

Multibiomes Fund

famaGAIA

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

July 2024 Report



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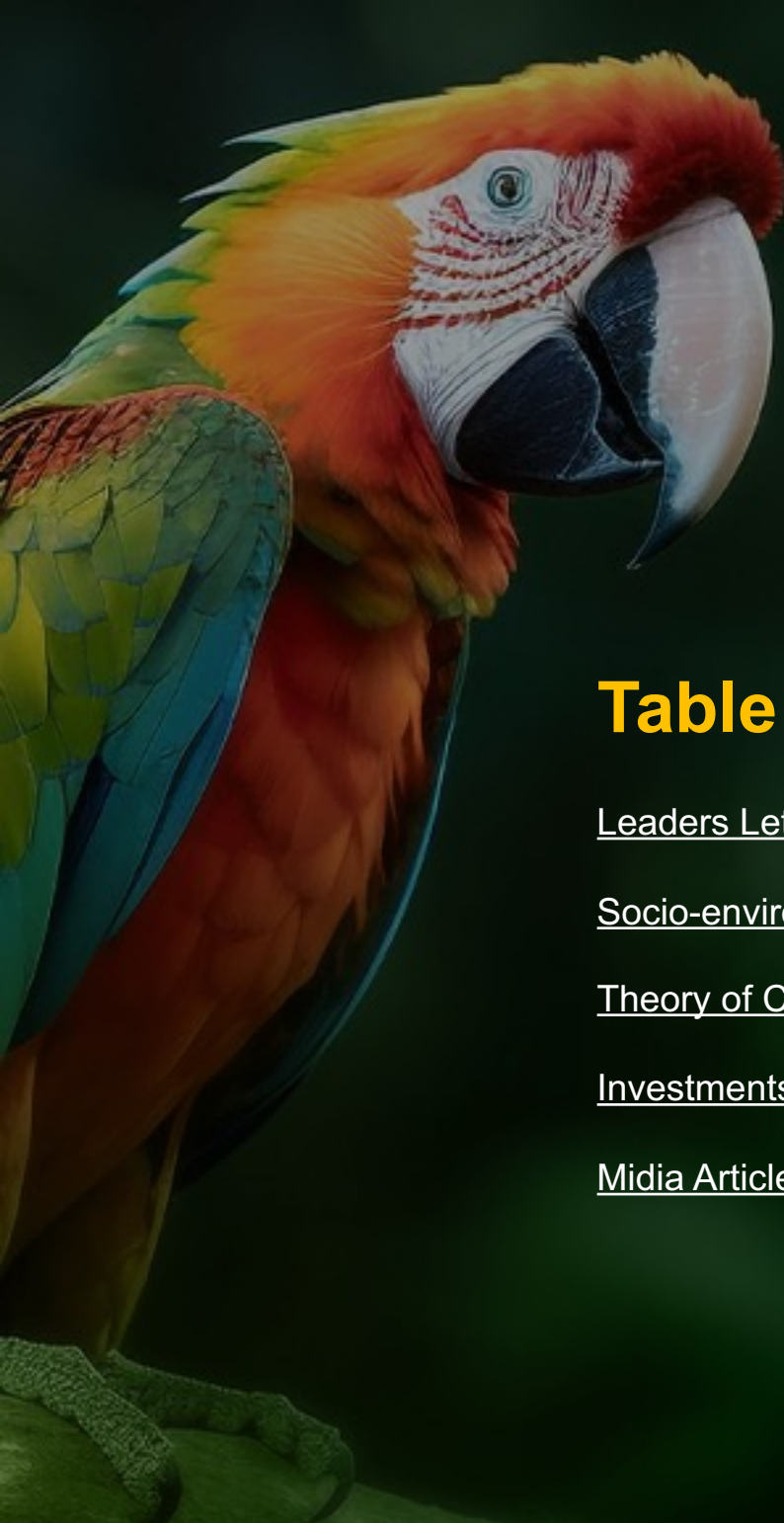



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Leaders Letters

Andrea Alvares | Fund Leader

A portrait of Andrea Alvares, a woman with shoulder-length brown hair, smiling. She is wearing a dark green polo shirt. The background is a blurred green and blue gradient.

