



2022 ESG + I Annual Report

AQUA CAPITAL FUND II

Signatory to:



Operating Principles for
Impact Management



Principles for
Responsible
Investment

APRIL 2023

Contents

1. Introduction

Page 2

2. 2022 Overview

Page 15

3. Portfolio Companies

Page 19

4. ESG+I indicators

Page 79



Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators

Introduction

03 About the report

04 Portfolio

08 Governance

10 Commitments and Initiatives



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About the Report

Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators

This Aqua Capital ESG+I annual report reflects the environmental, social, governance and impact (ESG+I) issues, goals and performance of Aqua Capital Agribusiness Fund II (“Fund II”), managed by Aqua Capital, and the companies that comprise the Fund’s portfolio (also referred to as “platforms”) – Yes (feed additives), AgroGalaxy (Ag inputs retail), VetBR (Animal health distribution), Ultracheese (Consumer foods), Biotrop (Biological Ag inputs), Rech Agrícola (Ag machinery parts), and Aderezos (Table sauces).

This report was compiled on the basis of information obtained through interviews with the leaders of Aqua Capital and the portfolio companies, as well as a review of documents and evidence. It addresses the ESG+I performance of the Fund and portfolio companies in 2022 regarding environmental and social management systems (ESMS) and the implementation of the portfolio companies’ environmental and social

action plans (ESAPs) in operations and relationships, positive impacts, as well as the lessons learned from incidents.

The publication covers the period between January 1 and December 31, 2022 and the information provided here has been reviewed by Aqua Capital and the portfolio companies. Questions, comments and suggestions about this report can be sent by email to investor.relations@aqua.capital.



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Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators



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Portfolio

Aqua Capital has invested in and managed more than 40 companies organized into platforms, with +\$4bn of combined revenues, putting Aqua Capital within the top 30 Ag & Food in Brazil, a global powerhouse. We build diversified, resilient portfolios in upstream, downstream and services, while also providing access to Ag & Food technology and innovation as well as sustainability.

**Aqua is
within the top**

**30
in Ag&Food
in Brazil**



Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators



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FUND AGF LATIN AMERICA LP AND PARALLEL FUNDS (THE “FUND”) <i>Aqua Capital Agribusiness Fund II</i>							
COMPANIES	Yes	AgroGalaxy	VetBR	Ultracheese	Biotrop	Rech Agrícola	Aderezos
Sector	Feed additives	Ag inputs retail	Animal health distribution	Consumer foods (dairy)	Biological ag inputs	Ag machinery parts	Table sauces
Transaction Year	Apr-2016	Oct-2016	Jul-2017	Apr-2018	Nov-2018	Dec-2018	Apr-2022
Add-on		<ul style="list-style-type: none">• Rural - Oct-2016• Agro100 - Sep-2017• AgroFerrari (add on to Agro100) - Nov-2018• Campeã (add on to Rural) - Jun-2019• Grão de Ouro - Jan-2019• Boa Vista - Apr-2021• Ferrari Zagatto - Aug-2021• AgroCat - Sep-2021	<ul style="list-style-type: none">• Casa da Vaca - Jul-2017• Alfa (add-on) - Aug-2018• Gretha (add-on) - Jun-2019• Distrivet (add-on) - Nov-2022	<ul style="list-style-type: none">• Lac Lélo - Apr-2018• Cruzília (add-on to Lac Lélo) - Dec-2018• Búfalo Dourado - Feb-2020• Laticínios Oscar Salgado (Itacolomy) - Feb-2021		<ul style="list-style-type: none">• Verde Agrícola (add-on) - Oct-2020• Rech Tratores (add-on) - Jan-2021• Telmac (add-on) - Nov-2021• Tractor Parts (add-on) - Jul-2021	
ESG+I Category ¹	B	B	B	B	B	C (Rech Agrícola) B (Rech Tratores, Tractor)	B
Applicable IFC Performance Std. ²	PS1, PS2, PS3, PS4	PS1, PS2, PS3, PS4, PS6	PS1, PS2, PS3, PS4, PS6	PS1, PS2, PS3, PS4, PS6	PS1, PS2, PS3, PS4	PS1, PS2, PS3, PS4	PS1, PS2, PS3, PS4, PS6

ESG+I officer: David Smith
Phone: +55(11)2039-1600
E-mail address: df@aquacapital.com.br

¹ESG+I categorization is based of the IFC’s E&S categories: (A) high risk – activities that have irreversible or unprecedented adverse E&S risk/negative impacts; (B) medium risk – activity that has potential adverse risks/negative impacts that can be mitigated; and (C) low risk – activity with minimal E&S risks or negative impacts.
² IFC performance standards: PS1. Risk management; PS2. Labor; PS3. Resource efficiency; PS4. Community; PS5. Land resettlement; PS6. Biodiversity; PS7. Indigenous people; PS8. Cultural heritage.



Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators

ESG+I approach for value creation

ESG+I is embedded in each step of value creation:

- (i) planning, which includes the elaboration of the 180-day plan, the business plan, and the long-term value creation plan;**
- (ii) tactical execution of key projects;**
- (iii) operational execution with goal alignment; and**
- (iv) exit preparation.**

Every portfolio company has a designated employee responsible for implementing the ESG+I agenda, who works together with Aqua's ESG+I staff and operating partners to ensure the agenda's structuring and deployment. This employee also monitors the implementation of the

company's ESG+I action plan, which is prepared on the basis of the pre-acquisition ESG+I due diligence, ESG+I indicators and the company's ESG+I management system, using a specific scoring system, as well as the implementation of bottom-line environmental projects. Aqua Capital has a systematic ESG+I approach for value creation, based on four pillars:

- (i) aim to invest in “do good” business models;**
- (ii) capture direct positive impact;**
- (iii) execute bottom-line environmental projects;**
- and (iv) apply world-class ESG.**

Discover these pillars in the following chart.

