

SUSTAINABILITY REPORT



2022

SUSTAINABILITY

IS NOT JUST A BUZZWORD TO US

You hear the word, “sustainable” a lot. It’s in billboards, social media ads, on products, and in news releases, to name a few. You probably notice “ecologically friendly” and “ethically sourced,” in the same places. This is good news, it means these terms have entered the public lexicon and the average person is starting to care about them.

Companies around the world have taken notice of their customers’ desires for cleaner, more environmentally beneficial products and are responding.

The number of goods made from recycleable and recycled materials is at an all-time high. Businesses pride themselves on carbon-neutrality. The electric car is here to stay and is helping make transportation more emissions-responsible. The word, “sustainable” isn’t just a talking point or catchphrase, and it’s certainly not just a marketing buzzword. It’s a standard that many individuals and corporations are working towards, and we’re proud to be leading the way.

SO HOW ARE WE DIFFERENT?

OUR MISSION

We want to create a thriving business, providing our customers with the products they need. We also work to provide quality returns for our investors and safe, ethical working conditions and benefits for our employees. Of course, that's what every business says they want!

Where we differ is that we want to create a thriving business, but not at the expense of our planet or our children and our children's children. The alcohol we provide is made entirely from corn, and it's...



EFFICIENT

We use everything. Nothing is wasted or thrown out. Every part of each kernel is used.



CLEAN

We've implemented processes that eliminate pollution and waste.



ECO-FRIENDLY

Because we reuse and recycle water and energy efficiently, no process waste goes to the landfill.

Now, it's easy to say we're concerned about the planet. That's why we are 100% transparent about our processes. We don't just claim we're sustainable, we show it. We live on the same planet as you do, after all!

WE ARE COMMITTED TO

ENVIRONMENTALLY CONSCIOUS PRODUCTION

Corn is versatile, highly available, and affordable. It's the smart choice for food, feed, and fuel. Great strides have been made to make sustainable corn. Our customers, investors, and the earth will reap the benefits of our use of zero-waste corn. The farms where our corn is grown and facilities where we process it are committed to a low carbon footprint. For example, our corn is locally sourced so it doesn't have to travel as far.

BETTER PRODUCTS FOR THE PLANET

It's not just the production of our corn that's more planet-healthy, but it's much better for the environment than petroleum-based alternatives. We don't use harmful additives and we set up our equipment to ensure that cross-contamination simply isn't possible.

IMPROVING OUR COMMUNITY

We decrease the vulnerability in our community by providing jobs that feed the economy. And we love buying local!



ECOVADIS

SUSTAINABLE PROOF

To show the world that our sustainability is real, we rely on the EcoVadis methodology framework. This framework assesses companies' policies and actions, as well as published reports regarding:

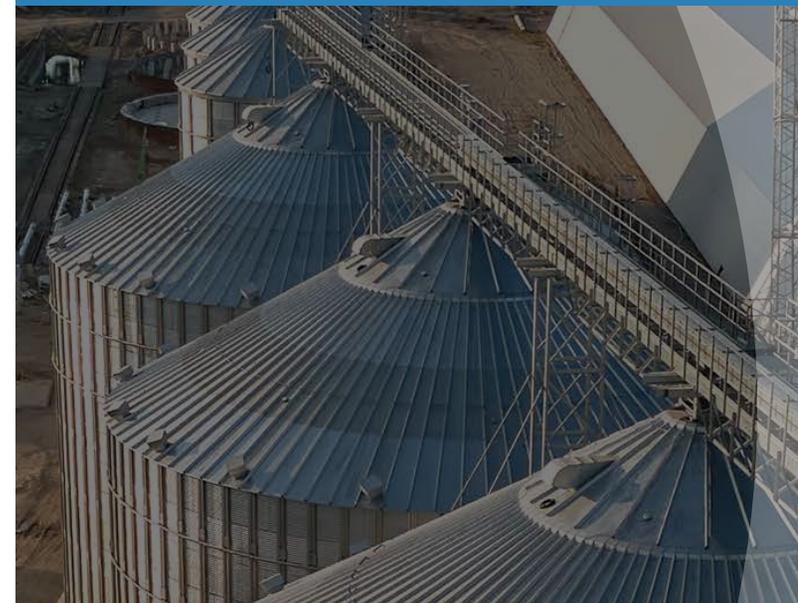
- Environment
- Labor and Human Rights
- Ethics
- Sustainable Procurement

