

Multibiomes Fund

famaGAIA

S O C I O - B I O E C O N O M Y

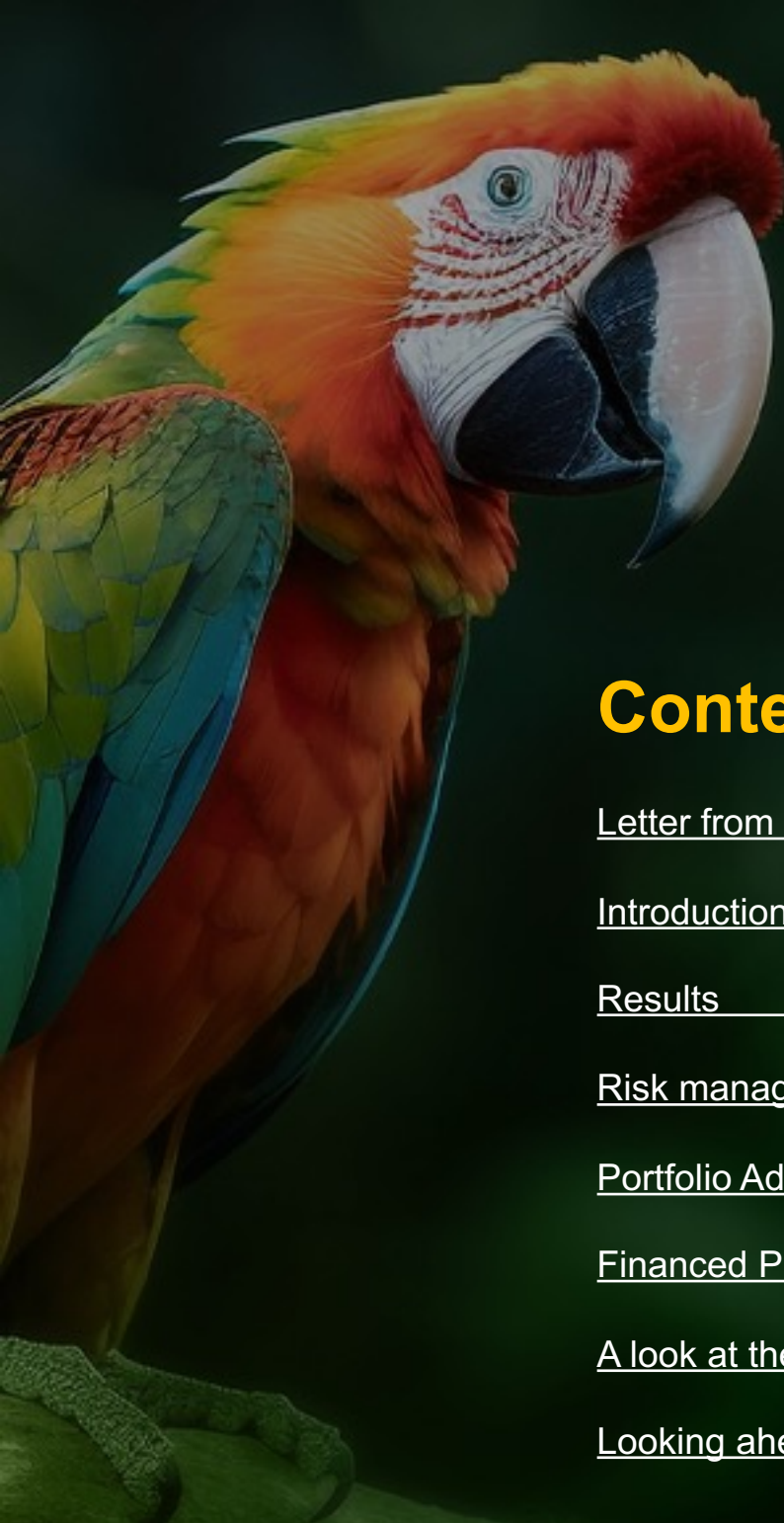
Quarterly Report 4Q24



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Letter from the CIO

For decades, the concept of corporate responsibility was limited to what occurred within the boundaries of direct business operations. Product quality, factory efficiency, compliance with local regulations—these were the criteria by which an organisation's commitment to society was measured.