**ESG+I is a pillar
of Aqua Capital's
value creation
methodology (PGTI)
– Professionalize,
Grow, Transform
and Impact**



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Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators

Drive impact and create equity value

- 1**
- #1 Need for more & better food
 - #2 Tech disruption in ag & food
 - #3 Sustainability & climate change
 - #4 More health & wellness in nutrition



Antibiotic replacement
in animal use



Reduced use of crop
chemicals and fertilizers



Increased
agronomic yield

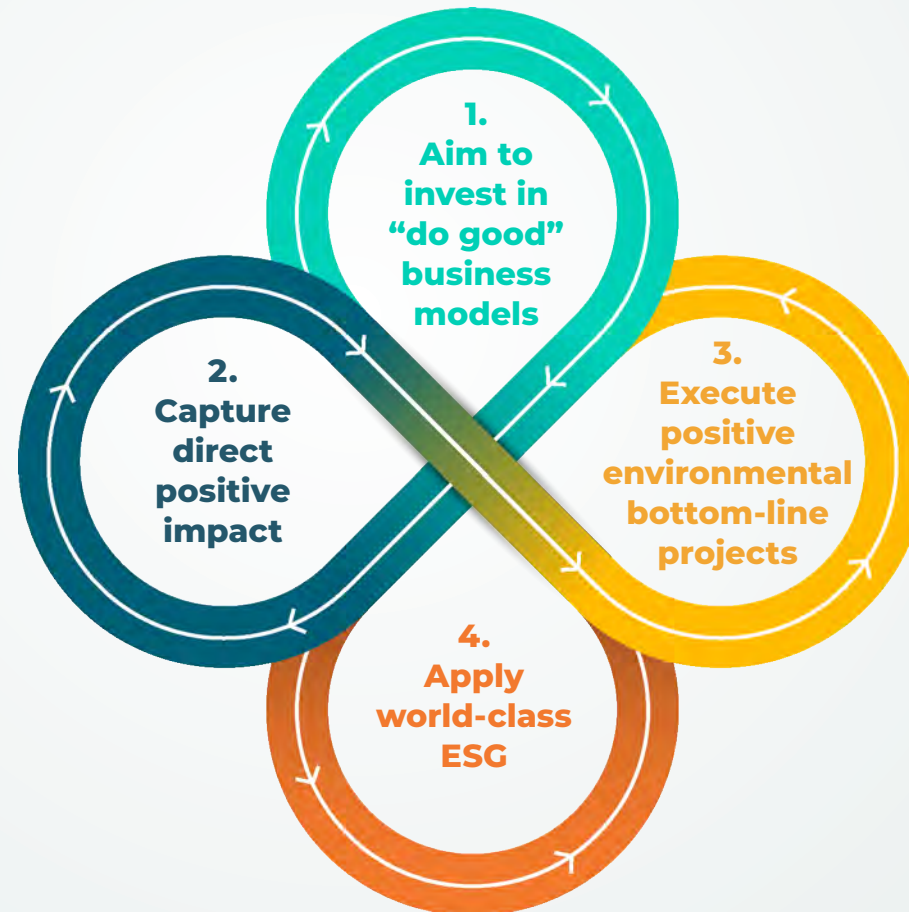


Increased supply of
higher quality, more natural,
food and ingredients

- 2**
- DIVERSITY & INCLUSION**
- Women on the board
 - Women in finance
 - Diversity internship program

ECONOMIC VALUE CREATION

We have created 600+ quality
jobs per year from 2017-22,
mostly in rural areas



- 3**
- HIGH-RETURN ENVIRONMENTAL PROJECTS**
- 2 ESG professionals to identify
resource efficiency and waste
reduction projects

LOWER COST OF FINANCING

Structuring lower-cost
longer-term financing lines
linked to green finance

- 4**
- COMPANIES FULLY COMPLIANT WITH ESG PRACTICES**
- Robust structure for managing
and monitoring company risks
reduces potential downsides

COMPANIES AT THE TOP OF THEIR GAME IN ESG

Strategic acquirers find companies
more attractive, which enables
them to qualify as potential
acquisition targets, potentially
paying higher multiples



Governance

Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators

Aqua Capital is a private equity fund manager established in 2012 which focuses on private equity investments in Ag & Food companies in the Americas. Through its robust operational value-added approach, it directs its resources to professionalize, grow and transform its portfolio companies, while also enhancing their positive impact. Aqua Capital's management entities are regulated by the Central Bank of Uruguay (BCU) and by the Securities and Exchange Commission of Brazil (CVM). In 2022, Aqua Capital joined the Brazilian Association of Financial and Capital Market Entities (ANBIMA), which further boosted governance and management practices and actions.

The corporate governance structure, in addition to the **management policies** and processes, drives Aqua Capital's purpose and strategic direction

towards growth and long-term value creation, underpins its risk management, and contributes to the portfolio companies' ESG+I practices and their sustainable development.

