



SUSTAINABILITY FOCUS AREAS

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GOVERNANCE, COMMUNICATION AND REPORTING

Governance is the cornerstone of our sustainability journey. Strong governance, transparent communication, and rigorous reporting enable the ASR Group® family of companies (“ASR Group”) to pursue our vision of becoming the world’s most sustainable sugar producer. Guided by the Board of Directors, our leadership team ensures accountability and strategic oversight across all sustainability initiatives.

Integrated Sustainability Management System

We maintain an integrated **Sustainability Management System** that connects focus area documents, methodologies, annual reports, and supporting frameworks to ensure consistency, transparency, and alignment with global standards.

Governance & Oversight

Our Chief Operating Officer (COO), supported by the Vice Presidents of Sustainability and Corporate Social Responsibility (CSR), leads the development and execution of sustainability programs. The COO reports to the President, who—together with the Board of Directors—approves and guides our strategy.

The Board of Directors is responsible for sustainability-related risks and opportunities, including material topics. Members include:

Luis Fernandez
President & Chairman of the Board

Pepe Fanjul, Jr.
Director

Armando Tabernilla
Secretary

Alejandro Londoño
Director

The President manages climate-related impacts with support from the Executive Management Committee, which includes key departmental and regional leaders. Updates on sustainability and climate matters are provided by the COO and reviewed during quarterly Executive Management Committee meetings and Board sessions.



Reporting & Assurance

Strong governance is complemented by transparent reporting and assurance practices. We adopt a science-based approach to sustainability, focusing on CSR policy oversight, program management, data acquisition, and compliance. Sustainability staff maintain dotted-line relationships across departments to ensure multidisciplinary collaboration.

Internal Reporting

- **Quarterly Sustainability Steering Committee:** Led by the COO, this forum brings together departmental leaders and sustainability staff to address roadblocks, review market trends, and align on priorities.
- **Monthly Leadership Meetings:** Key sustainability leads share updates, flag challenges, and maintain momentum between formal sessions.
- **Performance Reports:** Monthly and quarterly KPI updates keep senior leadership informed of progress and setbacks.



External Reporting

We communicate objectives and progress through multiple channels:

- **Annual Sustainability Report:** Aligned with the Global Reporting Index (GRI) and the Task Force on Climate-Related Financial Disclosure (TCFD) frameworks
- **Strategic Focus Area documents:** Six long-term sustainability strategy documents
- **Third-Party Platforms:** EcoVadis, THESIS, and CDP disclosures
- **Science-Based Targets:** We committed to the Science Based Targets initiative (SBTi) in 2023; targets validated in 2024
- **Verification Programs:** SMETA 4-Pillar audits, GreenCircle certification, and external reviews of product Life Cycle Analysis (pLCA) and Product Carbon Footprint (PCF) methodologies

Sustainability-Related Risks & Materiality

Identifying and managing climate-related risks is central to our governance strategy.

Transitional Risks

We have conducted two materiality assessments:

- **FY18:** Identified stakeholder concerns to shape long-term vision
- **FY22:** Double materiality assessment aligned with TCFD guidance, evaluating stakeholder expectations alongside financial and environmental impacts

Methodology Highlights:

- Aggregated potential issues and risk categories
- Evaluated business impact vs. stakeholder interest on a 0–5 scale
- Prioritized material risks through comparative analysis and consultant input