However, this simplistic understanding is no longer sufficient. We live in an interconnected world where the impacts generated throughout the entire value chain—from raw materials to waste disposal—can no longer be ignored.

In Brazil, where the interdependence between companies and their supply chains is particularly evident, the challenges are as vast as the opportunities. Deforestation, for instance, often associated with cattle ranching and agriculture, is one of the largest contributors to global greenhouse gas emissions.

Major meatpackers and agricultural exporters have responsibilities that go far beyond their direct operations. Zero-deforestation commitments have become a minimum requirement, but true progress depends on implementing robust traceability technologies that ensure the sustainability of suppliers, down to the level of small-scale producers.

In addition, companies need to recognise that inclusive governance is a prerequisite for structural change. Traditional shareholder-centric corporate governance has proven inadequate in addressing systemic crises such as social inequality and climate change. The role of stakeholders—workers, suppliers, local communities, and even the environment—must be integrated into decision-making processes. This approach creates a network of shared responsibility that strengthens the entire business ecosystem.

However, the most significant transformation needed lies in how emissions are managed. Today, a large part of corporate climate targets focusses on Scopes 1 and 2, which cover direct emissions and those from energy consumption. Yet Scope 3, which includes all indirect emissions along the value chain, remains a critical gap. This is where responsibility must be expanded, requiring companies to make commitments that go beyond their comfort zones.

An often-overlooked yet central aspect of this debate is the role of financed emissions—those associated with the credit portfolios of financial institutions. The financial sector has historically facilitated traditional economic dynamics, often financing activities that contribute to environmental and social degradation. However, as pressure from regulators, investors, and consumers increases, banks must rethink their practices.

In Brazil, leading banks carry a significant portion of companies in the energy, agribusiness, and mining sectors in their portfolios—activities with substantial greenhouse gas emissions. Analysing these financed emissions will become a key indicator of financial risk and sustainability. Banks financing entities responsible for deforestation or pollution are not only contributing to the climate crisis but also exposing their own portfolios to regulatory and market risks.

Including financed emissions metrics in financial institutions' climate strategies is a game-changer and must encompass a commitment to measure and reduce the indirect emissions in their portfolios. This means not only assessing the environmental impact of the companies they finance but also influencing them to adopt more sustainable practices. A bank financing a chain of meatpackers, for instance, can demand clear environmental commitments as a condition for new loans, driving systemic changes in the sector.

Moreover, the financial sector's role as a catalyst for systemic changes goes beyond minimizing harm. Banks and asset managers have the power to direct capital toward regenerative sectors, such as sustainable agriculture and green infrastructure. This requires breaking away from the short-term profit maximisation logic that perpetuates cycles of environmental and social degradation.

Larger companies have an amplified responsibility in this context. Their gigantic scale grants them a unique capacity to lead transformations across entire sectors. However, while pioneering companies move forward, the vast majority still resist change, perpetuating a business model incompatible with the challenges of the 21st century.

Finally, contemporary corporate responsibility cannot be treated as a cost or concession to meet external expectations. It must be understood as the essence of organisational longevity. The world faces existential challenges that demand not just incremental responses but a complete reimagining of the role of companies. Inclusive governance, value chain management, and financed emissions are just some of the axes that need to be integrated into a broad and strategic vision.

The future will be shaped by companies that understand that their responsibility extends to the entire network of direct and indirect impacts they generate. Business leaders who embrace this vision will lay the foundation for a fairer, more resilient, and sustainable world.