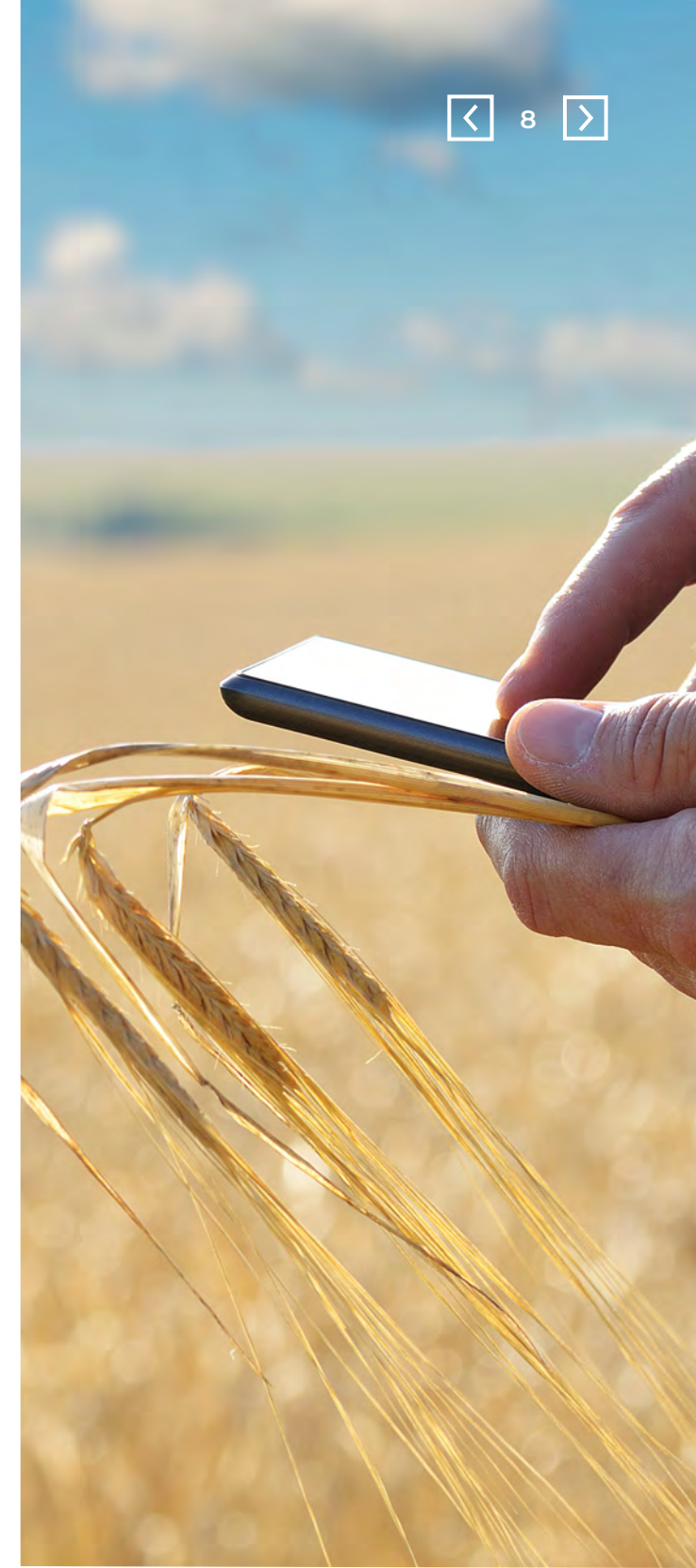
Aqua Capital established its integrity channel policy and launched the integrity channel in accordance with applicable law and IFC performance standards.

During 2022, Aqua Capital's ESG+I team consisted of Agustin Blanco (managing director and head of ESG+I), Cecília Balby (ESG+I operating partner), David Smith (corporate ESG+I manager), André Redondo (ESG+I specialist) and Gabriel Mathias (trainee), who joined the team in April. This team, together with Aqua's managing partner, head of business development, head of value creation, head of people, head of legal and an independent member, make up the ESG+I steering committee.

In 2022, Aqua Capital joined the Brazilian Association of Financial and Capital Market Entities (ANBIMA), which further boosted governance and management practices and actions



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ESG+I monitoring of the portfolio companies

Introduction

2022 Overview

Portfolio Companies

ESG+I Indicators

Aqua Capital employs tools and engages with its portfolio companies to monitor ESG+I progress, conducting regular meetings and reviewing evidence regarding the implementation of each ESG+I action plan. It monitors key performance indicators (KPIs) on a semi-annual basis, which is compatible with IRIS+ and GRI platforms, analyzing these KPIs at a fund and investee level.

Aqua Capital evaluates and monitors the portfolio's ESG+I performance using a scoring system, which provides scores for seven main topics addressing risks and positive impacts (ESG management system, licenses and permits, environmental aspects, occupational health and safety, employment and working conditions, other social aspects,

and supply chain management), in addition to assessing investee's ESG+I performance through third-party certifications, encouraging and supporting them to obtain the Great Place to Work (GPTW) and the EcoVadis seals³. All portfolio companies from Fund I and five from Fund II have been assessed by EcoVadis, and six companies have obtained GPTW.

The portfolio companies have matured through the period of ownership by the Fund which drove Aqua Capital to change its monitoring process in 2022, pushing the companies to take further responsibility for their ESG+I agendas. Monthly monitoring meetings were transformed into a systematic

quarterly monitoring process using the scoring system and reviewing evidence, which allowed a stronger focus on the most significant ESG+I issues and ESAP topics.

We also focus on promoting bottom-line environmental projects and impact initiatives within our companies, with the integration of experienced professionals dedicated to the identification and implementation of such projects, thus combining impact and financial aspects. We see this step as a clear way to contribute to the sustainable development of the Ag & Food sector while adding value for our stakeholders by generating financial results in our portfolio and creating liquidity for our investors by employing innovative strategies.

During the last three years, we achieved over R\$20m in annual savings through bottom-line environmental projects



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³GPTW is a global workplace culture certification firm; EcoVadis is a global sustainability assessment platform.