EcoVadis employs a team of international sustainability experts who analyze and crosscheck companies' data to ensure their ratings are reliable. They search for supporting documents, 360° Watch Findings, news releases, and other relevant documents. Each rating also takes into account the company's industry, size, and geographic location.

EcoVadis has 21 Corporate Social Responsibility (CSR) criteria and only uses the ones relevant to the company they're rating. These criteria include measurements such as energy consumption, greenhouse gases (GHGs), local and accidental pollution, and materials, chemicals, and waste.

As the leading solution for monitoring sustainability in global supply chains, SME is able to trust their ratings. They are experts in sustainability and we're glad they are watchdogs for the industry.

Next, let's show you why EcoVadis awarded us a Silver Award for sustainability achievement.



SHOW ME ETHANOL LLC is proud to have been awarded a bronze medal in recognition of sustainability achievement!

To receive this medal, companies must have an overall score of 47-56.



GREENHOUSE GAS (GHG) EMISSIONS

Transportation is responsible for 27% of GHGs and is the largest contributor to their emissions. More than 90% of the fuel used is based on petroleum, but switching to ethanol can drastically reduce this number.

ECOVADIS ENVIRONMENT SCORE: 60

GREENHOUSE GAS (GHG) EMISSIONS

EMISSIONS REDUCTIONS, GHG INVENTORIES, AND CARBON STRATEGY

The reason SME has chosen to create ethanol from corn is that grain-based ethanol displaces petroleum and cuts greenhouse gas emissions significantly. How?

Ethanol removes the carbon equivalent of **12 million cars from the road** each year

Ethanol use **lowers GHG emissions 44 to 52%** compared to gasoline

A bushel of corn yields **15% more ethanol** today than it did 20 years ago

Natural gas and electricity use at dry mill ethanol plants have **dropped 40% since 1995**

These numbers aren't from some biased study. Researchers from Harvard, MIT, and Tufts show that today's corn ethanol offers an average GHG reduction of 46% versus gasoline. As mentioned in the Renewable Fuel Associations letter to President Biden, The USDA says that emerging technologies promise to boost that reduction to near 70% in the next few years. And ethanol made from corn kernel fiber and other cellulosic feedstocks is already delivering reductions of 80% or more.

Plants Absorb CO²

Plants Become Biofuel

Fuel is Burned & Release CO², & the Cycle Starts Over

Plants absorb carbon dioxide from the atmosphere as they grow, and that same amount of carbon dioxide is re-released when the plants are made into biofuels and combusted in an engine. In this way, ethanol and other renewables simply recycle atmospheric carbon. Even when the energy use and emissions related to the full production process are accounted for, ethanol delivers significant GHG savings compared to the fossil fuels it replaces.

OUR PLEDGE

RENEWABLE FUELS ASSOCIATION

Since 1981, the Renewable Fuels Association has been the authoritative voice of the ethanol industry, and we are proud members.

JULY 2022: ETHANOL COMPANIES PLEDGE NET-ZERO EMISSIONS BY 2050

70 ethanol companies that are members of the Renewable Fuels Association, including Show Me Ethanol LLC, sent a letter to President Joe Biden that pledged to reach net-zero carbon emissions by the year 2050. The producers also made pledges to demonstrate progress toward this goal, including a reduction of greenhouse gas emissions by 70% or more by 2030. This step represents a 33% reduction in ethanol's average carbon footprint.