There is no environmental preservation without social justice. This phrase summarizes the mission of the FamaGaia Socio-bioeconomy Multibiomes Fund. A financial instrument that seeks to provide accessible credit to those who lack it and who are at the forefront of protecting Brazilian biomes: small farmers, quilombola communities, indigenous peoples, extractive and fishing communities, cooperatives, and associations. We aim to work towards climate balance across all Brazilian biomes because it is not enough to care only for the Amazon if the other ecosystems are not being protected. "It is all one womb," as Yakuy Tupinambá said. Everything is interdependent. This fund aims to enable socio-bioeconomic activities by creating conditions for those living in the territories to prosper. By expanding its reach to various types of investors, **we also aim to change paradigms about impact investments, proving that it is possible to achieve financial returns by investing in activities that create prosperity for people and foster life on the planet.** In this first report, we present the alarming context resulting from the intentional and unintentional effects of the social, productive, economic, and political systems we have developed over time as a society, with a more specific focus on the Brazilian territory and our socio-environmental challenges across the various biomes of this continental-sized country. We then present the Theory of Change that guides our Investment Thesis and the financial mechanisms we chose to address the problems we want to help solve, combining positive impact with sound returns for our investors. Finally, we present the fund's first investments. We hope this material helps broaden the understanding of our ambitions, strategies, and actions, but above all, we hope it helps mobilize more and more people to turn their financial resources into tools for regenerating our reality. There is no possible business in an uninhabitable ecosystem. There is no environmental preservation without social justice.

THERE IS NO POSSIBLE BUSINESS IN AN UNINHABITABLE ECOSYSTEM.

THERE IS NO ENVIRONMENTAL PRESERVATION WITHOUT SOCIAL JUSTICE.



Fabio Alperowitch | CIO and founder of fama re.capital

The creation of a fund to finance the socio-bioeconomy is an essential action in the face of extreme inequality in Brazil and the limited access to credit for the most vulnerable population, especially those connected to this vital sector. We urgently need to redirect the capital that sustains destruction and exploitation, promoting instead the construction of a sustainable and just future. It is entirely possible to generate financial returns for investors while advancing social and environmental justice, proving that true economic development only happens with equity and inclusion.



João Pacifico | CEO and founder of Grupo Gaia

What will the future of humanity be if financial capital is not directed toward businesses that promote climate and social justice? The FamaGaia Socio-bioeconomy Fund was born out of an existential necessity. We have no time to lose. We cannot normalize the financing of human and environmental exploitation by capital. This is not a fund of an institution but a network project born from the collaboration between fama and Gaia, which will involve the participation of numerous organizations aligned with our purpose. This is just the beginning of an incredible journey!

Socio-environmental Context

Brazil is **the sixth largest emitter of greenhouse gases globally**, contributing to 3% of global emissions. Approximately 75% of these emissions are attributed to land-use changes (48%) and the agricultural sector (27%), with livestock responsible for 80% of agriculture emissions. In 2022, emissions from land-use changes amounted to 1.12 billion tons of gross carbon dioxide equivalent (CO₂e), mainly due to the devastation in all Brazilian biomes caused by fires, deforestation, and forest degradation.

When we consider environmental degradation, we cannot only look at the Amazon, as the biomes are interdependent.

A study supported by the Institute for Society, Population, and Nature (ISPN) revealed troubling trends: between 1985 and 2022, **deforestation and climate change led to a 15% reduction in water flow in the rivers of the Cerrado**, with significant implications for the agricultural sector, which represents approximately 24% of Brazil's GDP. Other consequences of deforestation and, consequently, climate change have been observed in other biomes. In the past five years, the **Pantanal has been plagued by severe wildfires**, causing significant damage to its fauna and flora. On the other hand, the **Pampa region faces frequent flooding, while the Caatinga is becoming increasingly arid and hot**.

Given this interdependence, **it is concerning that regulations protect some biomes more than others**. For example, the Brazilian Forest Code establishes that properties located in the Legal Amazon (which includes parts of the Cerrado and Pantanal) must preserve 80% of their native vegetation when situated in forested areas, while for properties in the Cerrado, this percentage drops to 35%, and for other regions to 20%.