Introduction

2022 Overview

Portfolio
Companies

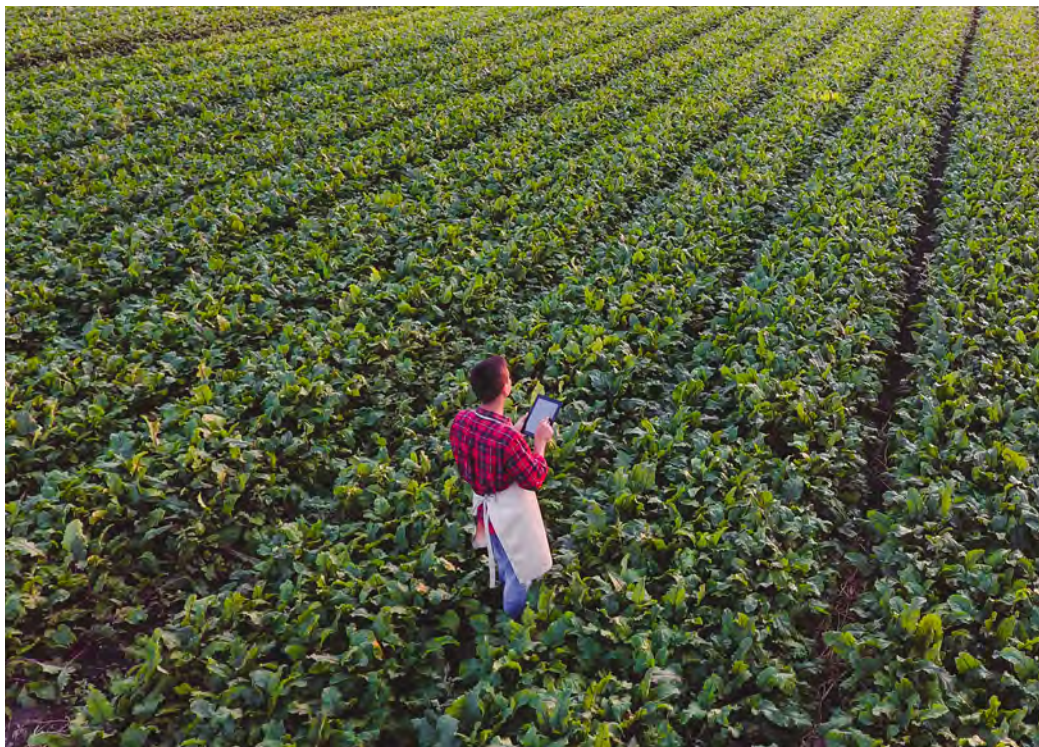
ESG+I Indicators



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Commitments and initiatives

Aqua Capital is committed to ESG+I and its incorporation into operations and investment activities. Our ESG+I Policy, management system and action plans are implemented throughout the investment process, from pipeline construction to exit, and are aligned with international benchmarks (IFC Performance Standards, International Labour Organization (ILO) and UN Guiding Principles on Business and Human Rights) and measurement metrics (IRIS+ and GRI).



PRI – UN Principles for Responsible Investment

We have been a signatory to the UN Principles for Responsible Investment (PRI) since 2019. The PRI is the world's leading advocate for responsible investment and its precepts are used as a measure of the effectiveness of our policies and processes and as a guide to future improvements.

Signatory of:



Operating Principles for Impact Management (OPIM)

In 2021, we became a signatory to OPIM and we published our first annual disclosure statement during 2022, demonstrating our alignment to its principles throughout our investment cycle. The disclosures can be accessed [here](#).

Signatory to:



TCFD

We support the Task Force on Climate Related Financial Disclosures (TCFD) in the effort to increase corporate commitment to the climate change agenda, and we are adopting its recommendations.



Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators



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Diversity, equity and inclusion

Aqua Capital is committed to the diversity, equity and inclusion (DEI) agenda, developing programs together with portfolio companies and encouraging them to implement specific actions. DEI programs that encompass Aqua Capital and all portfolio companies include “Women in Finance”, a career acceleration plan to develop women for leadership positions in finance-related areas, and the “Ypê program”, a racial diversity internship program exclusively for black students, where they are trained and mentored by members of Aqua’s investment team. Aqua Capital also set goals to increase women in leadership roles, the participation of at least one woman on the board of directors, and wage equality, for which we

will benchmark two specific areas (factory workers and salesforce) to obtain more accurate results, in addition to the already monitored wage equity indicators.

Aqua Capital is a member of ABVCAP, the Brazilian private equity and venture capital association, and a signatory to its campaign to hire young professionals (“Contrate um jovem e transforme o país”), launched with the aim of reducing the significant problem of youth unemployment. Aqua Capital is recognized as a ‘2X investment’ under the 2X Challenge criteria, for its gender balance in leadership. This is a world-renowned initiative founded by the G7 Development Finance Institutions.



Black Jaguar Foundation

Since 2017, Aqua Capital has sponsored the Black Jaguar Foundation initiative, a project for the reforestation of a 2.6k corridor between the Cerrado and the Amazon, in cooperation with farmers.





Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators



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Awards, certifications and recognition

The improvements in Aqua
Capital's ESG+I agenda during 2022
brought awards and recognition



Phenix Impact Fund Assessment

In 2022, during an external evaluation from the Phenix Impact Fund Assessment, Aqua Capital scored 46 – out of a possible 66 points – in its first evaluation, slightly above the average of international impact funds. This result demonstrates the robustness of the Aqua Capital's impact proposition.



IS Seal (XP Investimentos)

In 2022, Aqua Capital's Fund III underwent an external verification by XP Investimentos and received the Sustainable Investment Fund Seal (Selo IS). The definition provided by XP for this seal is: "Investment with the intentional objective of protecting, contributing, not causing harm or degradation, generating positive impact and/or ensuring rights in environmental, social and/or governance issues without the intention of compromising the financial performance of the Fund". This seal is the highest level provided by XP in respect of the agenda and is recognized by the Brazilian Association of Financial and Capital Market Entities (ANBIMA).

Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators



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LAVCA Award

Aqua Capital received the 2022 Latin American Private Equity Environmental Responsibility Award for its investment in Biotrop. The production of biologicals for sustainable and regenerative agriculture won the “Environmental Responsibility 2022” category. The highlight was the positive impacts of Biotrop’s products and the avoidance of greenhouse gas emissions.



GPCA DEAL Book

Aqua Capital’s investment in Puravida was published in the Global Private Capital Association (GPCA) “Deal Book Edition III: Inclusive & Sustainable Growth”, featuring the sale of the company to Nestlé. The deal case can be accessed at [Deal Cases – GPCA](#).

DERa Evaluation

KWF DEG analyzed Aqua’s funds through its Development Effectiveness Rating (DERa) tool, which evaluated the funds’ business impact, assessing their environmental stewardship, community benefits, decent jobs, local income, and market and sector development. In 2022, Fund I obtained a score of 95 points and Fund II a score of 96 points, both improving by five points and very close to the highest score achieved within Latin America, which was 102 points. This assessment was based on Aqua’s 2021 ESG+I annual report.



Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators

2022 Overview

16 ESG+I performance



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Introduction

2022 Overview

Portfolio
Companies

ESG+I Indicators



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Fund II has built a robust portfolio with currently seven platforms still in the portfolio. Its principal focus, during the year, has been to ensure the maturity of the companies' ESG+I agenda and prepare them for exit. Contrasting with 2021, a year of many acquisitions, 2022 was a year with fewer M&As, which included the Fund's first investment in Colombia, Aderezos, as well as the generation of liquidity with the 100% sale of Puravida to Nestlé Health Science, the health and wellness division of Nestlé.

We continue to feel the effects of Russia's invasion of Ukraine, which caused a sharp rise in commodity prices, and a higher cost of capital, which is

expected to remain so for some time, both in Brazil and abroad. This was added to a year of polarized elections and harsh climate conditions to round out the list of key challenges faced in 2022, causing setbacks in some sectors.

Despite the challenges, the portfolio increased its number of full-time employees by 23%, reduced GHG emissions in absolute terms and in intensity (tCO₂e/BRLm), as well as energy and water intensity, considering volume over net revenue.

We made changes to our portfolio monitoring, and remained very close to the companies, further developing their

ESG+I. In 2022, we held four workshops focused on ESG+I with the portfolio companies, discussing topics such as risk management, KPIs, impact opportunity identification and measurement, and the setting of targets. There was an emphasis on awareness and the creation of an ESG+I culture in investee companies, resulting in all ESG+I criteria being incorporated into corporate goals.

The companies improved their agendas and now six companies in our portfolio are certified as Great Place to Work. Seven had already been assessed by EcoVadis and all that were reassessed in 2022 increased their scores. Three of them also published sustainability reports.

**In 2022,
portfolio
company
Puravida
was sold
to Nestlé**



ESG+I performance

Introduction

2022 Overview

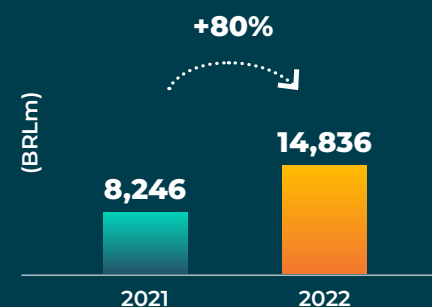
Portfolio
Companies

ESG+I Indicators

Economic, environmental, social and governance performance

Economic

Direct economic
value distributed



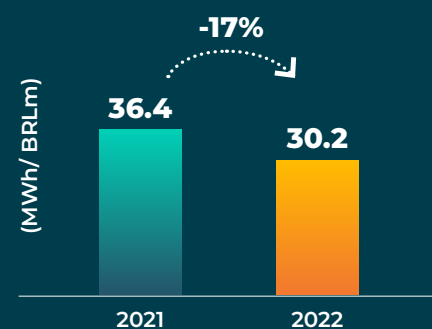
Puravida and Aderezos not included in 2021 and 2022

Environmental

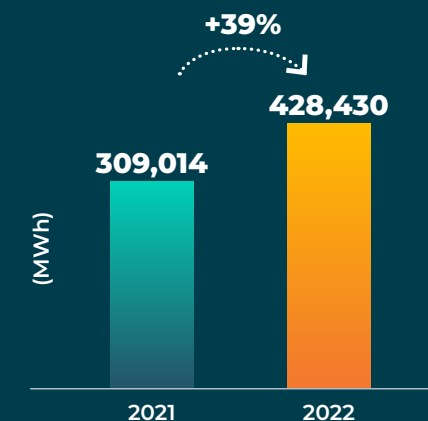
Fund II reduced its energy intensity by 17% y/y when measured against net revenue, but increased consumption by 39% y/y in absolute terms, which is reflected by increase of business units and the use of liquified petroleum gas (LPG) at AgroGalaxy.

ENERGY

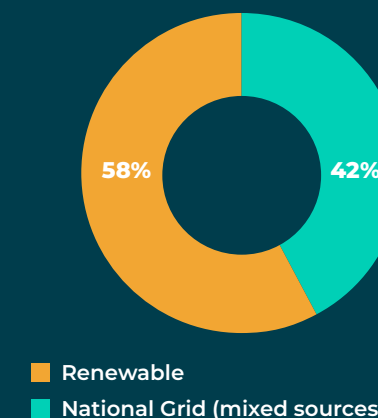
Intensity*



Absolute



Electricity consumption



*Fund II's net revenues increased by 68% y/y, higher than inflation (5.79% for the same period), even when discounting inflation, the fund would still demonstrate intensity reduction.

Puravida and Aderezos not included in 2021 and 2022



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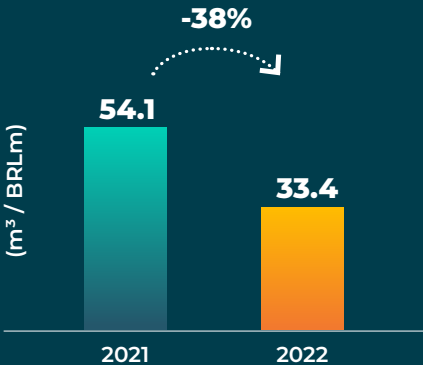


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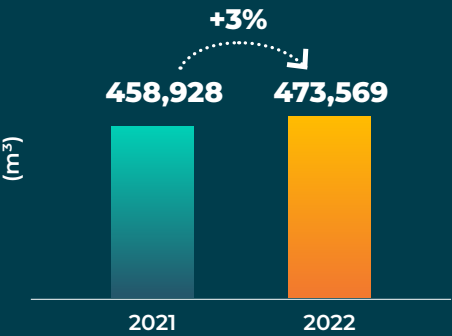
WATER

The slight rise in water consumption can be attributed, for the most part, to the expansion of Rech's units and stores. Additionally, Biotrop's water consumption also increased due to the significant growth in its workforce and production demand.

