FS GREEN BOND FRAMEWORK

January 2024

Version 2

Fueling Sustainability

1. INTRODUCTION

FS emerged from the long-term vision and entrepreneurial endeavors of two groups, culminating in a joint venture: Summit Agricultural Group, an investment fund based in the United States with proximity to the production of ethanol from American corn, and Tapajós Participações S/A, boasting extensive experience in the Brazilian agribusiness sector. Our company generates sustainable value within Brazil's emerging agricultural frontier by providing renewable energy and animal nutrition products that support responsible production chains. We establish an integrated value chain encompassing various aspects, from sourcing local corn to promoting sustainable forest cultivation, marketing high-quality animal nutrition products and ethanol, and ultimately producing bioenergy and steam.

In August 2017, an audacious plan materialized as we inaugurated the first corn-based ethanol plant in the state of Mato Grosso, located in Brazil's Midwest region. With this sustainable and innovative business model, FS has brought advanced technology to the domestic production of corn ethanol, diversifying the biofuel industry, which had traditionally based on sugarcane cultivation. Brazil has taken significant strides in the corn ethanol industry. We strongly believe that biofuels will play a relevant role for the future of our planet.

This role involves balancing sustainable energy and food production. Brazil, with its thriving agribusiness sector and inherent capability to produce biofuels, is well-positioned to meet a substantial portion of the increasing global demand while contributing to climate risk mitigation. Our plant in the municipality of Lucas do Rio Verde, Mato Grosso State, is the first in the country to produce 100% biofuel from corn with state-of-the-art technology and in large scale since 2017. Since then, oriented by our long-term vision, we successfully inaugurated two additional units. The second plant, located in Sorriso, began operations in the first quarter of 2020, and the third plant, in Primavera do Leste, followed in the second quarter of 2023.

Therefore, we have established a company dedicated to contributing to a low-carbon future by offering society renewable energy and animal nutrition products. In just a few years of operation, our business has had a substantial impact on enhancing the value of corn cultivation in Mato Grosso. Historically, due to rising production and limited local demand, corn growers faced challenges, such as high transportation costs to ports, which led to lower prices and liquidity, placing a significant burden on them. This situation also placed a strain on the country as public funds were needed to subsidize freight to the ports. Today, these subsidies are no longer necessary, and corn farming has become highly profitable for farmers. They have increasingly embraced the latest technologies to boost productivity in the fields.

We also produced new types of wet and dried distillers' grains, known as DDGs. These protein and fiber-rich products are obtained through the FST™ technology that we brought to Brazil and are used for animal nutrition in cattle, hog, poultry and fish farming. This innovative technology was introduced in Brazil exclusively by our company and has increasingly gained the confidence of local producers, bringing productivity and profitability gains. In the fiscal year 22/23, we reached 1.2 million tons of DDGs sold, an 30,3% increase compared to the previous year.

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In our facilities, we use renewable biomass in our boilers, producing enough electricity to supply operations while also exporting surplus energy to the electric grid. This not only sustains our operations but also contributes to the nation's energy matrix by introducing a new renewable source. In collaboration with local farmers, we reforested 12 thousand hectares of marginal land with low grain yield potential, with eucalyptus trees that will supply the primary feedstock for our energy co-generation process. Through the production of ethanol, bioenergy, and animal nutrition products, we have strengthened the entire agribusiness chain, expanding the positive economic impact on the local community. At the same time, we have optimized crop yields and made significant contributions to environmental preservation.

Our activities are firmly grounded in our Code of Ethics and are in full compliance with the Brazilian Anti-Corruption Law and its U.S. counterpart, the Foreign Corrupt Practices Act (FCPA). All our employees receive training upon onboarding, and they also participate in recurring refresher programs designed to combat instances of fraud and corruption throughout our entire value chain.

To ensure the safety conditions of our employees and third parties working in our plants and to mitigate the risk of accidents, we have implemented a range of tools and controls. In the fiscal year 22/23, more than 57,000 hours of safety training were accrued, engaging over nine hundred employees. Throughout the 22/23 crop year, we attained a remarkable 99.16% rating on the Safe Practice Index, a key metric for assessing teams' dedication to our safety culture.