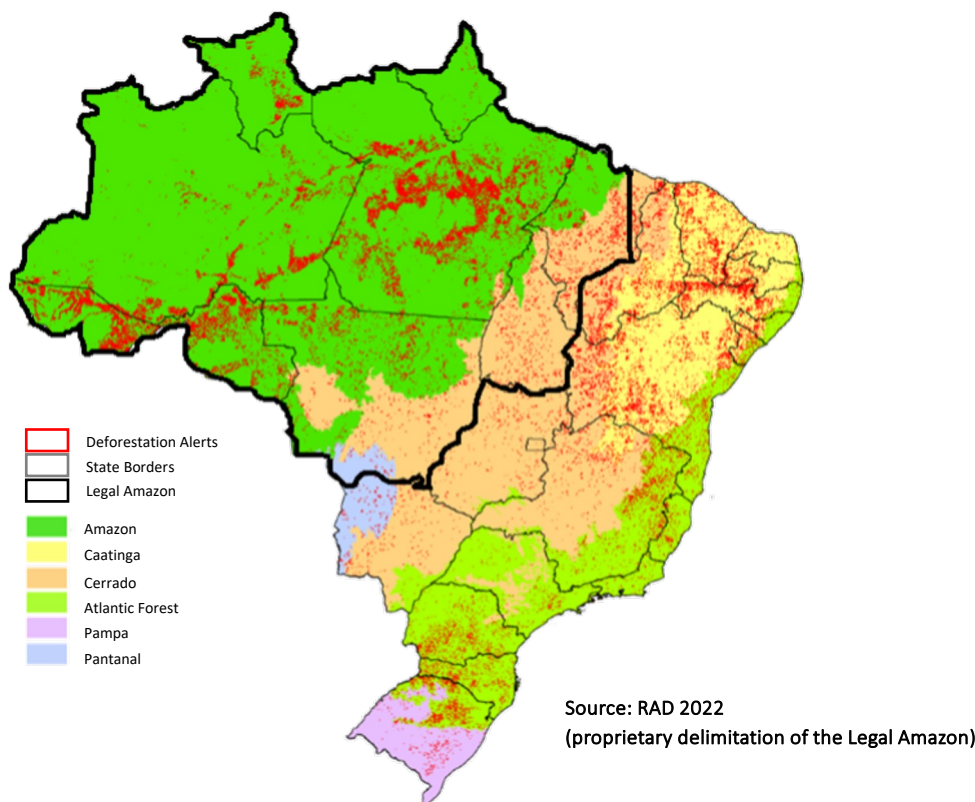


Sagui-de-cheiro – high chance of extinction in the next decades

Furthermore, the Amazon biome has 28% of its territory legally protected by Conservation Units, followed by the Atlantic Forest with 10%, the Caatinga with 9%, the Cerrado with 8%, and the Pantanal and Pampa, each with 5% and 3%, respectively¹. These differences sometimes **shift economic activities - and consequently deforestation - from the Amazon to the Cerrado and other biomes** as producers and ranchers seek alternative regions for development.

In this context, it is crucial to consider the role of **Indigenous Peoples and Traditional Communities**² in preserving all Brazilian biomes. Various studies have shown their importance in preserving biodiversity and acting as a **shield against deforestation**. Within the territories of Traditional Communities, the natural landscape covers 1.62 million square kilometers, representing 29% of Brazil's total natural vegetation. Among these territories, indigenous lands stand out as the most effective in preserving vegetation cover, with only 2% experiencing any vegetation loss.

Deforestation alerts in Brazil, by biome



1. CNUC/MMA, 2020 (National System of Nature Conservation Units of the Ministry of Environment) - <https://cnuc.mma.gov.br/>
 2. Indigenous Peoples and Traditional Communities are culturally distinct groups with their own forms of social organization. They inhabit and use territories and natural resources as essential elements for their cultural, social, religious, ancestral, and economic reproduction. They employ knowledge, innovations, and practices generated and transmitted through tradition.