Intensity*



Absolute



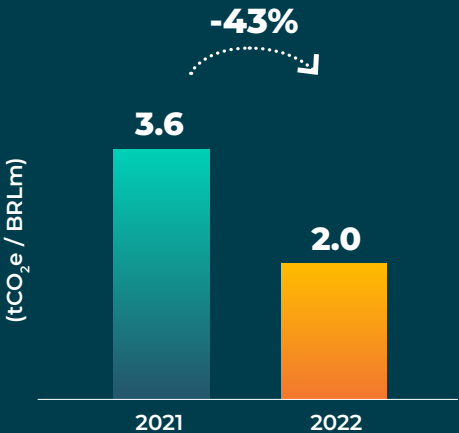
*Fund II's net revenues increased by 68% y/y, higher than inflation (5.79% for the same period); even when discounting inflation, the fund would still demonstrate intensity reduction.

Puravida and Aderezos not included in 2021 and 2022

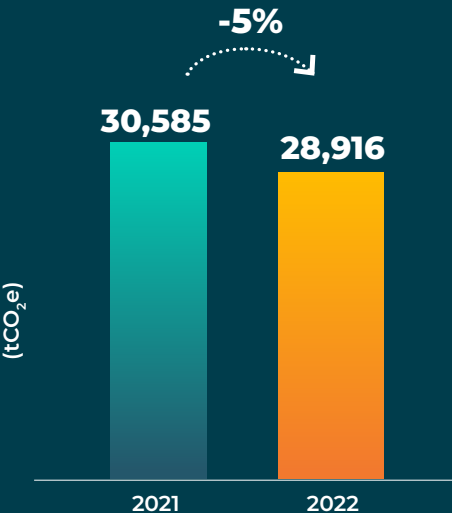
GHG EMISSIONS

Fund II was able to reduce its GHG emissions by 5% y/y, in absolute terms, and by 43% y/y in intensity when measured against net revenue. The reduction in GHG emissions can be attributed to projects developed by the companies, including the migration to the use of free market energy, using 100% renewable energy, the reduction of diesel consumption in AgroGalaxy, and the replacement of LPG by biogas in Yes.

Intensity*



Absolute



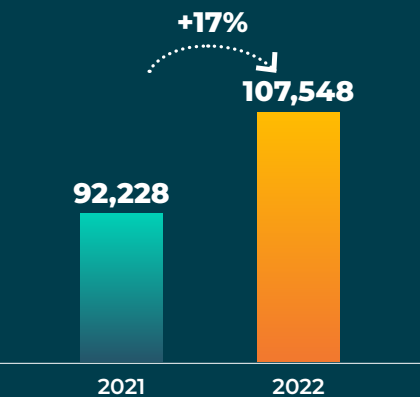
*Fund II's net revenues increased by 68% y/y, higher than inflation (5.79% for the same period); even when discounting inflation, the fund would still demonstrate intensity reduction.

Puravida and Aderezos not included in 2021 and 2022

Social

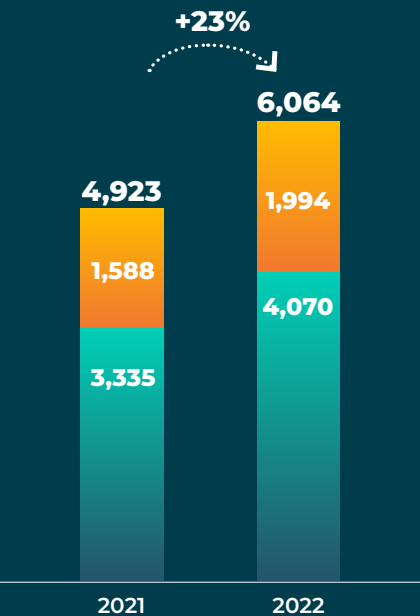
Fund II portfolio companies increased their number of clients by 17% y/y, serving in excess of 107k clients. The portfolio’s employees amounted to 6,064 FTEs (full time equivalent employees), a gain of 1,141 new jobs during 2022 and 3,687 since investment. Women amount to 1,994 or 32% percent of all FTEs, with 139 new female jobs created during 2022 and 1,303 since investment.

Total number of clients



Puravida and Aderezos not included in 2021 and 2022

Total Employees



Male
Female

Puravida and Aderezos not included in 2021 and 2022





Introduction

2022 Overview

**Portfolio
Companies**

ESG+I Indicators

Portfolio Companies

21 Yes

31 AgroGalaxy

40 VetBR

48 Ultracheese

57 Biotrop

65 Rech

72 Aderezos



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Introduction

2022 Overview

**Portfolio
Companies**

ESG+I Indicators



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Over the following pages, we present the improvements and highlights of the portfolio companies' ESG+I agendas in 2022, by demonstrating the principal topics addressed in relation to the companies' action plans and ESG+I performance evaluations via Aqua Capital's scoring system, covering seven topics:

- (i) environmental and social management system;**
- (ii) licenses and permits;**
- (iii) environmental management;**
- (iv) occupational health and safety management;**
- (v) labor and working conditions;**
- (vi) other social impacts; and**
- (vii) clients and supply chain management.**

Each company receives scores that represent the development stage of each topic, where 0 is not applicable, 1 is considered still incipient, 2 shows partial development, with progress towards maturity, 3 represents compliance with Aqua Capital's requirements, and 4 demonstrates excellence, exceeding Aqua Capital requirements.

Additionally, we present the highlights based on Aqua Capital's ESG+I value creation approach, "do good" business, "direct positive impact", "bottom-line environmental projects" and "world-class ESG".



Introduction

2022 Overview

**Portfolio
Companies**

ESG+I Indicators



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BIOTROP



A leading innovator in the biological ag inputs market that focuses on the development of high-tech biological inputs for crops, and research and development of innovative, value-added solutions that contribute to healthier and more sustainable agriculture.