Ethanol producers are accomplishing this goal by adopting essential techniques and technologies:

- Carbon Capture
- Utilization
- Sequestration

These and other low/no-carbon techniques will achieve carbon neutral ethanol production in the U.S. A study by the U.S. Department of Energy shows that ethanol's carbon footprint had dropped a dramatic 23% from 2005 to 2019. As ethanol displaces petroleum-based fuels with the proliferation of products such as E85, ethanol can achieve even greater ecological savings.



OUR CARBON STRATEGY

WE'RE COMMITTED TO LEAVE A LEGACY OF POSITIVE CHANGE THAT BENEFITS US ALL.

While our facility and practices are earth-friendly, so are our renewable plant-based alcohol products. And with our corn sourced locally, there's less travel, which drastically reduces our carbon footprint. Every day we strive to implement new sustainable practices to reduce our impact on the planet.

SME NET-ZERO PLEDGE COMMITMENT

www.smealcohol.com/net-zero

Between 1980 and 2015, corn farmers' innovations have yielded incredible results:

- 58%** Reduction in soil loss per acre.
- 41%** Decrease in the amount of land required to produce a bushel of corn.
- 31%** Reduction in greenhouse gas (GHS) emissions per bushel.
- 41%** Improved energy use efficiency per bushel.

PLAN FOR IMPROVEMENT

OUR TOP PRIORITY FOCUS AREAS:

- Scope 1, 2, and 3 emissions
- Agricultural GHG impacts (soil carbon sequestration, climate-smart agriculture)
- GHG reduction practices
- Carbon markets

NET 0

CARBON BY 2050

WHERE WE PLAN TO IMPROVE

SME will create a clear outline of our supply chain's carbon footprint to quantify our Scope 3 emissions and demonstrate progress towards our GHG emissions reduction targets (Science-Based Targets, Net Zero Targets).

Supporting customer goals related to reductions in GHG emissions.

Pursuing projects aimed at minimizing carbon emissions and impacts on the environment.

Communicating the carbon impacts of products, particularly those that are low-carbon or zero carbon.

DIRECT EMISSIONS & THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

SME is working with SASB standards. The 22 industry Standards that include a GHG emissions disclosure topic (see Table 1) also include an accounting metric for the reporting entity's gross global Scope 1 emissions. In certain Standards, SASB also recommends the disclosure of additional industry-specific performance data or analysis associated with these emissions, where such disclosure enhances the representativeness of the entity's performance on the topic as well as the decision-usefulness of the information.

WORKFORCE HEALTH & SAFETY

Our mission is to provide clean and renewable products to our customers and quality returns for our investors while providing safe and ethical working conditions and benefits for our employees.

ECOVADIS HUMAN RIGHTS SCORE: 60

WORKERS MATTER MORE THAN PROFITS

The U.S. Occupational Safety and Health Administration (OSHA) recognizes that new strategies are needed to ensure that all workers return home safe, sound, and healthy. Workplace safety and health standards have a huge impact on workers' lives, but the OSHA standard-setting process is slow and can't prevent every single workplace injury and illness.

This is an area of untapped potential. We can leverage proactive and innovative movements that are diverse in audience and stakeholders to advance worker safety and health. Sustainability is one such movement that provides the potential to go beyond the OSHA's traditional role and become a transformative force. To support this initiative, SME is looking at different metrics to start establish benchmarks for workforce health and safety. We will be exploring:



TRAINING HOURS



WORKERS COMPENSATION INSURANCE



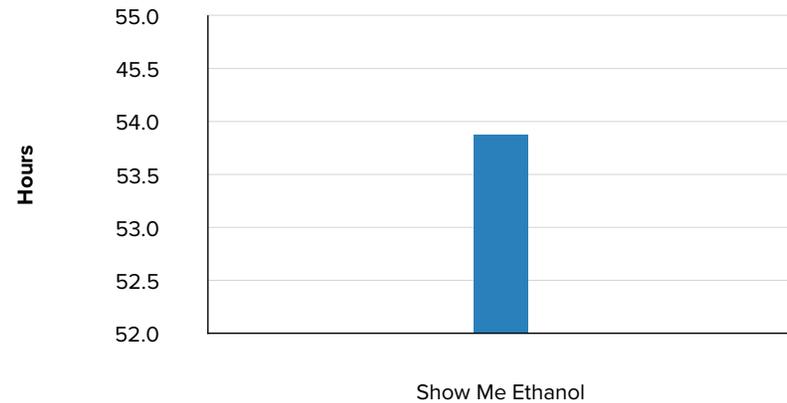
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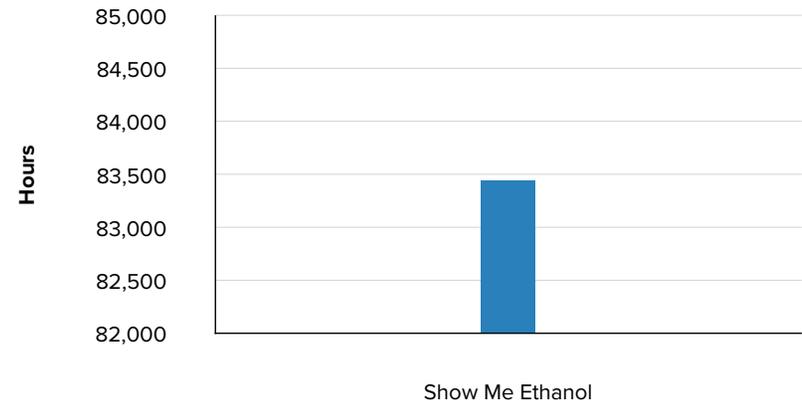
TOTAL RECORDABLE CASES

TRAINING HOURS

2021 Average Hours of Training per Employee



Total Hours Worked in 2021



45.5 AVERAGE TOTAL NUMBER
OF EMPLOYEES IN 2021

Training hours track efforts to keep employees healthy and safe during their work days.

OSHA STANDARD METRICS

0

Days away from work days

National average: 17.58

0

Days away from work cases

National average: 0.52

7

Total process safety incidents

2021

71

Severity rate for process safety incidents

2021

0

TOTAL RECORDABLE CASES IN THE LAST 3 YEARS



RANKED IN
TOP 10%
IN WORKPLACE
SAFETY

CARING FOR THE COMMUNITY

SME has begun focusing on employee wellness in earnest. Some of our wellness initiatives relate to physical and mental health, some to financial health, as well as social events and employee outings. When we care for our workers, they'll live more fruitful lives in their community and beyond.

Study after study shows that lower stress levels lead to better performance. We don't want our workers to live stressed lives any more than they do! We believe that by rewarding them and giving them the tools to become better people, they'll also become the best workers they can be. That's not to say that the only reason we want to improve our workers' lives is so that we can get more work out of them! It's just that happier workers happen to be more productive workers. Treating them well is the right thing to do for everyone involved.

Studies also show that exercise improves mood and overall mental health, as well as obvious benefits such as increased strength and fitness. We work to encourage activity not just among our employees, but in the community, too!

YMCA DONATION \$50,000

Donated to the local YMCA to improve the health and wellness of the employees as well as support the community.

JOB CREATION

SME is a job creator in the area, and we continue to provide jobs to rural Missouri and increase income in the area.

COMMUNITY GARDEN

This year we hosted our first employee garden. Employees were given the opportunity to participate in a community garden. We currently have nine employees that maintain the garden on a rotating weekly schedule. So far, the garden looks great and has started producing. We are growing zucchini, yellow squash, broccoli, Brussel sprouts, peppers, cucumbers, tomatoes, and okra. We hope to be able to donate some of our excess to the local food pantry or senior center.