Fabio Alperowitch

CIO of fama re.capital

Introduction

The year 2024 marked an important milestone for the FamaGaia Socio-bioeconomy Fund – we allocated resources that **positively impacted local communities and preserved the environment while generating competitive financial returns.**

To foster the connection between investors and the fund's tangible results, **we introduced new communication channels**, such as webinars, bringing our partners closer to the impact generated on the ground. We validated our approach and set the foundation for **our ambitions in 2025.**

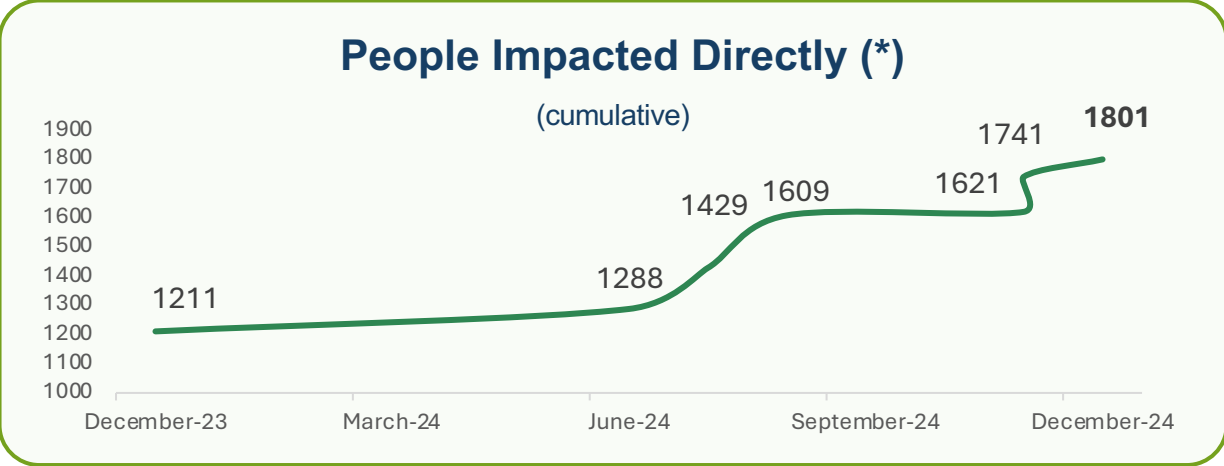
Beyond being a financial product, the FamaGaia Fund is an invitation to a deeper reflection on how market risk perception often diverges from reality.

Our approach has proven highly effective precisely because **it considers socio-environmental dimensions** in the project selection criteria and is also based on a **humanized credit model**. It is becoming increasingly clear to us that **traditional risk assessment parameters fail to accurately evaluate the creditworthiness of the stakeholders we engage with.** Commitment to the activity, local governance, and care for the territory are key factors shaping our financing decisions.

In this report, we present **our results to date**, including **impact indicators and financial performance metrics**. Additionally, we share the stories behind **three new financed projects**, reflect on significant **events of the quarter**, and finally, outline some of **our ambitions for the future.**