Amazon

The largest Brazilian biome (covering about 49% of the national territory) and the world's largest tropical forest, it houses thousands of species of plants and animals, essential for regulating the global climate and storing carbon dioxide – it represents 1% of the planet's surface and stores about 123 billion tons of CO₂. The biome faces a significant threat due to high deforestation rates.

Cerrado

The second largest Brazilian biome, known as the "water cradle," has great water importance, originating 8 of the 12 main hydrographic basins in Brazil. Challenges include the conversion of natural areas into pastures and agricultural monocultures, leading to loss of biodiversity, soil degradation, and water scarcity - it experienced a 28% increase in deforestation in the first half of 2023.

Atlantic Forest

It is one of the most biodiverse biomes on the planet and is vital for water regulation in the eastern, southeastern, and southern regions of Brazil. It is characterized by a dense tropical forest with high humidity and a wide variety of ecosystems. The main challenges include urbanization, agricultural expansion, and logging, resulting in habitat fragmentation and biodiversity loss - today, only about 12.4% of its original coverage remains.

Caatinga

The most biodiverse semi-arid region in the world, with various endemic species and plants of economic value. The biome is characterized by its unique ability to adapt to extreme droughts. It faces desertification, soil degradation, and water scarcity, exacerbated by human activities, such as deforestation for firewood and inadequate agriculture.

Pampa

Covering about 2% of the national territory, it is an important biome for extensive cattle ranching and has rich biodiversity. The main challenges include the conversion of natural fields into agricultural areas and soil degradation due to inadequate management, resulting in habitat loss and reduced biodiversity - the biome experienced a 32% reduction between 1985 and 2022.

Pantanal

The world's largest floodplain, with rich biodiversity of birds, fish, mammals, and reptiles, crucial for water regulation and flood control. The main challenges include a change in the hydrological regime due to the construction of dams and canals, the expansion of agriculture, and illegal hunting, threatening wildlife and natural flood cycles - lost approximately 75% of its aquatic area between 1990 and 2021.

Coastal Zones and Mangroves

Transition areas between terrestrial and marine ecosystems, playing critical roles in protecting against erosion, filtering pollutants, and serving as nurseries for many marine species. The main challenges include pollution, uncontrolled urbanization, resource exploitation, and climate change.

Recent studies³ indicate that Brazil could leverage its vast biodiversity and qualified human capital to emerge as a **global leader in the production and export of higher value-added products, especially those derived from the socio-bioeconomy⁴**, thus overcoming its dependence on commodity exports. Moreover, **it is widely accepted that deforestation is no longer necessary to promote economic development;** on the contrary, besides its significant environmental impact, it also carries a crucial social component.

Therefore, it is imperative to rethink and implement production models and economic and financial incentives that are attractive to both local producers and market participants, allowing for the sustainable development of the regions while, at the same time, contributing to **environmental balance, ecosystem regeneration, and income generation for all communities that not only inhabit the biomes but also preserve their natural and social history.**

Theory of Change

Since the Fund's creation, we have adopted the Theory of Change as a central premise to guide our actions and strategies. This approach has allowed us to map and deeply understand our overarching cause:

Imagine a world where investments can regenerate the biomes that capital itself helped destroy, financing social and environmental solutions that bring about the necessary change for a positive future.

The Theory of Change provides us with a clear and logical framework for planning, executing, and evaluating our initiatives. This methodology not only facilitates the monitoring of progress but also ensures that **every step taken aligns with our broader goals of positive social and environmental impact.**

3. WWF-Brasil (Technical Note: Value chain and market structure: the opportunity of socio-bioeconomy, 2023).

4. Despite the lack of an official definition, socio-bioeconomy stands out as any economic activity based on biological products and processes that manage ecological systems sustainably, recognizing human dignity and the importance and prominence of local and traditional communities such as indigenous peoples, quilombolas (descendants of Afro-Brazilian slaves), extractivists, riverine communities, artisanal fishers, among others, along with small family farmers, as well as their ancestral knowledge.