The number of FS employees has grown by more than 30% since the previous crop year, with a strong focus on promoting internal talent and facilitating the development of professionals for new roles and challenges. Furthermore, in crop year 22/23 we conducted our organizational climate survey, achieving an impressive 88% satisfaction rating. For the second consecutive year, we proudly received the Great Place to Work (GPTW) certification, a recognition of our company's exceptional workplace culture.

FS activities are aligned with the 2030 Agenda for Sustainable Development, a framework embraced by all United Nations Member States in 2015. This agenda serves as a common roadmap for fostering global peace and prosperity for both people and the planet, both today and in the future. Our endeavors contribute for eight Sustainable Development Goals (SDGs), which were further reinforced during 22/23 crop year:

SDGs



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Our commitments have been systematically organized to steer our actions and guarantee that our projects and investments remain in accordance with the SDGs and the objectives of the Paris Agreement. In terms of targets, FS reaffirms and intensifies its dedicated commitment to the following SDGs:

Community Education and Development (SDG 4 and 8)

FS goal is creating a comprehensive technical training program to ensure that 70% of our operational workforce originates from our local communities by 2030. Throughout the 22/23 crop year, our units welcomed a workforce predominantly composed of local labor, accounting for 57% of all hires.

Many of these achievements are the result of the Capacita FS program, a strategic initiative that fosters the development of new talent and promotes social integration within the surrounding community. This program not only provides professional training for immediate employment but also facilitates the creation of a talent pool to assist the company with internal employee turnover.

In collaboration with SENAI Mato Grosso, we organize training programs for local community residents, lasting eight to nine months and led by SENAI instructors and FS experts. These programs emphasize skills in production, processes, maintenance, and quality, aligning with FS's operations. Scholarships are also available to participants.

FS also introduced the FeraS University (UniFeraS), an evolution of the Educa FS Program, designed to enhance employee training and development. UniFeraS is structured around distinct tracks that consolidate initiatives geared towards talent development. These encompass behavioral training, individual coaching, and collaborative, multidisciplinary projects presented to the Board of Directors for consideration.

In addition, the company covers up to 70% of the cost of undergraduate, postgraduate, specialization and English courses. Eligibility is based on completion of 12 months of service with FS, a satisfactory individual performance review and the course chosen being in line with the employee's career prospects.

Water & Wastewater (SDG 6 and 12)

FS aims to reduce water consumption in its factories and offices by 5% by 2030 and to use 100% of wastewater for fertigation in gardens and for internal consumption by 2025.

By growing a second crop of corn during the rainy season without the need for irrigation, FS helps to conserve water availability. In addition, our industrial facilities use advanced technology and a water recirculation system, resulting in low water consumption. The company uses water from artesian wells granted by SEMA in Mato Grosso, which are monitored by flow meters. Water levels are monitored by FS using data loggers installed in the wells.

In the 22/23 crop year, the ratio of m^3 of water withdrawn per m^3 of ethanol

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produced decreased by 12% compared to the previous period. Various initiatives related to water conservation have contributed to a better use of water.

In terms of wastewater, there was a 36% increase in the amount generated, comparing crop years 22/23 and 21/22, due to the increase in production, but also to the improvement of measuring instruments.
All the wastewater produced undergoes treatment in a system equipped with flow meters to enable complete monitoring. Monthly analyses are conducted at each stage of the treatment process, considering various parameters such as Total Phosphorus, Total Nitrogen, Total Solids, pH, BOD, Turbidity, among others. Additionally, the quality of the final wastewater is annually monitored in adherence with the parameters established by CONAMA Resolution No.430.

None of FS's units release wastewater into bodies of water. At the Lucas do Rio Verde unit, the treated wastewater is channeled to an infiltration pond. In the Sorriso unit, the treated wastewater is repurposed for fertigation.

Circular economy (SDG 6 and 12)

To achieve our target of 40% reduction in landfill-bound waste by 2030, FS has policies and practices designed to promote the reduction, reuse, recycling, and recovery of materials, as well as to minimize waste and make efficient use of natural resources. This approach supports the company's environmental and economic sustainability goals while also promoting the transition to a more circular and resilient economy. One of the highlights is the generation of energy through renewable biomass co-generation.

In addition to eucalyptus chips, the facility now reprocesses off-spec biomass and incorporates waste generated during operations into the biomass for burning. This waste includes particles accumulated in bag filters and corn pre-cleaning residues produced during grain reception and milling. These residues are now utilized to fuel the boilers. As for the ash resulting from cogeneration, it is mixed with animal waste and returned as fertilizer for the corn fields and eucalyptus plantations. The surplus electricity generated is exported to the National Interconnected System (SIN), and the surplus steam is sold to other customers.