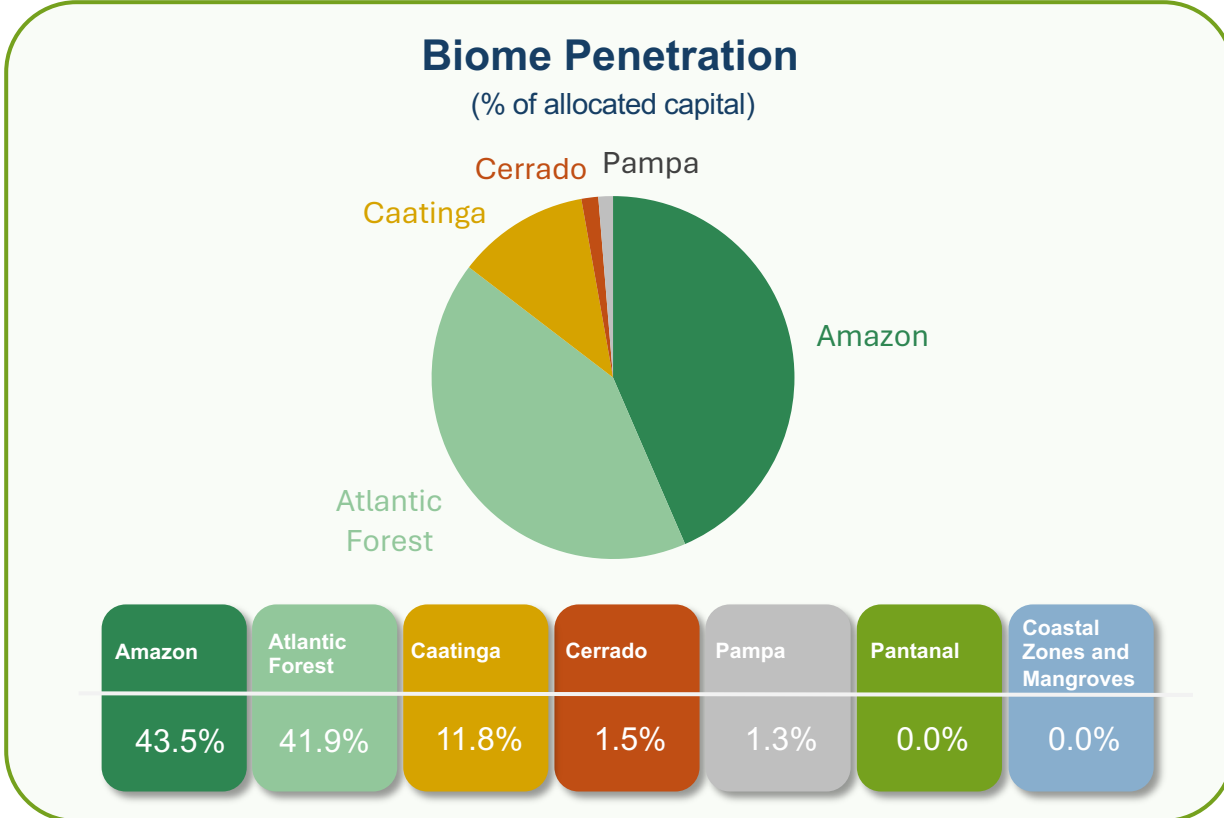
Results

We ended the year with seven projects in the portfolio that **directly impact over 1800 people.**



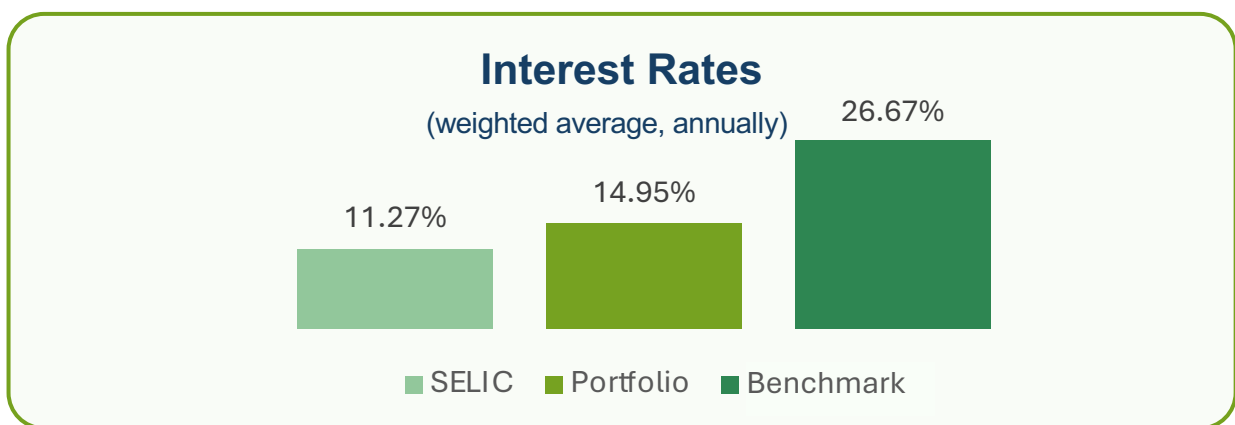
*Data updated according to the latest information sent by the financed projects.