1. What are we proposing to solve?

Critical and interconnected social and environmental problems affect Brazil, such as the **deterioration of Brazilian biomes**, including coastal zones and mangroves; the **social vulnerability** of rural communities crucial to biome conservation; the **difficulty in accessing fair credit** for small producers and sustainable initiatives; the **exclusion of conservation actors from the traditional financial system**; the **production logic based on monoculture** that degrades the soil; the difficulty in market access due to **lack of knowledge and training** of small producers; and the lack of **financial resources at fair rates for those who care for** the biomes.

2. What are the causes behind these problems?

The causes of this situation are varied and complex, including an economic model that promotes a lifestyle centered on **individualism and a mindset of economic profit as the only measure of success**. This system is reinforced by the lack of investment options that generate positive impact and the **misconception that only philanthropy should be directed at such investments**. Additionally, the lack of awareness and knowledge about the destination of investments and their socio-environmental impacts, combined with a **general lack of empathy, compassion, and understanding of socio-environmental problems**, perpetuates the crisis.

3. What audience, direct and indirect, is to be impacted?

Among the main audiences to be directly impacted are **family farmers and settlers**, essential for sustainable food production; **quilombola and indigenous communities** whose ancestral knowledge is crucial for the protection of biomes; **cooperatives** that foster collaboration and community economic development; **extractive communities** that gather for extraction and collection as an economic and subsistence activity; and other actors involved in **fishing activities in coastal and mangrove areas**. **Investors** who will be enabled to direct resources towards positive impact initiatives and **biomes** that need protection and restoration will also be impacted.

Our impact extends to **other groups benefiting indirectly**, such as local partners, including frontline institutions **receiving support to implement and expand impact initiatives, and their employees** who gain professional development; the surroundings of the benefiting communities experiencing improvements in quality of life and economic opportunities; and consumers who will have access to more sustainable and socially responsible products. **The impact ecosystem, which includes networks and organizations dedicated to positive impact, is also strengthened**, as is the **financial ecosystem**, enriched by the inclusion of new sustainable financing models. Finally, **society and future generations** benefit from a more balanced environment.

4. What are our assumptions?



If the people currently degrading the biomes have equal or better economic alternatives and incentives, they would stop doing so.



In this context, there are projects that operate on the frontline with the structure to take credit but without access to traditional financial services.



If these projects receive credit, they can be strengthened, and consequently, also strengthen the protection of the biomes.



By working with local partners who understand the unique characteristics of each community and biome, we will be more effective in generating real impact.



If people on the frontline have access to technical assistance, they will be more efficient in their activities.



By offering credit to marginalized groups (gender, race, location) connected to the socio-bioeconomy, their income and quality of life will increase.