GOAL

ENHANCE & COMMUNICATE EMPLOYEE
WELLNESS PLANS & INITIATIVES



PLAN FOR IMPROVEMENT

OUR TOP PRIORITY FOCUS AREAS:

- Safety policies and procedures
- Worker health and safety training
- Illness Prevention
- Worker injuries and accidents
- Emergency planning

TOP 10 SAFETY RANKING

WHERE WE PLAN TO IMPROVE

Maintain a top 10 safety ranking.

Decreasing work-related accidents.

Protecting the health and safety of employees using an effective and comprehensive safety management system, appropriate personal protective equipment (PPE) for safety and health hazards (COVID-19, etc.), access to first aid, signage, and proper maintenance procedures.

Providing a safe and healthy working environment that complies with local laws and minimizes occupational hazards.

SASB WORKFORCE HEALTH AND SAFETY

This category addresses SMEs ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). It is traditionally accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices as well as those of subcontractors. The category further captures how companies ensure physical and mental health of the workforce through technology, training, corporate culture, regulatory compliance, monitoring and testing, and personal protective equipment.



RESPONSIBLE FEEDSTOCK SOURCING

Water use and quality, carbon emissions and sequestration, nutrient management, soil health, land use, biodiversity, conservation, worker health and safety, etc. associated with feedstock production

ECOVADIS SUSTAINABLE PROCUREMENT SCORE: 30

CORN SUSTAINABILITY

Corn production has made great strides in sustainability and productivity over the last several decades. While the focus at the front of the supply chain is on continuous improvement for farmers, the same improvements can be seen for those downstream in animal agriculture, where innovation from the corn industry continues to be introduced.

As the largest sector in American agriculture, corn farmers impact hundreds of thousands of jobs, infuse billions of dollars into the economy, and care for our most critical resources, all while seeing substantial improvement in production. The corn industry's evolution in sustainability, as well as the documented environmental, economic, and social improvements over the last several decades, point back to farmers embracing change.

A COMMITMENT TO THE FUTURE

Corn farmers' commitment to the pillars of sustainability paved the way for improvements in a number of key indicators over a span of several decades. Between 1980 and 2015, corn farmers' innovations have yielded incredible results:

58%

Reduction in soil loss per acre

41%

Decrease in the amount of land required to produce a bushel of corn

31%

Reduction in greenhouse gas (GHG) emissions per bushel

41%

Improved energy use efficiency per bushel

SUPPORTING OUR FARMERS

We don't expect farmers to go it alone. As proud members of the Missouri Corn Growers Association, we support our farmers in 5 primary areas of focus.

SOIL CONSERVATION

Healthy soils are the foundation of all agricultural production. The corn farmers we partner with are committed to leaving their land in a better place than they found it. Adoptions in conservation tillage and other soil conservation strategies have contributed to massive reductions in soil erosion.

ENERGY EFFICIENCY

Technology that makes farmers more productive has also helped to reduce the amount of energy and subsequent emissions needed for corn production. Corn farmers also provide a carbon reduction strategy through the production of ethanol and the support of the Renewal Fuel Standard.

WATER STEWARDSHIP

Farmers recognize the invaluable role water plays in raising a crop each year. They also recognize that they must actively protect this resource for the benefit of their crops, their communities, and the planet. They work to ensure that not a single drop is wasted.

MINIMAL WASTE

With corn's flexibility and a number of uses, almost every part of each kernel is used. From animal feed to ethanol production to bioplastics, the components of every kernel of corn finds a home.

ECOSYSTEM RESILIENCE

With approximately 90 million acres planted annually, corn is grown in a variety of unique ecosystems. Supporting the health of those ecosystems requires active attention from farmers, who respond by using integrated pest management techniques, establishing wildlife habitats on their lands, and more.

ZERO WASTE ALCOHOL PROCESS

Distillers grains and other valuable components of the global animal feed market are “co-products” of renewable fuel production—and a vital contributor to the industry’s bottom line. Our products and our processes have resulted in every part of the corn being used.