Through these projects, the Fund is present in five Brazilian biomes: Amazon (43.5%), Atlantic Forest (41.9%), Caatinga (11.8%), Cerrado (1.5%), and Pampa (1.3%). Notably, this quarter, **we increased our exposure in the Caatinga, rising from 0.7% to 11.8%** of our portfolio.



We continue to work towards **expanding our operations to all of Brazil's biomes**, by mapping initiatives and partners in the Pantanal, as well as Coastal and Mangrove areas.

We remain committed to **offering credit under fair conditions**, which is evident when comparing the average interest rate applied to our borrowers with market rates for similar credit products. Our rate is **12 percentage points lower**, based on data collected **from the Brazil's Central Bank**.



Finally, **we continue to achieve competitive returns while fostering positive changes in communities and the environment**. In the fourth quarter of 2024, our return was 2.79%, outperforming the CDI by 0.51 percentage points. Year-to-date, we reached 11.40%, exceeding the benchmark by 0.52 percentage points.

	4Q24	2024	12M
Fund	2.79%	11.40%	11.40%
Benchmark (CDI)	2.67%	10.87%	10.87%
Return x Benchmark (p.p. a.a.)	CDI + 0.51%	CDI + 0.52%	CDI + 0.52%

Risk Management

It is common to see credit risk analyses that do not take socio-environmental factors into account and which, on the contrary, tend to focus exclusively on financial variables, such as property guarantees. The recent challenges posed by the intensification of extreme climate events and systemic changes in supply chains highlights the **importance of incorporating a broader spectrum of socio-environmental indicators into risk assessment.**

A recent example occurred last year when the **El Niño climate event, intensified by climate change, caused severe crop failures across various agricultural supply chains.** This systemic shock led to widespread default, impacting even the best-performing Fiagros*, which recorded negative average returns during this period. The common capital immobilization during prosperous times by these actors translates into a lack of liquidity during crop failures. **This scenario reinforces the need to rethink how we assess and manage risks in the sector.**

At FamaGaia Socio-bioeconomy, not only have **we intentionally adopted an approach aimed at including socio-environmental factors in both the credit and impact management of the projects supported,** but the fund's focus on sociobioeconomics determines a much more resilient project portfolio, as it is in line with sustainable nature conservation practices.

Additionally, **a key differentiator from the traditional model is the way we grant credit—a human-centered approach** that involves close contact and active listening to borrowers, reducing credit risks precisely through this interaction. Tailor-made financial instruments, designed to meet the specific needs of each project, make a significant difference in repayment capacity.

Ultimately, the FamaGaia Socio-bioeconomy Fund is **driven by incentives that seek to ensure what is beneficial for the borrower without compromising value generation for the investor.** This results in a model that moves away from

* Investment Fund for Agro-Industrial Production Chains

purely transactional financing and has proven to be **highly effective, yielding significant socio-economic development results in the regions** and communities involved, in addition to maintaining high repayment rates. Currently, no projects in the portfolio are in default.

One of the pillars of our approach is the strengthening of regenerative agriculture practices, which, by prioritizing soil health, biodiversity, and the resilience of productive systems, make financed projects less vulnerable to climate and economic shocks.

Farmers who adopt regenerative practices—such as crop diversification, integration with agroforestry systems, and reduced dependence on chemical inputs—demonstrate **greater adaptability and recovery capacity in the face of adverse events**. This intrinsic resilience not only reduces credit risk but also **generates positive socio-environmental impacts**.

Strategic partnerships with large corporations, public entities, and technical assistance organizations also play a central role in our risk management strategy. These partners help structure resilient supply chains, ensure market access, and provide high-quality technical support, strengthening local capacities and creating more favorable conditions for these communities to thrive.