Responsibility within the value chain (SDG 12 and 15)

FS adheres to the commitments of the 2030 Agenda and implements the Social and Environmental Responsibility Policy across its corn and biomass supply chain, as well as animal nutrition product sales.

The Policy outlines the criteria for selecting eligible suppliers and customers and their respective territories for the supply and purchase of corn, biomass, and animal nutrition products. Corn and biomass from direct suppliers purchased have undergone a socio-environmental check list since December 2019. Public regulations vary in their guidelines and may entail specific requirements.

1. No areas that have been embargoed due to deforestation will be used, certified by environmental agencies.

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2. There will be no exploitation of territories with illegal deforestation under any circumstances, including legal deforestation, as of January 1, 2022.
3. There will be no exploitation of territories that overlap with protected areas, such as indigenous lands, quilombola territories, or complete protection conservation units.
4. Not appearing (CPF/CNPJ) on the current list of forced labor and/or labor analogous to slavery (ME/SIT) or Not appearing (CPF/CNPJ) on the historical list of forced labor and/or labor analogous to slavery (ME/SIT) with the last registration within a period of 2 years.

To ensure compliance with our guidelines, FS utilizes the Terramatrix/ Agrotools platform to conduct territorial analyses of farms that produce our products and sites where our products are used. We mandate that suppliers and customers provide evidence of their enrollment in the Rural Environmental Registry and undergo evaluation via the platform prior to executing any transaction. Each new negotiation with new or returning suppliers and clients triggers an analysis to verify their compliance with the FS policy.

In addition, we conduct weekly automatic monitoring to ensure the compliance of suppliers and customers from production to delivery.

Our sustainability team analyzes and reports any instances of non-conformity to the respective business areas. Depending on the severity, the case may be discussed in a Sustainability Committee, which consists of senior management members. This process ensures efficient management of social and environmental issues and proper decision-making to address any identified problems.

Over the crop year 22-23, we developed a Traceability Plan for corn suppliers, focusing on achieving a deforestation-free supply chain by 2026. Our plan involves integrating actions to mitigate climate change, support food production, and protect forests. This initiative aligns with our company's goal for 2030 and commitment to the &Green Fund. Our engagement strategy involves categorizing suppliers based on their traceability and social-environmental responsibility during grain sourcing. This enables us to generate a ranking of indirect suppliers that aligns with FS practices. In the coming years, FS intends to enhance its efforts to uphold and improve traceability percentages. To achieve this goal, we intend to form partnerships with other industry players to oversee the progress of social-environmental responsibility in sourcing.

Our thermopower plants operate exclusively on 100% renewable biomass. FS is actively working towards diversifying the biomass used in boilers for ethanol production. The strategic sourcing of this input is crucial, and we remain committed to seeking innovations in the diversification of this essential raw material. We test and study the feasibility and efficiency of using new biomass, considering factors such as availability, cost, and environmental impact. The evaluations have highlighted the açaí pits and bamboo chips, which offer new options for diversifying and sustaining our energy production.

On the strategic pillars, the FS plans the following:

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a. **Industrial growth:** FS expects to have a BRL R$920MM in the 2023-2024 period, comprised of:
    - BRL R$892MM in growth CAPEX, mostly related to the investment in the construction of our PDL plant and construction of two additional warehouses.
    - BRL R$28MM in maintenance CAPEX
b. **Human capital:** FS' strategy revolves around the effective management of human capital, promoting the economic and social growth of the local communities we engage with, and elevating the roles and skills of individuals within the organization.

Reduction of CO2 emissions (SDG 7 and 13)

The production and sale of corn-based ethanol contributes to the reduction of greenhouse gas (GHG) emissions and the intensity of CO_2 in the energy and fuel matrix in Brazil. FS is committed to driving this positive impact of our business by increasing the amount of carbon emissions avoided. Since 2021, we have published our emissions inventory based on the Brazilian GHG Protocol Program. Similar to previous years, we were awarded the Gold Seal in 2022 report. However, we have gone further by improving and maturing our internal data collection processes to allow for independent verification, including Scope 3.