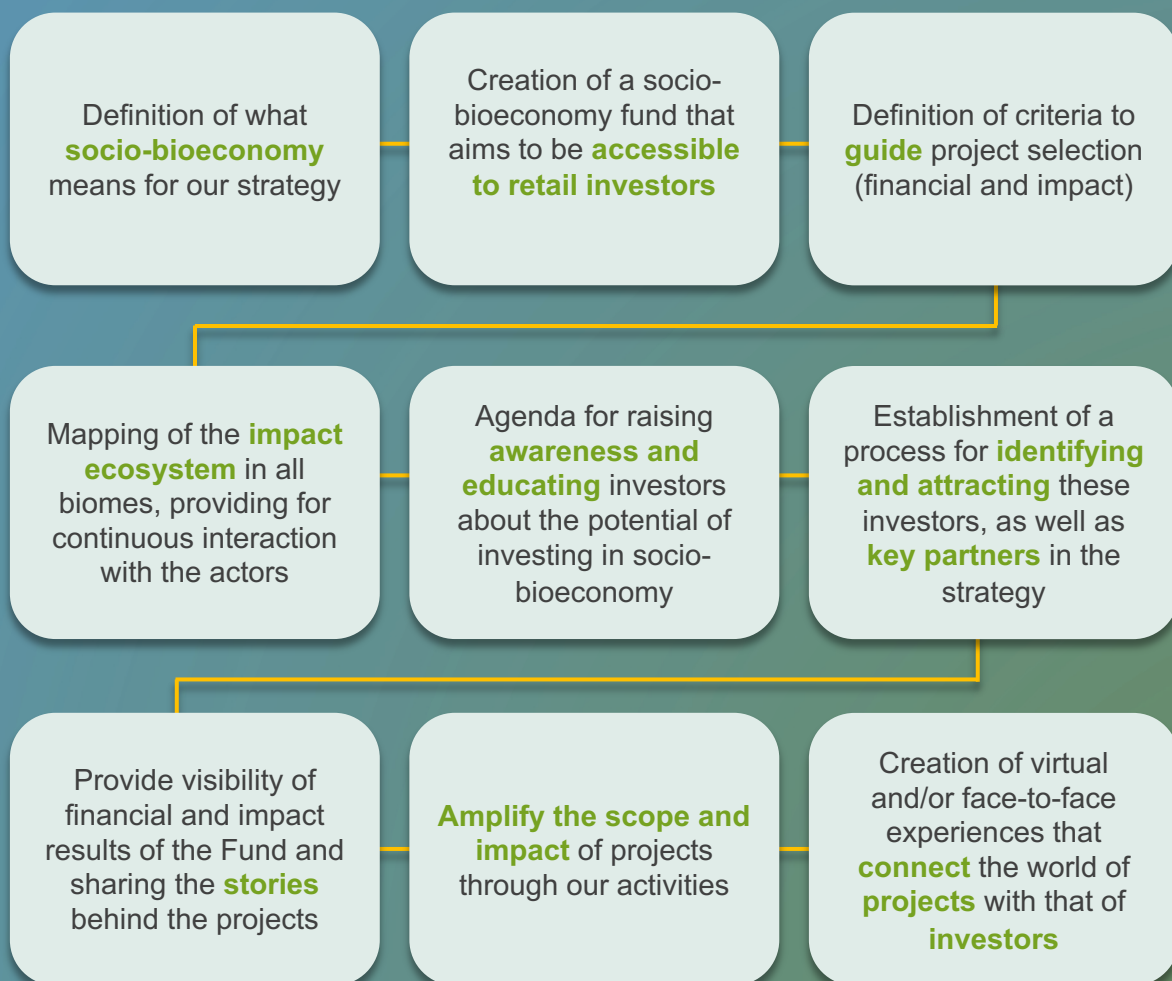


We have the opportunity to engage people to invest in these projects, generating both financial returns and positive socio-environmental impact.

5. What are our strategies?

We promote the socio-bioeconomy in Brazilian biomes by providing **access to credit to projects marginalized by the financial system**. To do this, we **count on a network of technical partners that work directly on the frontlines**, together with those protecting the biomes. Our strategy also involves **connecting investors with impact projects** and **promoting greater awareness and education regarding impact investments** in the Brazilian financial ecosystem.

6. What are the main activities involved in the execution of these strategies?



7. How do we monitor impact?

To measure and monitor the results of the Fund, we use three main indicators covering **social, environmental, and financial** dimensions.

Social



The **social** indicator focuses on measuring the impact generated on the communities and their people, both benefited directly and indirectly.

Environmental



In the **environmental** dimension, we evaluate the presence and impact of our initiatives in all Brazilian biomes, seeking to ensure that conservation and restoration actions occur proportionally across all biomes.

Financial



The **financial** indicator analyzes the effective credit rate offered by the fund compared to the effective rate of the Central Bank of Brazil, ensuring that our financial resources are made available on fair and accessible terms.



8. Are there other impact indicators?

	Social	Environmental	Financial
Measurable	<ul style="list-style-type: none"> • Increase in income and revenue of communities/cooperatives/associations involved. • Gender diversity in the project portfolio. • Percentage allocation by target audience (quilombolas, indigenous peoples, traditional communities, etc.). 	<ul style="list-style-type: none"> • Number of hectares involved. • Number of partners per biome. 	<ul style="list-style-type: none"> • Project permanence and turnover in the Fund. • Number of investors and volume of money raised. • Number of activities generated to engage investors and level of engagement.
Complementary	<ul style="list-style-type: none"> • Improvement in the quality of life of the impacted audience. • Territorial resilience and permanence in the countryside. • Strengthening of local partners. • Female autonomy. • Hours of technical assistance applied. 	<ul style="list-style-type: none"> • Vitality of the biomes (soil resilience; preservation of marine and terrestrial biodiversity as well as springs, forests, woods, and mangroves; reduction of overfishing). • Promotion and adoption of agroecological practices and sustainable soil and animal management. • Reduction of coral whitening. 	<ul style="list-style-type: none"> • Change in investors' mindset regarding impact investment. • Understanding of the need for a balanced effort and investments for the preservation of all Brazilian biomes.