Portfolio Additions

Comaru: empowering Brazil nut extractivists in the Amazon

With 50 years of history, the Comaru cooperative, located in the Rio Iratapuru Sustainable Development Reserve (RDS), is an example of resilience and sustainability. Comprising **120 members**, equally divided between men and women, **Comaru stands out in the sustainable extraction and processing of Brazil nuts, producing oil, flour, and organic resins (breu branco)**. Despite its strong potential, limited access to financing forced members to rely on intermediaries, who often offered prices well below market value.

With an investment of **R\$1 million** through a CPR-F instrument, the cooperative will expand its purchasing capacity to **acquire up to 50% of its members' production**, compared to the current 30%. This expansion will directly benefit 720 people connected to the cooperative, ensuring fair prices—on average, 100% higher than those offered by middlemen.



Harvesting Chestnuts

Additionally, the funds will support the cooperative's agro-industrial operations during the off-season, **ensuring operational stability and consistent income throughout the year**. The environmental impact is equally significant. Comaru operates within a protected area of 800,000 hectares, **preserving the native forest and its rich biodiversity**. The cooperative implements a series of waste

management innovations, including transforming Brazil nut shells into charcoal, activated carbon, and bioplastics, exemplifying a circular production model.

The partnership with the "Castanheir@as" project further strengthens its position, **enabling exports to Austria** and demonstrating the global potential of the Amazon socio-bioeconomy.



Location of the Cooperative: AP

Fernandes Óleos Essenciais: Scaling Sustainability in the Atlantic Forest

Fernandes Óleos Essenciais is a **family-owned business** located in Campestre da Serra, Rio Grande do Sul, within the **Atlantic Forest biome**. For over 25 years, the Fernandes family has specialized in **organic cultivation of aromatic and medicinal plants, pioneering pennyroyal farming and processing in partnership with Natura**. Initially focused on raw production, the company began producing essential oils in 2021, adding value to its products and expanding its market reach.



Harvesting the aromatic plants



Extraction of the essential oils

The fund's **R\$600,000 investment** will enable Fernandes to **increase its production capacity, expanding its factory to process up to 200kg of**

essential oil per year—a significant increase from the current 50 kg—to meet Natura’s growing demand. This growth also involves integrating 15 new families into the company’s sustainable value chain, **providing technical assistance and promoting economic inclusion**. Each family has the potential to generate an average annual income of R\$18,000, **significantly strengthening the local economy**.

Sustainability is at the core of the cooperative’s operations, adopting strict organic farming standards and full utilization of by-products. **The entire production cycle is integrated, with composting and waste reuse on the property**. Fernandes Essential Oils’ sustainable approach reinforces biodiversity conservation in the Atlantic Forest, demonstrating that **socioeconomic growth and environmental preservation can go hand in hand**.



Location of the Cooperative: RS

Matrunita: transforming beekeeping in the Caatinga

Matrunita, a strategic partner of the Swiss company **Ethikabio**, plays a key role in **supporting small family beekeepers, particularly in the Caatinga biome**. The company works with over 1,800 beekeepers, **managing logistics, certification, and the export of organic honey**. Its factory in Ceará processes and produces honey-based derivatives, **supplying international markets in more than 30 retail points across Europe**. However, working capital shortages limited its ability to expand and provide immediate payments to beekeepers.



Location of the Cooperative

The fund's **R\$1 million investment** will enable the cooperative to purchase honey directly from beekeepers, ensuring fair prices and reducing dependence on intermediaries. Additionally, **the funds will cover operational costs, including certification and equipment acquisition.** The project is expected to **increase the number of partner families from 120 to over 500** within the next two years, significantly expanding its social impact.