Scope 1 emissions account for 1,21% of the total emissions, primarily fossil emissions from stationary combustion associated with the use of biomass in in our boilers, representing 76.20% of emissions within this scope. In terms of the overall contribution (Scopes 1, 2, and 3), stationary combustion represents 0,92%.

For Scope 2, location-based, represent only 0,00072% of the total GHG emission of the organization. The GHG emissions under this scope do not have a representative impact since the organization self-generates 99.9% of the internal electricity demand through a CHP system. Only 0.1% of the consumption is obtained from the grid.

In 2022, we purchased a total of 381 MWh of electricity, with an associated emission factor of 0.0426 tCO2e/MWh. The emission factor used was obtained from the Ministry of Science, Technology, and Innovation (MCTI). It was calculated based on the total emissions generated during energy generation throughout the year, including its distribution.

The major contribution of FS' corporate emissions is in Scope 3, which represents 98,8% of the total emissions. The category of Purchased goods and services represents 46.10% of FS's Scope 3 emissions, being a relevant category. The primary source of emissions within this category is attributed to the production of corn, both for processing and sale.

Using the methodology of the Brazilian GHG Protocol Program and considering all products developed at FS, an emission intensity index of 36.37 gCO2e/MJ was recorded, for scopes 1, 2 and 3. When we analyzed energy allocation by segment, we discovered that ethanol had a carbon intensity of 21.11

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gCO2e/MJ, being 0.44 gCO2e/MJ for scopes 1 and 2. In contrast, animal nutrition products recorded 51.59 gCO2e/MJ.

Energy

The energy employed in our production process is harnessed through the cogeneration of steam and electricity. To fuel this process, we utilize renewable biomass, including eucalyptus chips, bamboo, and açaí pits. By reusing biomass, we become self-sufficient in generating electricity and steam to serve all our industrial and administrative activities. In addition, the surplus is sold to the National Interconnected System (SIN) and used to supply steam to industrial clients.

Renovabio

Our facilities hold certifications under the RenovaBio program. To expand our eligibility scope, we actively gather primary data from qualifying corn producers and foster engagement across the supply chain. During the 22/23 harvesting season, we monitored the certifications of the units in Lucas do Rio Verde and Sorriso. A total of 264 groups of producers collected primary data, while 173 producers provided standard data. These numbers correspond to 1.53 million tons and 480,000 tons of corn, respectively. FS's dedication is centered on elevating the qualification of primary data among our suppliers, all in alignment with the program's rigorous eligibility criteria.

In 22/23, we were able to maintain an eligibility percentage of 44.34% at the Lucas do Rio Verde unit. The Sorriso unit, which is one of the corn ethanol plants certified under the program, registered the most eligible fraction at 89.84%.

For the third certification (2020), the carbon footprint was 16.87 gCO2eq/MJ for Lucas do Rio Verde unit and a carbon footprint of 17,83 gCO2eq/MJ for Sorriso Unit. By achieving these values of low carbon footprint, FS currently holds one of the lowest emissions of all fuels in Brazil for Anhydrous and Hydrous ethanol.

In crop year 22-23, FS issued 1.529.226 CBIOs and for crop year 23-24 we expect to generate 1,61 mi CBIOs with the certification of both units.

Governance and Compliance (SDG 16)

FS's business vision for the future encompasses strategic expansion of production, continuous innovation, resource optimization, and responsible utilization of natural resources. Our focus revolves around the development of renewable energy sources and the creation of products derived from second-crop corn. This strategy is driven by a robust governance framework and a steadfast long-term vision. We are committed to consistently improving our processes in line with the highest governance standards, with active involvement from our Executive Board and shareholders. Our senior executives play pivotal roles in both decision-making and advisory capacities,

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serving as custodians of the interests of all stakeholders. This commitment ensures a stable and transparent foundation for our operations.

At FS, the Advisory Board comprises partners and shareholders' representatives without any authority over deliberation or management of the company. Its role is to monitor the company's progress and results, provide advice to shareholders and the Executive Board on best practices related to sustainable development and other aspects of business operations during monthly meetings.

FS's Executive Board, elected by the shareholders/quotaholders, is responsible for managing the business. Its duties include proposing and updating policies, evaluating and implementing the strategic plan, expansion projects, investments, and risk management, including economic, environmental, and social risks.

The Board meets weekly, and at extraordinary meetings, they analyze the company's performance and critical issues. Decisions with significant magnitude and impact are submitted to the partners/shareholders for consideration.

