

Sustainability Report

2023-2024

Summary version



A message from the leadership

This is a **summary version** of Tereos Sugar & Energy Brazil's 2023-2024 campaign Sustainability Report, presenting the main highlights and achievements from the period. For a more detailed report, please refer to the full version [here](#).

Tereos Sugar & Energy Brazil

We have **seven industrial units in Brazil**, all located in the northeastern region of the state of São Paulo, as well as **two administrative offices in the cities of São José do Rio Preto and São Paulo**, and a **distribution center in Rio de Janeiro**.



As you read this report, please click on the symbol shown here on the left to find out more about the specific issue in our full report.

Caring for the land is in the Tereos Group's DNA. Driven by this passion, **we cultivate a shared future for the Earth and people**, and it is this objective that motivates us.

When looking at the results from the 2023-2024 campaign, we can see that we are on the right path. We can also see that we hold in our hands the opportunity to go further and to make a solid contribution to **Tereos' global commitment to the decarbonization of our operations**.

The goals assumed together with the Science Based Targets initiative (SBTi) reinforce how seriously we take this matter, as well as our intention to speed up our energy transition over the coming nine years and **achieve Net Zero by 2050**.

The results of the campaign, presented over the following pages, reflect the collaborative work of our team which, even in the face of difficulties, is dedicated to driving the investments made in the operations, continually improving our agricultural practices, our industrial activities, and our administrative processes.

By putting the Tereos Group's **values of collaboration, performance, pragmatism and boldness** into practice, we are paving

the way with the elements necessary for us to go further.

Creation of the **MASTER Program** allowing us to monitor the implementation and progress of the processes related to sustainability; actions which have a positive impact on communities; prioritization of the safety, wellbeing and mental health of our employees; evolution of the partnership with farmers; initiatives relating to biodiversity; and investments in technology and innovation are just a few of the topics worthy of special mention on our **increasingly more sustainable journey**.

We are able to celebrate the excellent campaign we have had with the confidence that our team has the necessary ability for us to move ahead with our contributions to the land, planet and people. I would like to invite you to find out more about how we are cultivating this future.

Enjoy your reading!

Pierre Santoul
CEO



2023-2024 campaign highlights

Our production

21.1 million tons of sugarcane processed

22% more in relation to the previous campaign

1.9 million tons of sugar

580,000 m³ of ethanol

1,483 GWh of renewable energy generated using sugarcane biomass

Production mix: **67%** sugar **33%** ethanol



Advances in our certifications

65% of the sugarcane we and our suppliers grow is certified (Bonsucro and FSA-SAI) = an **increase of 26%**

Evolution in the potential of **export** anhydrous ethanol for the **European and Californian market**

Employee development

An advance of **21.3%** in our female workforce

59% of general vacancies filled through insourcing and **80%** amongst management

A reduction of **11.3%** in the rate of work-related injuries



The Tereos Group's decarbonization goals

To reduce the GHG emissions throughout the entire value chain **by 2050**

To reduce **50%** Scopes 1 and 2 carbon emissions (industrial activities) by the 2032-2033 campaign

To reduce **36%** the Scopes 1 and 3 emissions (FLAG)* by the 2032-2033 campaign

* Forest, Land and Agriculture.

To reduce **36%** Scope 3 emissions, in non-agriculturally related activities by the 2032-2033 campaign

Record financial results

Unprecedented net revenue **R\$ 6.7 billion**

Highest recurring EBIT **R\$ 1.3 billion**

Net income **R\$ 719 million**

Best Ebitda ever **R\$ 1.9 billion**

Lowest ever level of financial leveraging **1.1x Ebitda**

How we are set up

We have created our double materiality based upon our new purpose and values

To cultivate a shared future for the Earth and people by meeting essential daily needs is what motivates us. In order to be more aligned with our stakeholders' expectations and more focused on our sustainability strategy, we have revised the material topics for our business, with an evaluation of our financial and socio-environmental impacts. ✨

Our values

Boldness: dare to propose and take the initiative to progress and meet current and future challenges.