Collecting honey




Inspection of beehives

From an environmental perspective, **Matrunita promotes organic beekeeping practices and biodiversity conservation**, reducing the use of pesticides. Bees play a **vital role in pollination, benefiting ecosystems and agricultural production** in the **Caatinga**. The company also implements innovative waste management practices, recycling honey barrels for other industries. Its partnership with **Ethikabio and inclusion in the Fair Trade program** highlight Matrunita's commitment to **ethical and sustainable practices, positioning it as a global socio-bioeconomy model.**

Financed projects

Project	Biome	Description	Financing
 <p>Est. 1992 comaru <small>QUANTIDADE POR QUALIDADE. RESPONSABILIDADE POR RESERVAÇÃO.</small></p> <p>Brazil Nut extraction</p>	Amazon	Cooperative engaged in the sustainable extraction and processing of Brazil nuts. Also produces oil, flour, and organic resins while preserving local biodiversity in an 800,000-hectare protected area.	Investment to increase purchasing capacity, ensuring fair prices, reducing dependency on intermediaries, and implementing waste reuse solutions.
 <p>matrunita <small>DA AMAZÔNIA APICULTURA</small></p> <p>Family beekeeping</p>	Caatinga	Company supporting over 1,800 beekeepers in Northeastern Brazil, responsible for logistics, certification, and the export of organic honey to European markets.	Working capital for direct honey purchases, eliminating middlemen and ensuring fair prices. Also promotes sustainable production and biodiversity conservation.
<p>Fernandes Óleos Essenciais</p> <p>Pennyroyal essential oil cultivation</p>	Atlantic Forest	Family business pioneering the organic cultivation of pennyroyal (RS). Responsible for the entire production cycle, from crop to essential oil distillation, supplying exclusively to Natura.	Funds for factory expansion, allowing increased processing capacity and productivity. Also supports the inclusion of 15 families into the sustainable value chain.
 <p>Campo <small>alimentos</small></p> <p>Smallholder farming in the Amazon</p>	Amazon	Cooperative of cassava and fruits in Santarém (PA). They are involved in purchasing and processing products and actively participate in government programs.	Strengthens product purchasing by the cooperative, promoting direct incentives for members to continue with regenerative practices in family farming.

Financed projects

Project	Biome	Description	Financing
 <p>Açaí extraction in the Amazon</p>	Amazon	Açaí cooperative in the Bailique region (PA). Offers technical assistance to members and operates its own agroindustry for açaí lyophilization.	Expands the purchasing power of the cooperative, ensuring fair prices for members and greater purchasing volume than what is offered by the market.
 <p>Cacau Cabruca cultivation in Bahia and Pará</p>	Amazon, Atlantic Forest	Community association that directly finances cocoa producers in Bahia and Pará, providing rural technical support for responsible environmental management.	Generates income for cocoa producers restoring biomes, with a cocoa variety resistant to vassoura-de-bruxa (common name for the disease <i>Moniliophthora perniciosa</i>).
 <p>Multibiome Agroforestry</p>	Amazon, Atlantic Forest, Caatinga, Pampa, Cerrado	NGO that finances regeneration through the implementation of Agroforestry Systems (SAF) in various states (mainly in PA, RO, and BA).	Economic empowerment of agricultural producers through direct funding for frontline actors.

A look at the last quarter of 2024

FamaGaia Talks

This quarter, we hosted the first "**FamaGaia Talks**", a webinar designed to connect investors and stakeholders with the fund's mission and its latest developments. The event featured **special guest Amiraldo Picanço, president of Amazonbai**, who shared insights on sustainable **açaí extraction in the Amazon**.

In addition to presenting **pipeline updates and key metrics** that highlight how our activities are creating value in communities, Amiraldo shared **Amazonbai's transformative journey**, which has gained **international recognition** for its sustainable practices. **With recent support from FamaGaia, the cooperative has been able to expand operations and ensure fair prices for its members.**



Translation - FamaGaia Talks: Results, evolution of our investment process and chat with the leader of Amazonbai

Watch the recording [here](#).