HOW WE ACHIEVE ZERO SOLID WASTE

So far, SME has converted 336 million pounds of waste into animal feed! On average, 56 pounds of corn processed produces:

2.9

gallons of denatured alcohol

15.5

pounds of oil and animal feed

17

pounds of captured biogenic carbon dioxide

PLAN FOR IMPROVEMENT

OUR TOP PRIORITY FOCUS AREAS:

- Supply chain transparency
- Traceability and origin mapping
- Responsible sourcing

0 SOLID WASTE

13% REDUCTION IN SOIL EMISSIONS

13% REDUCTION IN GHG EMISSIONS

WHERE WE PLAN TO IMPROVE

Sourcing products responsibly, make supply-based GHG reductions, reduce water stress, and increase transparency and traceability within the supply chain.

Including social or environmental clauses in supplier contracts.

Supporting regenerative ag practices and carbon sequestration opportunities.

Identifying and mitigating impacts that align with customer commitments to reduce soil erosion, acidification, runoff of ag inputs, GHG emissions, and loss of biodiversity, among others.

SASB STANDARDS

Specific factors that can affect the supply of raw materials include reduced crop yields due climate change, increasing water scarcity, land management, labor conditions, and environmental impacts of cultivation. Climate change and environmental degradation could increase the probability of crop failure or lower yields, and in turn could raise purchase costs. In addition, issues such as labor abuse can similarly increase purchase costs if these issues cause supplies to be constrained or truncated.

Supply chain interruption can cause a loss of revenue and market share if companies are not able to find alternatives to key suppliers, and can increase purchasing costs if supplies are found elsewhere at a higher cost. Sourcing from certified suppliers gives agricultural companies like ours assurance that the inputs to our products are developed in accordance with a high standard for social and environmental principles, thus reducing the risk that the company will face damage to brand image or operational impacts due to our sourcing practices.

BUSINESS ETHICS & COMPLIANCE

Ensuring ethical business practices

ECOVADIS BUSINESS ETHICS SCORE: 30

PLAN FOR IMPROVEMENT

OUR TOP PRIORITY FOCUS AREAS:

- Compliance with laws and regulations
- Anti-corruption / anti-bribery
- Compliance monitoring
- Worker training
- Risk management
- Business relationships

100%
EMPLOYEES
TRAINED ON ETHICS

WHERE WE PLAN TO IMPROVE

Articulating principles or objectives that prevent various types of corruption, conflicts of interest, fraud, anti-competitive practices, or data breaches.

Developing or updating documents such as a company mission statement, Business Ethics Policy, Code of Ethics.

Percentage or number of employees trained on ethics.

Confidential reporting system in place for employees to report concerns related to ethics and safety.

SASB WORKFORCE HEALTH AND SAFETY

The category addresses the company's approach to managing risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and other behavior that may have an ethical component. This includes sensitivity to business norms and standards as they shift over time, jurisdiction, and culture. It addresses the company's ability to provide services that satisfy the highest professional and ethical standards of the industry, which means to avoid conflicts of interest, misrepresentation, bias, and negligence through training employees adequately and implementing policies and procedures to ensure employees provide services free from bias and error.

DOCUMENTATION

HANDBOOK

Every employee at SME will be given a handbook regarding our Business Ethics Policy and Code of Ethics. It is our expectation that each employee learns and implements the ethics outlined.

This handbook will also be available in digital form. As updates are made to the handbook, we will simultaneously print and distribute new copies as well as make changes to the digital copy. Employees will be expected to comply with the updates and discard any outdated versions of the handbook.

MISSION

It is our mission to be transparent, ethical, and fair in our policies and practices, in regards to how our employees are treated and how they conduct themselves. Our employees will receive training in how to maintain our Code of Ethics. We will also be implementing a confidential reporting system so that any of our workers can file a complaint when they witness behavior or actions that violate our Business Ethics Policy.