Related to this SDG, FS' commitment is linked to promoting continuous improvement and transparency in our governance processes, with the goal of achieving maximum scale in the main ESG Ratings. In 22/23, FS conducted monitoring and maintained its A1 rating as well as a score of 62 in Moody's sustainability rating, thereby corroborating the extensive efforts and adeptness that FS has demonstrated in regard to governance, environmental, and social sectors.

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2. RATIONALE

Our company aims to create sustainable value within Brazil's new agricultural frontier, with renewable energy and animal nutrition products that feed responsible supply chains. At FS, we work to add high technology and develop the Brazilian agribusiness production chain. We are the first plant in the country to produce 100% corn ethanol through a sustainable business model and connected to the global demand for renewable energy sources and lower greenhouse gas emissions.

FS business model includes a diversity of actors, who are related to multiple products originating in the field in different production models, as well as in the sale of DDG, the main ones being: (i) **CORN** (Rural producers, cooperatives, and traders); (ii) **BIOMASS** (Promotion of exotic species [eucalyptus and bamboo]; industrial waste and forest waste); **DDG** (feedlots and semi-confinements and feed mill).

The components of this complex business model occur in different regions (Amazon, Cerrado and other biomes) and can present different types of negotiation (spot and/or future purchase and barter), receipt or delivery of the product negotiated for long windows of time, as well as several other factors intrinsic to the business. Our entire process is based on an intense flow of materials, which present a high seasonality of production processes, amidst strong competition without equality in the rules of relationship and negotiation with the market.

In this context, FS is broad and flexible, yet robust, since part of the understanding of the risks and nuances of the business model of each of its areas aims to respect its particularities, enable the operational flow and strengthen the achievement of goals and commitments.

We have a strong Socio-environmental Responsibility Policy built on national and international market standards, best practices and based on the Brazilian Forest Code. It is a premise of FS' Socio-environmental Responsibility Policy to understand the peculiarities inherent to Brazilian Biomes and to the different types of FS business partners, to calibrate their application in line with the respective particularities of each case, prioritizing risk management and monitoring socio-environmental factors involved in each operation.

Our corn and biomass supply chain, as well as animal nutrition product sales follows a socio-environmental background check according to our Socio-environmental Responsibility Policy.

The Policy outlines the criteria for selecting eligible suppliers and customers and their respective territories for the supply and purchase of corn, biomass and animal nutrition products. Corn and biomass suppliers have been undergoing a socio-environmental checklist since December 2019. Public regulations vary in their guidelines and may entail specific requirements. The criteria established are:

1. No areas that have been embargoed due to deforestation will be used, certified by environmental agencies.
2. There will be no exploitation of territories with illegal deforestation under any circumstances, including legal deforestation, as of January 1, 2022.
3. There will be no exploitation of territories that overlap with protected

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areas, such as indigenous lands, quilombolas territories, or complete protection conservation units.

4. Not appearing (CPF/CNPJ) on the current list of forced labor and labor analogous to slavery (ME/SIT) or Not appearing (CPF/CNPJ) on the historical list of forced labor and labor similar to slavery (ME/SIT) with the last registration within two years.

Our plants are located in the state of Mato Grosso, in Brazil's Midwest region, the country's main corn producing area. Our first plant opened in August 2017 in the municipality of Lucas do Rio Verde, where our corporate headquarters are located. In the 2018/2019 crop year, we completed the expansion of this industrial plant, which now has the capacity to produce 530 million liters of biofuel a year.

FS' second facility was inaugurated in February 2020 in the municipality of Sorriso. We invested BRL 1.63 billion to build this new unit, which increased our production capacity to 1.33 billion liters of ethanol a year.

The opening of Primavera do Leste in May 2023 marked a significant milestone in our expansion process. This venture required an investment of BRL 1.9 billion, which reinforces our position in the market. The newly established facility can process 1.5 million tons of corn, resulting in approximately 650 million liters of ethanol.

With the inauguration of the Primavera unit, FS has achieved an annual production capacity of 2.2 billion liters of ethanol.