Investments

This quarter, we made strategic investments in the Brazilian biomes that **combine financial returns with positive socio-environmental impact**. Here are our invested assets to date:

CRA Sociobioeconomia

In partnership with [Conexsus](#) and [Belterra](#), we promote socio-bioeconomy in 6 Brazilian biomes, boosting bio-businesses and extractivism that conserve and regenerate the environment. Over 6,000 families benefit, involving the regeneration of more than 2,000 hectares through agroforestry.



WATCH VIDEO

CRA Cacau Sustentável

In partnership with [Tabôa](#), our investment promotes, in addition to credit, technical assistance to family farmers involved in sustainable cocoa cabruca production in Bahia. The 1st CRA provided credit to 184 producers and, in one year, their income grew by an average of 40%.



WATCH VIDEO

CPR Açai na Amazônia

We also invested in [Amazonbai](#), a cooperative founded by the Traditional Communities Association of Bailique - ACTB. Today, 141 cooperatives promote forest preservation in the Amazon biome, through sustainable açai management.



WATCH VIDEO

Midia Articles

During this quarter, the Fund was featured in various media outlets, allowing us to explore our strategy in more detail. See the full articles below:

Capital Reset - "Combo do impacto: Fama e Gaia se unem para escalar investimento climático" (22/05/2024):



The article highlights the partnership between fama re.capital and Gaia for investments in climate solutions. The collaboration aims to increase investments in projects that have a positive socio-environmental impact.

[Go to article.](#)

Um Só Planeta - "Dinheiro precisa chegar na ponta, diz Fabio Alperowitch sobre novos fundos de Fama e Gaia para a sociobioeconomia" (07/06/2024):



In the article, Fabio discusses the need to direct financial resources directly to socio-bioeconomic initiatives, especially those that promote sustainable development and social inclusion. He explores the role of the new funds from fama and Gaia in ensuring that financing reaches the communities and projects that need it most.

[Go to article.](#)

UOL Ecoa - "Para onde vai seu dinheiro? Fundo de sociobioeconomia quer educar mercado" (01/07/2024):



The article discusses how the Fund seeks to educate the financial market about sustainable and responsible investments. The initiative aims to demonstrate that it is possible to align financial returns with positive social and environmental impacts, encouraging a paradigm shift in the investment sector.

[Go to article.](#)

Valor Econômico - "Não há negócio possível em um ecossistema inabitável" (02/07/2024):



The article explores the motivations behind the creation of the Fund, highlighting the urgency of investing in practices that preserve and restore the environment to ensure the continuity of business and quality of life.

[Go to article.](#)

Exame - "Fama e Gaia anunciam parceria para combater emergência climática" (07/07/2024):



The article announces the partnership between fama re.capital and Gaia, focusing on combating the climate emergency through strategic investments. The collaboration aims to allocate resources to projects that mitigate the effects of climate change, reinforcing the institutions' commitment to sustainability and innovation in the financial sector.

[Go to article.](#)

Capital Reset - "Fama e Gaia criam fundo para financiar a sociobioeconomia" (15/07/2024):



The article details the creation of a new fund by fama and Gaia dedicated to financing socio-bioeconomic projects. The goal is to support initiatives that promote the sustainable use of natural resources and inclusive economic development, highlighting the crucial role of these investments in socio-environmental transformation.

[Go to article.](#)





Imagine a world where **investments** can **regenerate the biomes** that capital itself helped destroy, **financing social and environmental solutions** that bring about the necessary change for a **positive future**.

That is why the **FamaGaia Socio-bioeconomy Fund** exists.

Multibiomes Fund

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