Company Snapshot

Created by Aqua Capital in 2018, Biotrop is a leading innovator in the biological Ag inputs market in Brazil. With a strong product portfolio centered on crop protection and nutrition, Biotrop invests in research and development (R&D) to create innovative, value-added solutions that contribute to healthier, more sustainable agriculture. Its portfolio includes crop protection and nutrition, nutrient solubilizers, plant growth and resistance, and biological management. Its products are applied across more than 21m ha. Biotrop, through its subsidiary (Total Biotechnologia), made the ranking of the 500 best companies in Agribusiness being the only company specializing exclusively in biological products

to feature among the 10 best fertilizer companies in Brazil, according to Globo Rural magazine.

The company currently operates from two leased sites (production plant and neighboring distribution center) in Curitiba, state of Paraná, an administrative office in Vinhedo, state of São Paulo, and an experimental research farm (Bioracle) located in Santo Antonio da Posse, state of São Paulo. There are planned expansions to a neighboring property in Curitiba. The company has commenced work on the installation of a new production line on a leased site in the municipality of Jaguariúna, state of São Paulo.

Biotrop is among the 10 best fertilizer companies in Brazil, according to Globo Rural

Improvements and main highlights related to the ESAP

Biotrop's main environmental and social risks are related to risks of clients associated with illegal deforestation, fire prevention, production facilities, and other occupational health and safety risks. During 2022, the priority of Biotrop's ESG team was to maintain compliance with license and permit requirements, taking into account both existing sites and planned expansions. Aqua Capital's ESG+I team also supported Biotrop in the environmental and social assessments of potential sites/facilities to expand the company's

production capacity. Aqua Capital's ESG+I consultant also inspected the Curitiba operations, including the new neighboring site under development.

By the end of 2022, Biotrop had completed 67% of the action items in its ESAP, including: licenses and permits; emergency response plans; grievance mechanism; environmental and social policy; adjustment of its human resources policies; and improvements to its water/wastewater management.

67%
of the ESAP
items completed
in 2022



Key risk management topics monitored by Aqua Capital

These are the main aspects of risk monitored during the management of Biotrop in 2022:

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

The company continued to develop its ESMS, including processes to prevent risks from material suppliers. Biotrop is working to ensure that its ESG committee, established in 2021, continues to operate and improve its governance to address additional risks associated with the company's expansion.



LICENSING AND PERMITS

Biotrop's ambitious growth plan includes expanding its operations at a new site in Curitiba, state of Paraná, built by a third party which will be leased by the company with operations commencing in Jul-2023. Aqua Capital's ESG+I consultant visited the construction site in Nov-2022 and made recommendations to the builder and Biotrop to ensure the site operates in full compliance with regulations. In Mar-2022, Biotrop obtained a deep well water permit for the Curitiba production site, which secures water for operations while reducing risks associated with the public water supply.

Aqua Capital's consultant also visited the planned expansion in Jaguariúna, state of São Paulo, in Jun-2022 and made recommendations to ensure full compliance with environmental, health and safety regulations.

CONTAMINATED SITES

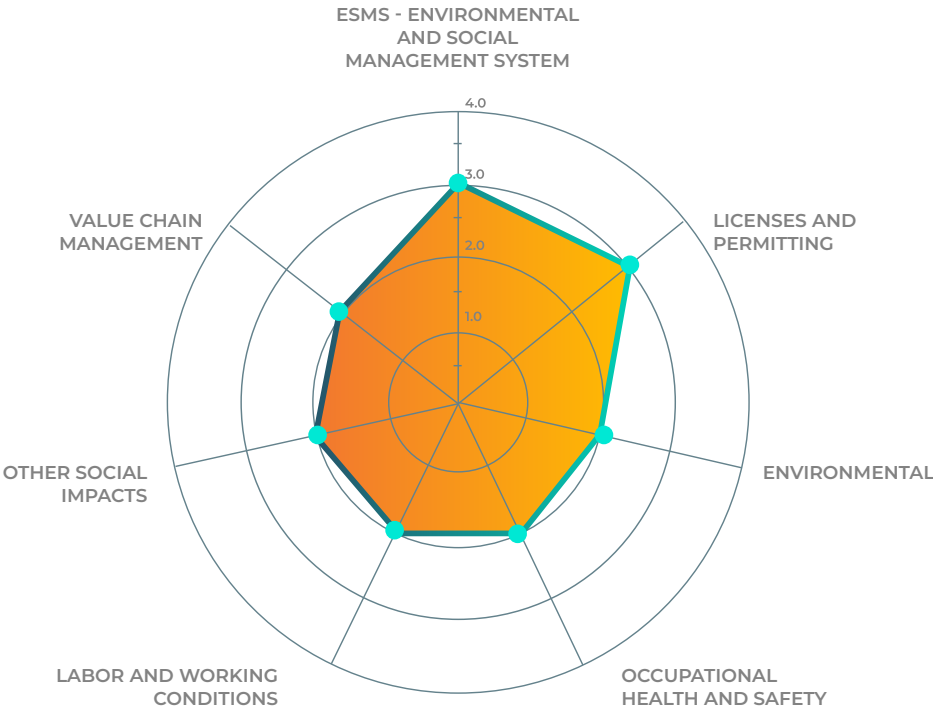
In 2021, the Curitiba site owner had agreed to conduct monitoring of soil and groundwater contamination caused by past operations. The sampling and analysis results indicated much lower concentrations of nitrites and nitrates than identified by the owner prior to the acquisition due diligence, indicating that the products may be naturally dissipating. Aqua Capital retained a consultant to review the results, who confirmed that Biotrop can continue to rely on natural dissipating as a remediation strategy and ensure that no groundwater from the shallow aquifer is used for human consumption (Biotrop currently uses water provided by the municipal services and from a deep groundwater well installed in 2021). Monitoring was postponed in 2022 and is planned to be conducted in 2023.