The expansion of our operations is in line with the expectation of growing demand for this biofuel. The corn ethanol sector in Brazil plays a significant role in the energy transition. The expectation is to further increase corn ethanol production in the upcoming harvest, reaching 6 billion liters in 2023/24, a substantial increase in production in less than 10 years (CONAB, 2023). By 2032, the sector aims to produce 9.1 billion liters of corn ethanol in the average growth scenario, representing a 133% increase compared to the 2022/23 harvest. In the low and high growth scenarios projected by the Energy Research Company (EPE), corn ethanol production may vary between 7.1 and 11.8 billion liters in 2032 (EPE, 2022b).

In this context, biofuels will also be used by transportation modes that are more challenging to decarbonize (IPCC, 2018). In the international aviation sector, for instance, Sustainable Aviation Fuel (SAF) emerges as a primary means of rapidly reducing greenhouse gas (GHG) emissions. SAF can be produced from various sources, including Brazilian corn ethanol, and can contribute to approximately 65% of the GHG emissions reduction required to achieve net-zero emissions by 2050.

The goal of reducing GHG emissions in the sector is likely to necessitate a substantial increase in production, reaching approximately 449 billion liters of Sustainable Aviation Fuel (SAF) worldwide by 2050 to meet the demand. The most significant acceleration is anticipated in 2035, with production reaching 90 billion liters of SAF, as global political support grows, SAF becomes competitive compared to fossil kerosene, and carbon offsetting and capture become scarcer (IATA, 2023).

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3. STRUCTURE OF THE GREEN BOND FRAMEWORK

Since 2020, FS has accessed the capital markets through sustainable finance instruments, such as Green agricultural receivables certificates[1] and loans. To enhance the impact of its sustainable operations and highlight environmental topics to our stakeholders, the Company published in July 2021 its first Green Bond Framework. Considering the development of sustainable finance worldwide and continuous updates in the international guidelines, FS intends to update its Green Bond Framework to be in alignment with all market good practices and updated main standards.

The main guidelines for Sustainable Finance are provided by the International Capital Markets Association (ICMA) and by the Loan Market Association (LMA). This framework observes the ICMA's Green Bond Principles of 2021, as amended in June 2022 ("GBP")[2] and the LMA's Green Loan Principles of 2023, ("GLP")[3]. These standards are voluntary and provides integrity in the Green Bond Market through guidelines that recommend transparency, disclosure, and reporting.
In addition to that, FS adopts the Climate Bonds Initiative's international standards version 4.0 and the Climate Bonds Standard Agriculture criteria[4] as a proxy to meet the feedstock certification requirements outlined the Bioenergy criteria. By respecting both criteria, FS is eligible to the certification by the Climate Bonds Standard Board.
In local markets, Green Bond Framework also observes the "Guia para Ofertas de Títulos ESG"[5], published by ANBIMA[6], in December 2022.

This Green Bond Framework also considers updated information of the company from 2022/2023 fiscal year.

3.1 Use of Proceeds

The proceeds to be raised through green bond issuances will be allocated to finance or refinance projects within the following categories:

[1] "CRA" in Portuguese – Certificado de Recebíveis Agrícolas
[2] https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf
[3] https://www.lsta.org/content/green-loan-principles/
[4] https://www.climatebonds.net/standard/agriculture
[5]https://www.anbima.com.br/data/files/52/25/36/43/9AA158103F642158882BA2A8/GUIA_PARA_OFERTAS_DE_TITULOS_ESG.pdf
[6] Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais

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Eligible Green Categories	Description of Projects	Eligibility Criteria	Impact Indicators	Impacted SDGs
Renewable Energy	**Bioenergy[7],[8]:** production of hydrous and anhydrous corn-ethanol biofuel	• Capital expenditures for development, construction, operation and maintenance of biofuel production facilities; or • Operational expenditures or refinance of purchased corn feedstock for biofuel production. Feedstock will be purchased from suppliers in compliance with FS' Socio-environmental Responsibility Policy and/or certified against the Climate Bonds Standard Agriculture Criteria Version 1.	• tCO_2 avoided • # CBIOs issued • Volume of ethanol production	
Environmentally sustainable management of living natural resources and land use	**Sustainable Forestry:** Projects related to the purchase, development and maintenance of forests and biomass from forests	• Capital expenditures for the development, purchase, planting, and maintenance of exotics forests (like eucalyptus and bamboo plantations) to produce biomass feedstock for co-generation	• Standing forest area • Carbon inventory per hectare of standing forest	

[7] Excludes fossil biofuel production and blending facilities
[8] The hydrated ethanol is the common ethanol sold at gas stations, while anhydrous ethanol is that mixed up with gasoline. The difference between the two is the amount of water present in each of them. The hydrated ethanol has a range concentration of 95.2% to 93.8% (weight / weight) of ethanol with the remainder being water, while anhydrous ethanol has a minimum concentration of 99.3% (weight / weight).