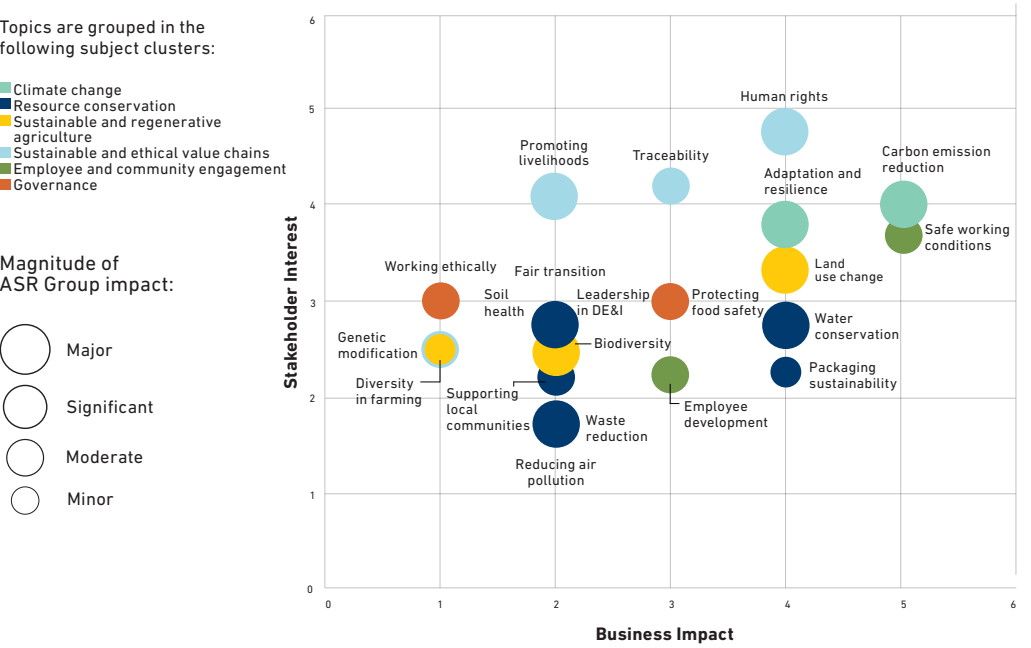


Materiality Assessment Scale:

Stakeholder Interest			Business Impact
0	None	—	No measurable impact
1	Limited	Issue rarely considered	< \$500,000
2	Minor	Issue acknowledged but lower exposure for ASR Group	\$500,000 - \$999,000
3	Moderate	Issue of growing interest with some relevance to ASR Group	\$1M - \$5M
4	Significant	Issue considered at level; ASR Group's approach is under scrutiny	\$5M - \$15M
5	Major	Issue materially affects ASR Group's current and future performance; regularly raised by stakeholders and influences decision-making	> \$15M

Materiality Matrix:

This matrix reflects the relative significance of sustainability topics based on the results of our external materiality assessment and is intended to be illustrative of ASR Group's strategic priorities, internal decision-making, or implementation sequencing.



The assessment identified climate change as our primary material risk, along with five additional material themes:

Theme	Understanding	Strategy
Greenhouse Gas Emission Reduction	GHG emissions occur throughout a product's lifecycle—from our operations to suppliers, logistics, customers, consumers, and waste handlers.	Our short-term focus is on reducing Scope 1 (direct) and Scope 2 (indirect utility) emissions. We are expanding efforts to understand and address Scope 3 emissions and their impact on product carbon footprint.
Human and Labor Rights	Respecting human rights is critical for the sustainability of our operations, supply chain, and products.	We seek to align with one or more global social standards such as Fairtrade, ProTerra, Bonsucro, SEDEX, and VIVE. Our initiatives include improving sugarcane yields through sustainable agriculture and grower partnerships to enhance livelihoods, soil health, and community well-being.
Safe Working Conditions	Employee and supplier health and safety are essential for sustainable operations.	We provide comprehensive onboarding and job-specific training, encourage safety engagement at all levels, and enforce standards through policies, self-certifications, and third-party audits.
Adaptation and Resilience	Climate instability requires balancing ecological and economic systems.	We are developing innovative programs to strengthen both short-term and long-term resilience.
Land Use Change and Management	Market and regulatory expectations demand sustainable agriculture, reforestation, and afforestation. Human activity can either disrupt or restore the carbon cycle.	We promote practices that maintain balance and sustainability in land use.
Supplier Traceability and Transparency	Ethical and sustainable practices depend on visibility across the supply chain.	Our Ethical Sourcing Policy, Code of Ethics, and Supplier Code of Conduct are publicly available. We require third-party audits to address health, safety, environmental, and human rights issues. Our goal is full mill-level transparency by 2025.

Conclusion

The assessment indicated that near-term impacts are primarily driven by legislative requirements, established company policies on sustainability objectives, market pressures, technological advancements for low-carbon transitions, and evolving stakeholder expectations. The most material themes—carbon emissions reduction and value chain decarbonization—align closely with our strategic priorities and SBTi commitments.

To maintain alignment with stakeholder expectations, materiality assessments will be repeated every three to five years, with annual reviews to ensure priorities remain relevant and responsive.

Building on our materiality assessment, we also evaluate physical climate risks to strengthen resilience.

Physical Risks

In FY25, we partnered with ClimateAi to conduct a comprehensive scenario analysis of climate-related physical risks across our operations and supply chain. The assessment covered:

- **Owned sites:** refineries, mills, non-refinery operations, and corporate offices
- **Primary supply chain:** raw sugar production regions

The study projected risks through 2099, focusing on:

- **Chronic risks:** long-term shifts in temperature and precipitation patterns
- **Acute risks:** hurricanes, flooding, wildfires, and other extreme events

Assumptions and outcomes will evolve as climate science and modeling capabilities advance.

