> <td colspan="4"><b>Ethanol</b></td> </tr> <tr> <td>No. of incidents</td> <td>1</td> <td>0</td> <td>4</td> </tr> <tr> <td>Volume recalled (t)</td> <td>119.4</td> <td>0.0</td> <td>349.6</td> </tr> <tr> <td>Volume sold (t)</td> <td>909,384</td> <td>1,146,236</td> <td>1,192,436</td> </tr> <tr> <td>% recalled</td> <td>0.01%</td> <td>0.00%</td> <td>0.03%</td> </tr> </tbody> </table>	Disclosure	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	<b>Sugar (general)</b>				No. of incidents	47	13	3	Volume recalled (t)	1,657.2	378.6	80.0	Volume sold (t)	1,381,392	1,008,767	1,129,617	% recalled	0.12%	0.04%	0.01%	<b>Sugar (related to food safety)</b>				No. of incidents	9	2	0	Volume recalled (t)	209.1	52.2	0.0	Volume sold (t)	1,381,392	1,008,767	1,129,617	% recalled	0.02%	0.01%	0.00%	<b>Ethanol</b>				No. of incidents	1	0	4	Volume recalled (t)	119.4	0.0	349.6	Volume sold (t)	909,384	1,146,236	1,192,436	% recalled	0.01%	0.00%
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## CN0101 - AGRICULTURAL PRODUCTS *(continued)*

Disclosure Topic	Accounting Metric	Category	Unit of Measure	SASB Code	Page or Report																
Fair Labor Practices & Workforce Health & Safety	1: frequency rate 2: severity rate 3: near miss frequency rate for (a) direct employees and (b) seasonal and migrant employees	Quantitative	rate	FB-AG-320a.1	<table border="1"> <thead> <tr> <th>Rates:</th> <th>Crop Year 2017/2018</th> <th>Crop Year 2018/2019</th> <th>Crop Year 2019/2020</th> </tr> </thead> <tbody> <tr> <td>incidents</td> <td>n/a</td> <td>n/a</td> <td>n/a</td> </tr> <tr> <td>frequency</td> <td>1.98</td> <td>1.86</td> <td>1.56</td> </tr> <tr> <td>severity</td> <td>43.23</td> <td>40.7</td> <td>26.35</td> </tr> </tbody> </table>	Rates:	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020	incidents	n/a	n/a	n/a	frequency	1.98	1.86	1.56	severity	43.23	40.7	26.35
					Rates:	Crop Year 2017/2018	Crop Year 2018/2019	Crop Year 2019/2020													
					incidents	n/a	n/a	n/a													
					frequency	1.98	1.86	1.56													
severity	43.23	40.7	26.35																		
Environmental & Social Impacts of Ingredient Supply Chains	Percentage of agricultural raw materials that are certified to a third-party environmental and/or social standard	Quantitative	% by spend	FB-AG-430a.1	<table border="1"> <thead> <tr> <th colspan="4">Bonsucro</th> </tr> <tr> <th>Mill</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Iracema</td> <td>42.8%</td> <td>39.4%</td> <td>35.8%</td> </tr> <tr> <td>Santa Cruz</td> <td>57.9%</td> <td>71.6%</td> <td>72.5%</td> </tr> </tbody> </table>	Bonsucro				Mill	2017	2018	2019	Iracema	42.8%	39.4%	35.8%	Santa Cruz	57.9%	71.6%	72.5%
					Bonsucro																
					Mill	2017	2018	2019													
Iracema	42.8%	39.4%	35.8%																		
Santa Cruz	57.9%	71.6%	72.5%																		
Social and environmental audits on suppliers and 1: non-conformance rate and 2: Corrective action rate for (a) major and (b) minor non-conformities	Quantitative	rate	FB-AG-430a.2	Not reported.																	
Description of management strategy for environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	n/a	FB-AG-430a.3	Pages 46 to 61 of the Annual and Sustainability Report for crop year 2019/2020.																	
Management of Genetically Modified Organisms	Description of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	n/a	FB-AG-430b.1	We participate in a variety of forums on sugarcane-related genetically modified organisms to follow developments concerning this topic.																
Ingredients	Identification of principal crops and discussion of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1	Not reported.																
	Percentage of agricultural raw materials sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	% by spend	FB-AG-440a.2	We source raw materials from within a radius of 150 km from our mills. An assessment using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas found that no materials are sourced from regions with High or Extremely High Baseline Water Stress																



**CN0101 - AGRICULTURAL PRODUCTS** *(continued)*

Activity Metric	Category	Unit of Measure	SASB Code	Page or Report
Production by Principal Crop	Quantitative	t	FB-AG-000.A	Disclosure
				Crop Year 2017/2018
				Crop Year 2018/2019
				Crop Year 2019/2020
				tons of sugarcane
				22,206,409
				20,450,340
				22,640,241
Number of Processing Facilities	Quantitative	number	FB-AG-000.B	4 facilities
Total Land Area Under Active Production	Quantitative	hectares	FB-AG-000.C	Disclosure
				Crop Year 2017/2018
				Crop Year 2018/2019
				Crop Year 2019/2020
				hectares
				190,170
				185,443
				192,265
Amount of Agricultural Raw Materials Sourced Externally	Quantitative	reporting currency	FB-AG-000.D	Not reported.





# Credits

## General coordination

### Integrated Management System

Oscar Francisco Tribst Paulino  
Andreia Guerra Monteiro

## Team

### Investor Relations/External Communications

Aline Rothmann Reigada Saenz  
Luiza Chaves Gabriel

### Human Resources and Communications

Jaime Marçal Júnior  
Paula Lacerda Homem Assumpcao

### Treasury

Cristiane Mendes Pigatto

### Corporate Social Responsibility

Ive Caroline Pereira Zonfrile

### Environment

Marcelo Akira Mizutani  
Juliana Campos Amorim

### Legal, Compliance and Institutional Relations

Guilherme do Prado Ruzzon  
Alexandre Negrini de Mattos

### Project management and GRI disclosures

Combustech Tecnologia da Combustão

### GHG inventory under the GHG Protocol

Combustech Tecnologia da Combustão

### Content and editing

Eduardo Dantas

### Design and layout

RXMG - Rener Cançado

### Infographic, page 13

Gold-IN REC - André Lopez

### Materiality Exercise

Combustech Tecnologia da Combustão

### Water resource assessment using the WRI Aqueduct water risk atlas

Combustech Tecnologia da Combustão

### Photos<sup>(1)</sup>

São Martinho image bank

Licensed image bank

(1) The photos featured in this Annual & Sustainability Report were taken before the COVID-19 outbreak was declared a pandemic, and for this reason the people shown are not wearing masks.

### Contact Information

São Martinho S.A.

[www.saomartinho.com.br](http://www.saomartinho.com.br)

Fazenda São Martinho, sem número.

Pradópolis, SP - CEP 14850-000

Email: [comunicacoes@saomartinho.com.br](mailto:comunicacoes@saomartinho.com.br)

Phone: (16) 3981 9000

### Acknowledgments

We would like to express our special thanks to all the people at São Martinho S.A. who helped to compile and provide information for the GRI and SASB disclosures.