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		of steam and electricity primarily dedicated to biofuel production facilities; or • Operational expenditure or refinancing of exotic forest biomass raw material acquired for cogeneration of steam and electricity, mainly dedicated to biofuel production facilities.		

3.2 Process for project evaluation and selection

FS has implemented rigorous compliance requirements and established robust processes to ensure that both corn and forestry biomass are sourced from farms and forests managed in a sustainable manner. In addition to establishing a robust verification protocol for potential corn and forestry biomass acquisitions, FS has strengthened collaboration between the sustainability and commercial departments. This includes the formulation of stringent rules and an approval process for purchases that involve the company's senior management.

Socio-environmental analysis is conducted for all possible suppliers related to the purchase of corn and forest biomass. This evaluation considers land use conversion and plays a significant role in purchase decisions, particularly in inhibiting deforestation, especially in ecologically sensitive Brazilian biomes like the Amazon and Cerrado. The assessment involves applying criteria from lists associated with negotiation CPF/CNPJ and polygon criteria to territories represented by the Rural Environmental Registry (CAR), where applicable. It verifies the integrity (absence of legal or illegal deforestation) of remaining native vegetation, dating back to 2008 for the Amazon biome and 2018 for the Cerrado biome. Additionally, the assessment ensures that agricultural and forestry production areas are free from embargoes, recent deforestation, or overlap with protected areas, adhering to careful limits set during the socio-environmental evaluation of suppliers, always in compliance with Brazilian national environmental laws. Exclusive engagement occurs with suppliers not included on slave labor lists to uphold optimal working conditions in the field.

Since the contracts have deadlines (period) for the delivery of products (corn and forest biomass), after approval of the purchase, this contract is subject to

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socio-environmental monitoring, which is valid weekly so that the socio-environmental criteria initially assessed have not changed and that the supplier remains in compliance until the delivery period. With each new negotiation, the supplier and territory, when applied, are reevaluated and the socio-environmental statement (with date and time) is saved to provide evidence of verification and compliance.

In this way, FS maintains strict risk management and socio-environmental monitoring processes applied to the field's origination operations (corn and forestry biomass), using tools based on geoprocessing. FS also monitors all consultation and monitoring management through the Terramatrix/ Agrotools platform, which guarantees the quality of analysis and independent storage of evidence from consultations, necessary for an MRV process (measurable, reportable, and verifiable). The corn used for the bioethanol production is from second crop, so it is not necessary to expand new areas for its cultivation.

Since December 2019, the start of application of socio-environmental criteria for the corn and biomass supply chain, 100% of FS suppliers have met the deforestation criteria established in the Socio-Environmental Responsibility Policy. For all purchases of grains and forest biomass, at the conclusion of the contract and during weekly monitoring, the deforestation criteria are reevaluated.

If, by any means of chance, there is any type of deforestation after January 1, 2010, this volume will not be included in any of our green contracts certification.

In case of any type of non-compliance with the criteria and rules established in our Socio-environmental Responsibility Policy, the issue is always investigated by a specialized team in the subject. The detected issue is analyzed and followed by a request of technical and legal documents from the producer (if necessary) and subsequent approval by the FS Sustainability Committee. Besides, additional geospatial analyzes can be performed by specialists to generate evidence to confirm (or not) the non-compliance. The use of recent satellite images and inspections in the area as well as the detection date of the problem, in addition to consulting with a geoprocessing team is also incorporated into the non-conformity assessment process if FS Committee deems necessary. Suppliers that are not in conformity with FS' policy are blocked in SAP, ensuring that negotiations do not take place.

Additionally, since 2020, the suppliers that participates in the RenovaBio program are monitored for their annual productivity (tons per hectare), enhancing control over the land area size utilized for FS bioethanol production. All suppliers participating in the Renovabio program present primary data on agriculture inputs (fertilizer, fossil fuels, electric energy, etc.).