Methodology Highlights:

ClimateAi applied advanced machine learning and artificial intelligence (AI) models to assess hazards impacting our facilities. Models were:

- Customized by location and validated against public datasets and historical climate events spanning four decades
- Designed to project hazards under multiple emissions scenarios using Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP) frameworks

Hazard Categories Assessed

- **Chronic hazards:** temperature rise, precipitation shifts, water stress
- **Acute hazards:** hurricanes, river flooding, wildfires, and water scarcity

Scenario Frameworks

- **Low emissions:** SSP1–2.6
- **Medium emissions:** SSP2–4.5
- **High emissions:** SSP5–8.5

Models primarily used CMIP6 data, supplemented with select CMIP5 variables for acute hazard projections.

Owned Assets

- Hazard probabilities averaged annually over a decade and benchmarked against a 2010 climatic baseline
- Aggregate hazard scores calculated per scenario to reflect relative exposure

Sugarcane Crop Resiliency:

- ~280 mills grouped into 20 climatic clusters
- Agronomists assessed sugarcane-specific risks by phenological stages and regional harvesting periods.
- Our experts validated findings, focusing on non-catastrophic weather changes to understand long-term crop viability.

Risk profiles categorized as:

- **High-risk clusters:** significant negative impacts projected
- **Medium-risk clusters:** moderate negative impacts projected
- **Low-risk clusters:** minimal or positive impacts projected



Comparative Scoring

- ClimateAi calculated relativistic risk scores by comparing our owned assets to climatically similar sourcing groups within the value chain.
- Comparisons were made using historical averages (2010s) and forecast models for future decades.



Scenario Results: Owned Sites

- Overall exposure risk remains low across all emissions scenarios and timeframes.
- Primary hazards identified:



Water stress and demand (highest risk scores across portfolio)



Intense precipitation



Heatwaves

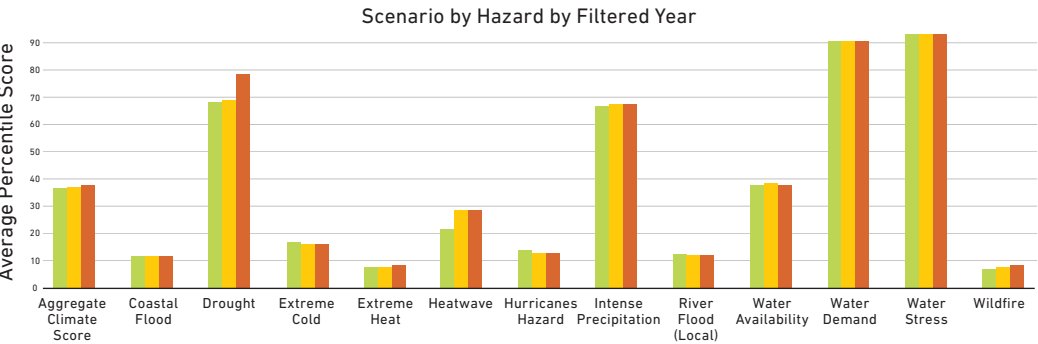


Localized flooding and hurricanes at specific sites (e.g., Chalmette, ISN, Baltimore)

The following chart illustrates the likelihood of various hazards affecting our portfolio assets under three emissions scenarios through 2030:

Average percentile score per emission scenario for all hazards in the 2030 decade:

- 1. Low Emissions
- 2. Middle of the Road
- 3. High Emissions



Scenario Results: ASR Group's Value Chain

- Risk remains low through mid-century but rises to medium by 2050.
- By the 2060s, nearly two-thirds of mill clusters may experience negative yield impacts, primarily from extreme heat and low precipitation.
- Some regions may face high-risk conditions earlier, requiring proactive adaptation strategies.

Level of impact compared to the baseline decade (2010-2019)	2020s	2030s	2040s	2050s	2060s
Number of clusters expecting significant negative impact of more than -10%	2	5	7	11	11
Number of clusters expecting some negative impact (-5 to -10%)	0	3	3	2	2
Number of clusters that will see little change (+/- 5%)	14	9	7	3	3
Number of clusters expecting some positive impact (+5% to +10%)	3	2	1	0	2
Number of clusters expecting significant positive impacts of more than +10%	1	1	2	4	2

Opportunities for Resilience

Strategic Sourcing:

- 20% of clusters expected to benefit from climate change through 2040; 35% projected to remain stable
- Prioritizing sourcing from these regions can mitigate production pressures.