Pragmatism: act with agility, simplicity, efficiency and common sense while focusing on concrete actions.

Collaboration: demonstrate team spirit, mutual support and trust, while taking into account the challenges faced by everyone in order to find common solutions.

Performance: strive for excellence by acting with a high level of rigour and responsibility in order to meet your commitments.



Strategic committees provide support for the operational and risk management

We have a Tereos Group **Executive Committee** that handles the projects defined by the **Board of Directors**. In Brazil, we have **around ten committees** that support the Tereos Executive Board, as well as **tactical committees** that provide support for the Executive Committee in its decision-making. ✨

We map the risks facing the business and monitor the internal controls designed to reduce any possible impacts and protect our reputation. **In the 2023-2024 campaign, we did not record any situations of critical risk to the business nor any new issues for the risk matrix.**

Promotion of an ethical organizational culture and transparency in listening to the stakeholders

We aim to continually improve our processes and practices, ensuring **compliance with legislation** and demanding that our clients and **suppliers commit themselves to our Code of Ethics**, which includes anti-corruption, human rights and socio-environmental themes.

Internally, during the 2023-2024 campaign, **we provided training sessions on the Code of Ethics for almost 4,000 employees**, on anti-competitive behavior for around 2,000, and on data protection for 800.

The **Whistleblower Channel is open to both the internal and external publics to be able to confidentially make suggestions and complaints.** It is operated by an independent company, is available 24/7, and can be accessed by telephone, e-mail or directly by means of an external platform.

Whistleblower Channel



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denuncia.iaudit.com.br/sistema/tereos

Cultivating a shared future for the Earth

A new program monitors processes and ensures good sustainable practices

The MASTER Program standardizes procedures and contributes to the constant improvement of our units in relation to the socio-environmental management of waste and the use of water. The actions involve all areas of Tereos, from the operations to the strategic area. ✨

We produce more energy than we consume: 100% of this production comes from a renewable source

Of the total amount of energy generated during the period, 40% was used in the operations and **60% exported to the grid.**

We have been certified as a retailer for the commercialization of energy and we are now able **to offer energy to small and medium-sized businesses** that are connected to the high voltage grid. It is expected that around 10% of the annual production volume will go towards meeting this new demand.

The first electric station for electric cars: the aim of the project is to contribute to the diversification of the energy grid and increase the importance of solutions designed to promote the use of renewable energy in Brazil.



We develop solutions focused on the future

Reduction of diesel consumption by more than 3.4 million

liters (a reduction of 9,000 tons of CO₂ during the period)

Application of localized vinasse (optimizing the use of byproducts and nutrients) - covering, approximately,

80% of our areas

More efficient farming and production through the support of technology

The gathering of data in real time ensures greater precision and efficiency. With the installation of antennas beginning this campaign, **we will be increasing our connectivity in the field, covering 92% of our areas.**

We are pioneers in the sector in the use of robots to fight weeds by applying the correct amount of pesticides. We also use Artificial Intelligence to reduce crops losses, identifying possible flaws and making immediate corrections. ✨

Biodiversity: we value, preserve and conserve our land

We undertake projects aimed at recovering the Permanent Preservation Areas (PPAs) and headwaters in the region where we operate: there are currently five projects under way with two already having been completed.

Olhos D'água program

- We have **reforestation plans** in areas containing headwaters.
- We provide **favorable conditions** for the infiltration of rain water into **the soil**.
- We work to **preserve the ciliary forest** with a focus on water recovery.
- We ensure the **environmental regularization** of the PPAs in the region, amongst other benefits to the fauna.

Projeto Apícola

- This project aims to develop the habitat for pollinators, with a focus on **protecting the bees** and opening **dialogs between the farmers and beekeepers**. In support of the initiative, we have created a **'Bee Hotel' at the Tereos saplings nursery**.