CODE OF ETHICS

Our Code of Ethics pertains to ethical practices regarding environmental stewardship and social responsibility. A standard policy on fair business practices covers corruption & bribery issue, as well as information security and responsible marketing issues, depending on the relevancy for the industry or sector. Such a policy is formalized as qualitative objectives/commitments in a formal policy document e.g. Code of Ethics/Code of Conduct and includes organizational elements (e.g. review process, dedicated responsibilities, scope of application).

DOCUMENTATION

EXTERNAL SUSTAINABILITY INITIATIVES OR PRINCIPLES

Such initiatives can encompass many sustainability issues (e.g. Global Compact principles), or focus on a single issue (e.g. Carbon Disclosure Project). They can be intergovernmental (e.g. OECD Guidelines for Multinational Enterprises), multi-stakeholder (e.g. Accountability), business-led (e.g. Responsible Care), cross-sector (e.g. Ceres principles) or sector-specific (e.g. Clean Clothes Campaign).

POLICIES ON CORRUPTION

A standard policy on corruption & bribery issues is formalized as qualitative objectives/commitments in a formal policy document (e.g. Code of Ethics/Code of Conduct) on some of the following issues: corruption & bribery, conflict of interest, bribery and fraud. A standard policy also includes organizational elements (e.g. review process, dedicated responsibilities, scope of application).

POLICIES ON INFORMATION SECURITY

It is imperative for companies who manage sensitive information to set commitments on the protection and responsible management of third-party data. The security of third party data encompasses the protection of customer personal identification information (PII) and the protection of third party intellectual property rights. A standard policy on information security is formalized as qualitative objectives/commitments in a formal policy document, and includes organizational elements (e.g. review process, dedicated responsibilities, scope of application).

ABOUT SME

Our mission is to provide clean and renewable products to our customers and quality returns for our investors while providing safe and ethical working conditions and benefits for our employees.



SME ALCOHOL

SME provides alcohol of the highest quality, delivered on time, and supported by an experienced team that responds quickly to customer needs. SME is kosher-certified operating under an ISO 9001:2015 certified quality management system.

We're a corn dry-mill distillery located in Carrollton, Missouri, that operates 24 hours a day and 7 days a week. Our feedstock is 20 million bushels of corn, all purchased from local farmers, maximizing local economic value in an environmentally responsible way.

14 YEARS OF SUSTAINABLE ETHANOL PRODUCTION

SME began production in May 2008 and produces over 70 million gallons of alcohol annually. Upgrades to the distillation system were completed in April of 2021. Our new state-of-the-art system can produce over 20 million gallons of grain neutral spirits and allow for production at any proof and any blend.

The conversion of grain to alcohol also results in the production of 160,000 tons of animal feed annually. The animal feed is sold as dried distillers grains with solubles (DDGS) and modified wet distillers grains with solubles (MWDGS). In 2012, SME began recovering distillers corn oil (DCO), an additional product that is sold into the animal feed and biodiesel markets.

WHAT MAKES SME ALCOHOL DIFFERENT



QUALITY

Meeting ISO 9001:2015 standards demonstrates our commitment to top-notch work and products.



PARTNERSHIP

We work closely with our customers to provide ongoing collaboration and support.



BEVERAGE

Wineries, breweries, and distilleries use our pure alcohol to create signature libations.



CUSTOMIZATION

With custom SDA blend capabilities, we can create and register any approved formula.



INDUSTRIAL

Both our standard and unique alcohol blends are used in cleaning agents, solvents, varnishes, gasoline, and more.



FOOD & FLAVOR

The food industry uses our kosher-certified alcohol to extract and concentrate flavors and aromas.



CLEANLINESS

Because we closely follow GMP standards, our facility is always above board and tour-ready.



MARKETS

Our high-quality and reliably consistent alcohol products serve a variety of industries including industrial, cosmetics, beverage, and food & flavor.



COSMETICS

Our impurity-free alcohol is an ingredient commonly used in cosmetics, beauty products, lotions, and perfumes.



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