Sustainable Programs:

- Develop region-specific sustainable agriculture and industrial innovation programs.
- Collaborate across the value chain—from growers and customers to governments and international partners—to enhance resilience and yield.

Conclusion

- **Risk Assessment:** Overall risk remains low, but 14% of mill clusters may face medium or high risk by 2040 due to water stress, rising temperatures, and increased storm activity. These regions require targeted adaptation planning.
- **Ongoing Review:** Physical risk assessments will be updated regularly to reflect evolving climate data and stakeholder expectations.

Beyond environmental risks, we maintain a strong foundation of ethical business practices to ensure integrity across all operations.

Controls, Assurance, and Continuous Improvement



Internal Controls

We maintain robust internal controls to ensure sustainability data is accurate, complete, and reliable. These include:

- Standardized data collection protocols across all sites
- Automated validation checks within reporting systems
- Periodic internal audits to verify compliance with sustainability reporting standards
- Risk management procedures integrated into operational and strategic planning



External Assurance

To strengthen transparency and credibility, we obtain external assurance for key sustainability disclosures in alignment with GRI 2-5 and other global frameworks. Independent third-party verification is applied to methodologies such as Product Life Cycle Analysis (pLCA) and Product Carbon Footprint (PCF).

Continuous Improvement:

We are committed to ongoing improvement through:

- Lessons learned from incidents and near misses
- Findings from internal and external audits
- Benchmarking against industry best practices
- Regular stakeholder feedback sessions to identify emerging priorities

Emerging Best Practices for “Best in Class” Disclosure

Just Transition

We address the social dimensions of climate transition risk by:

- Supporting workforce reskilling and upskilling for low-carbon technologies
- Engaging local communities to mitigate socio-economic impacts
- Promoting equitable access to opportunities created by sustainability initiatives

Climate Opportunities

Beyond risk mitigation, we actively pursue climate-related opportunities, including:

- Development of low-carbon products and packaging solutions
- Energy efficiency programs across operations
- Exploration of renewable energy sourcing and innovative technologies



Digitalization & Data

Digital tools play a critical role in our sustainability strategy:

- Advanced analytics for real-time risk monitoring
- Automated dashboards for KPI tracking and reporting
- Digital platforms for stakeholder engagement and transparent communication



Business Ethics

We conduct business lawfully and ethically. Our Code of Ethics and Business Conduct, available on our website, applies to all employees, officers, directors, contractors, agents, and suppliers. Each employee commits to these principles in all dealings, upholding our responsibilities to stakeholders, customers, suppliers, employees, communities, and regulators.

Training covers:

- Anti-corruption
- Whistleblower programs
- Anti-competitive behavior
- Child and forced labor prevention
- Equal opportunity and non-discrimination
- Security practices
- Environmental, Health, and Safety awareness

Training is tracked via our learning management system, with a target of 90% annual completion.



Stakeholder Engagement

We engage employees, customers, NGOs, and community groups to ensure accountability and share best practices. Customers are key stakeholders, and we maintain transparency through regular meetings and collaborative projects.



Stakeholder Groups	ASR Group Engagement
Customers	Ongoing partnerships and CSR activities
Certification Bodies	Meetings, feedback, and conferences
NGOs	Certification programs, partnership remediation programs, and consulting and training activities
International Financial Institutions	Partnerships in socio-economic development programs, including Climate Smart Agriculture
Communities	School funding, environmental projects, food banks, and programs focused on education and economic advancement for women empowerment, child labor prevention, and sustainable agriculture

IT Security and Compliance

We protect company and customers' data through robust security architecture and compliance programs. Our Security Architecture team works with the Chief Information Security Officer to:



Conduct cyber risk assessments



Support the rollout and implementation of new security technologies



Perform technical internal investigations related to potential security incidents



Train employees on cybersecurity policies and best practices to help mitigate the risk of breaches

Anti-Corruption Due Diligence

We screen customers and vendors using the World Check One Database for sanctions, AML, and criminal activity. Findings are reviewed and escalated to the Risk and Legal team for further review and advice.

Grievance Mechanism

External stakeholders can raise concerns through our grievance mechanism, guided by UN Guiding Principles on Business and Human Rights. Managed by Legal, CSR, Communications, Risk, and Corporate Affairs teams, this process ensures timely resolution.
Contact: ESGGM@asr-group.com

Ethics Hotline

A third-party hotline allows employees to report ethics violations anonymously. This service is intended solely for internal use by our employees. Systems are tested annually and available in local languages. Investigations ensure confidentiality and proper resolution.