FS produces first-generation hydrous and anhydrous bioethanol fuel from corn, adhering to high sustainability standards. Its bioethanol production is already qualified and certified to generate CBIOs, emission reduction credits for the Brazilian RenovaBio Program. As per the latest certification, FS reports the following carbon intensities: 16.87 gCO2e/MJ (anhydrous bioethanol) and 16.82 gCO2e/MJ (hydrous bioethanol) for the Lucas do Rio Verde plant, and 17.83 gCO2e/MJ (anhydrous bioethanol) and 17.06 gCO2e/MJ (hydrous bioethanol) for the Sorriso plant. RenovaBio certification for the Primavera do Leste plant is expected by June 2024.

Since 2021, we have published our emissions inventory following the the Brazilian GHG Protocol Program. Similar to previous years, we were awarded

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the Gold Seal for the 2022 report. In 2022, both of our units located in Lucas do Rio Verde and Sorriso municipalities presented electricity generation for ethanol production process below the threshold of 100 gCO2e/kWh.

In 2020, FS conducted our first climate risk study following CBI's (Climate Bonds Initiative) methodology to identify and evaluate the climate change risks from a business perspective. The general climatic risk associated with FS' performance was (i) high for events of extreme temperatures, extreme precipitation, and droughts; and (ii) moderate for geophysical risks. Based on this study, an Action Plan for Resilience to Climate Change was developed highlighting the potential impacts and indicating the need for management practices that enhance the mitigation of negative effects on the corn cultivation.

In 2023, FS conducted a comprehensive update of our climate risk study, aligning with TCFD guidelines. This assessment aimed to evaluate our exposure to inherent physical risks, including the potential impacts of extreme weather events on our operations, finances, and business strategies. Additionally, it examined transition risks, considering necessary actions for a low-carbon economy and stricter climate-related regulations. The study results revealed severe, high and moderate physical risks for both the business influence region and FS operational plants. Furthermore, severe transition risks were identified, encompassing regulatory aspects, reputational concerns, and access to new markets.

In conjunction with the study update, a reassessment of our climate change adaptation plan was proposed. This plan is currently under review by the sustainability team.

3.3 Management of Proceeds

The proceeds will be used up to 12 months after each green bond issuance. Until complete disbursement, these funds will be 100% invested in CDB / low risk commitments or used to repay outstanding debt (refinance). However, it should note that future issues may be allocated to CAPEX. The proceeds will be allocated on a maximum lookback period of 3 years, for both OPEX and CAPEX.

To ensure that the proceeds will not be used for non-green activities, the corn purchase contracts that served as a collateral to the CDCA and that was the instrument used to back up the issuance of the CRA will prove that the funds will be used in a sustainable way. Debenture can also be used as an instrument for future green issuance.

3.4 Reporting

Annually, and until the maturity of the FS Green Bond issued, FS will provide to investors and general public on its website fs.agr.br with all the pertinent information available in the annual Sustainability Report. The projects linked to the issued Green Bonds will be selected and approved by FS' Sustainability and Finance sector.

The Report will include the taxonomy proposed by the Climate Bond Initiative. Some of the KPIs that will be monitored and disclosed are listed

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below:

- Share of proceeds allocated in each eligible category;
- Proceeds allocated to eligible assets vs total amount of proceeds raised from green bond issuances;
- Share of proceeds allocated to refinance x finance assets
- Carbon intensity of ethanol production;
- Volume of biofuel produced;
- Standing forest area
- Carbon inventory per hectare of standing forest;

All KPIs disclosed in the Sustainability Report, the allocation of financial resources and the respective projects will be audited by a third party, in order to give more transparency to the process.

3.5 External Review

FS has engaged an external advisory firm ("Second Party Opinion" or "SPO") for independent verification of the Framework in terms of alignment with the international guidelines mentioned in section 3.

Both Framework and Second Party Opinion will be available on the FS's Sustainability page[9]. The company is also committed to review this Framework in case of material changes in the eligible projects, which can result in an update version of this document. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting, including the corresponding review by an external verifier.

3.6 Disclaimer

The information contained in this Green Bond Framework does not constitute a recommendation regarding any securities of the Company. This Green Bond Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by the Company. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Although the information herein has been obtained from sources believed to be reliable, neither the Company nor any of its affiliates makes any representation or warranty, expressed or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the information and opinions. Nothing in this document constitutes a representation that any investment strategy contained herein is suitable or appropriate to a recipient's individual circumstances.

[9] https://www.fs.agr.br/sustentabilidade/green-bond/

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