Lunch & Learn

In the last quarter of 2024, we also hosted "**Lunch & Learn**", a special event in partnership with [Fama LatAm Climate Turnaround Fund](#), fama re.capital's climate

turnaround fund. The session provided exclusive **insights from the COP16 on Biodiversity in Cali and COP29 on Climate in Baku**. The event featured **Andrea Álvares**, Leader of FamaGaia Socio-bioeconomy, and **Caroline Prolo**, Head of Engagement at Fama LatAm Climate Turnaround FIA IS. Together, **they explored key global advancements, challenges, and opportunities, and their connection to critical topics set to be addressed at COP30 in Belém.**

Discussions covered **how the Kunming-Montreal Framework and global climate targets can translate into real impact**, emphasizing the **integration of biodiversity and climate, the central role of Indigenous peoples, and the remaining barriers in climate finance**. It was highlighted how funding directed toward climate solutions can enhance food security, gender equality, and territorial resilience, while also promoting biodiversity in local landscapes.



Lunch & Learn:

De Cali e Baku a Belém: destrinchando as COPs da Biodiversidade e do Clima e suas sinergias rumo à COP em Belém



Andrea Álvares
Líder do fundo FamaGaia Sociobioeconomia



Caroline Prolo
Head de Stewardship do fundo Fama LatAm Climate Turnaround

Translation – Lunch & Learn: From Cali and Baku to Belém: unpacking the Biodiversity and Climate COPs and their synergies towards the COP in Belém

Watch the recording [here](#).

International Recognition: ImpactAlpha

We remain committed to **creating more dialogue spaces around socio-bioeconomy**, aiming to **educate and raise market awareness about its potential**.

This quarter, the FamaGaia Socio-bioeconomy Fund was the **focus of an extensive feature article published by [ImpactAlpha](#)**, a globally recognized platform in the field of impact investing. The article, titled "[How Catalytic Capital Helped Unlock Ecosystem Regeneration in Brazil](#)", highlighted **how the fund is driving innovative solutions** to address challenges related to land use, greenhouse gas emissions, and socio-economic inequality in Brazil.

The report emphasized that while land use and agriculture sectors account for 75% of Brazil's greenhouse gas emissions, initiatives like **FamaGaia Socio-bioeconomy provide sustainable alternatives that benefit both the environment and local communities**. Through affordable financing, with interest rates between 12% and 16% per year—**significantly lower than traditional rates of 30% or more**—the fund **enables small producers to adopt sustainable land-use practices and strengthen their local economies**.



Amazonbai Cooperator

Additionally, the U.S.-based platform underscored the crucial role of [Meraki Impact](#), which provided the initial catalytic investment. The report highlighted that this strategic decision by the Family Office **not only validated the fund's innovative model but also attracted other investors** interested in supporting initiatives aligned with environmental regeneration and social inclusion.

Looking ahead

In 2025, we will work intensively to expand our presence across all biomes, identifying and investing in an increasing number of projects aligned with the fund's investment thesis.

Additionally, we aim to continuously **strengthen the connection between investors and the results generated by the fund**. To achieve this, we will continue to utilize interactive tools that highlight the impact of our investments, as well as organize online and in-person events that foster direct and meaningful engagement with financed projects.

We plan to **expand the impact ecosystem** by taking part in a **series of regional and national events, solidifying the fund's role as a strategic player in the development of the socio-bioeconomy**. This process will be accompanied by strengthening partnerships with organizations that share our vision.

In the last quarter, for example, we participated in the event "Opportunities in the Caatinga: Investment, Market Connections, and Inclusion", organized by IDH in Recife (PE). The gathering brought together **cooperatives, investors, companies, and financiers to discuss strategies for the region's productive chains**.



Roots of Caatinga Event - IDH

Discussions highlighted **challenges and opportunities in the production and commercialization of local products**, emphasizing the importance of **partnerships with local producers** to improve market access for small and medium-sized cooperatives. The event also reinforced **the crucial role of effective**

communication with local stakeholders in ensuring the success of these initiatives.



Roots of Caatinga Event - IDH

We closed 2024 with significant progress in the FamaGaia Socio-bioeconomy Fund, **outperforming benchmarks, expanding partnerships, and strengthening our market presence.**

In 2025, we will continue turning apparent challenges into opportunities for sustainable development.

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