Sapling nursery

Annual production of up to 150,000 native species of saplings. ✨

Over the course of the campaign, we reforested almost 3,000 hectares of land.

We achieved positive firefighting results

A reduction in the burning of productive areas and vegetation, and a reduction of the impacts on the environment and the communities. We are pioneers in the satellite monitoring of sugar plantations. We have **reduced the burned area by 50% since 2020**.

We also work to raise **awareness in the community through actions conducted in the towns and schools neighboring our units**, impacting **8,500 people** during the campaign. ✨



We have developed sustainable farming throughout our chain by means of responsible environmental initiatives:

- Soil conservation;
- Preservation of the quality and consumption of water;
- Protection of rivers and streams;
- Promotion of favorable environments for biodiversity, amongst others.

We have adopted **regenerative farming practices**, including the management of water resources and lands, and actions aimed at preserving biodiversity, with a focus on simultaneously producing and recovering, ensuring that the soil remains alive and productive.

Some of our actions: increased care for the soil, applying crop rotation and soil cover practices. ✨

Use of biological inputs: this contributes significantly to our short-term efficiency, facilitating a **transformation in agricultural management**.

And for people



Diversity and inclusion: new groups, training and recognition

To the *Grupo de Afinidade de Mulheres no Agro* (GAMA) we have now added the **Tereos + Plural**, **Origens** and **Movimento PCD** groups. ✨

By hosting the *Semana da Diversidade*, we actively encourage dialog between our employees. We **train women to be drivers**, thereby increasing their presence in an area that is largely male dominated. ✨

We develop leadership skills at the beginning of our employees' careers

We offer an ongoing cycle of improvement and development for our employees, involving individual development plans, which has led to an insourcing rate of 59%. **We have an entry program and engagement initiatives for current and potential leaders.** ✨

We have increased our female workforce, with **women now making up 10.2% of the total number of employees**, whilst we have also registered a **15.9% rise in the number of women in leadership positions.**



We are pioneers in the promotion of safety culture

The SEJA program works on three pillars, with **goals and commitments designed to mitigate events that could result in serious and irreversible, or even fatal, accidents.** Our multi-disciplinary groups identify situations of risk and we **have already mapped 30 critical events in the two years the program** has been in operation. ✨

In order to reduce accidents in the transportation of sugarcane, we have **invested in a form of technology that identifies signs of fatigue in our drivers**, based upon their facial expressions, transmitting a message in real time, recommending that they park their vehicle to take a rest. ✨



We ensure safe working conditions, including in our supply chain

We comply with local and international regulations concerning respect for human rights and decent working conditions. Through the ***Pé no Chão*** program, we inspect the accommodation and the agriculture and industrial working conditions at all our units. **Critical situations can result in the suspension of activities or the blocking of service providers until regulatory compliance has been achieved.**

The program also aims to share good practices, which strengthen collaboration and continued improvement, with support from the Tactical Supply Committee which provides guidance to our suppliers on how to obtain the FSA-SAI raw-materials certification. ✨

We strengthen relations with the communities neighboring our operations

We have launched the **Tereos na Área** program, an initiative that includes cultural and sporting events, with financing provided through tax incentive laws and our own funds in partnership with the municipalities located near to our units. **Five thousand people participated** in the first edition which was held in Mirassolândia (SP). ✨

We also work on the **training of young people to enable them to join the work market** (*Projeto Pescar*), on the **engagement of employees with the communities** (*Tereos Fazenda Acontecer*), on the **donation of electricity** to the Hospital do Amor in the city of Barretos, and on **providing support for the victims of the floods in Rio Grande do Sul state**, through the donation of sugar and ethanol.



Credits

TEREOS SUGAR & ENERGY BRAZIL

General Coordination

Sustainability & Communication

GRI Consulting, Content and Design

Juntos | Approach Comunicação

Photos

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