ESG+I Performance

- Introduction
- 2022 Overview
- Portfolio Companies
- ESG+I Indicators

Biotrop's ESG+I dashboard shows that it is compliant with Aqua Capital's requirements regarding implementing an environmental and social management system (ESMS) and with licenses and permits. The company is almost compliant with requirements related to environmental management and is working to complete implementation of its clients' ESG+I risk policies. The company

obtained a high score in the Ecovadis assessment related to ethics (70 out of 100 points), and scores for environment, labor and human rights, and sustainable procurement consistent with Aqua's ESG+I scoring criteria. For the ESG+I agenda to keep up with the company's growth, Biotrop needs to ensure consistent implementation of its ESMS within new operations/expansions.



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“Do good” business

Introduction

2022 Overview

Portfolio Companies

ESG+I Indicators

Biotrop’s impact is mainly related to its products, which replace the use of chemicals and increase plant health and agricultural yields. In 2022, the company launched new products, including “Biokato” to reduce the use of chemicals such as acetate, “Bombardeiro” to replace the use of hazardous fungicides, and the biostimulant “Biofree”.

It is estimated that the company produced approximately 1.3k m³ of biostimulants. This volume has the capacity to treat 2.1m ha of different crops (coffee, corn, soy, etc.), without taking into account the specific results of sugarcane crops.

In 2022, the use of Biotrop’s stimulants covered an area of 6.9m hectares specifically for high productivity sugarcane crops, representing approximately 70%, while the other 30% was applied on other crops. It is estimated that the

application on other crops replaced the use of 234k tons of nitrogen-based fertilizers and avoided 609k tCO₂e of GHG emissions⁴.

Biotrop produced approximately 1.9k m³ of biopesticides, which is enough to treat an area of 4.1m, avoiding the application of 4.1k tons of chemicals in the crops.

The company received the international Crop Life Science award for “Most Innovative Formulation” for SIMUTROP, a biostimulant, and was also recognized in the 15th Crop Science Awards for “Best New Stimulant” for Pastomax, a product designed for pastures.

With the aim of identifying new microorganisms that can benefit agriculture and create a new generation of Biotrop’s biologicals, the company started

the Nimbles Project, which seeks to build the largest functional catalogue of microorganisms in Brazil. This project consists of expeditions by a multidisciplinary team of professionals, including agronomists, biologists and microbiologists, to identify new microorganism and use them to develop biological solutions for disease and pest control, as well as to stimulate plant growth. An innovative R&D process will develop a proprietary database with more than 300 microbacteria for exclusive use.

Another project, in partnership with 3Tentos Agroindustrial, is Agrobiota. Unprecedented anywhere in the world on a commercial scale, it aims to carry out a complete soil analysis to identify both beneficial and pathogenic microorganisms, based on meteorological data, and past

crops, among other information, to allow farmers to take more accurate measures and make application decisions to improve crop health and productivity. In partnership with Sima, an AgTech startup, Biotrop has launched a platform to digitize the collected field data. The tool improves the monitoring and analysis process of property data. Biotrop’s technical team assists farmers in using the software.

The company developed a new biological application technology focused on the planting furrow to increase the efficiency of the use of inputs. Equipment was developed in partnership with a tech company in the Ag&Food sector. Around 50 producers are already being served by this solution, with an application capacity of up to 50k ha.

It is estimated that the application on other crops replaced the use of 234k tons on nitrogen-based fertilizers and avoided 609k tCO₂e of GHG emissions

⁴The estimates consider the use of Biotrop’s inoculants applied over 8.1m ha, replacing 8.1m tons of nitrogen-based fertilizers and avoiding 21.2m tCO₂e, based on the premise that 100% would have been applied on high productivity soy crops. Moreover, it is estimated that Biotrop’s biopesticides replaced the use of 4.1 tons of crop chemicals.

Capture direct positive impact

Biotrop distributed R\$319m of direct economic value in 2022, and since inception has created 311 net new jobs. Today it employs 486 FTEs (full-time equivalent employees) and offers benefits to all of them (100%). Of the total employees, 40% are women, and they hold 22% of director positions and 21% of other management positions. Moreover, Biotrop has one woman on its board of directors.

Biotrop launched UniBiotrop, a program developed alongside teaching institutions to train university students regarding biological ag inputs. The initiative is unprecedented in the country and consists of a five-month immersion, with theoretical and practical classes. The company also invested in training new talent and promoted, for the third consecutive year, the “Biotrainee” Program, with 40 vacancies for agronomy

students interested in entering the commercial, research, market development and marketing areas. In 2022, 33 students were chosen from 350 applicants and participated in five months of immersion, with theoretical and practical classes.

In Mar-2022, Biotrop introduced the BioMulher Program strengthening the company’s actions on diversity, with monthly meetings to provide information, lectures and practices to appreciate and support women in the workplace.

Biotrop, through its subsidiary (Total Biotecnologia), made the ranking of the 500 best companies in Agribusiness, and also had several highlights in the edition, being the only company specializing exclusively in biological products to feature among the 10 best fertilizer companies in Brazil, according to Globo Rural magazine.

Positive environmental bottom-line projects

Biotrop is building a new factory and plans to install solar panels for electricity self-generation with a generation capacity of approximately 74.5 MWh/month, resulting in savings of RS450k p.a. and avoided emissions of 113 tCO₂e p.a.

The company underwent verification of the indicators for the first Green Bond and certified the second Green Bond in 2022. Highlights among the verified

indicators include the GHG emissions avoidance from the replacement of chemical fertilizers, the improvement of biota and soil organic matter, the improvement of biodiversity, productivity gains and resistance to water stress.

In 2022, Biotrop consumed 15.1k m³ of water from the well installed in the production unit. This volume represents 46% of the total consumed by the company.



World-class ESG

Biotrop was the 2022 winner of the LAVCA Environmental Responsibility award, thanks to the positive environmental impacts of its products and its structured ESG system. Another endorsement of Biotrop’s work and improvements was the 2022 assessment of its ESG management system by EcoVadis, receiving the silver medal and obtaining a score of 61 out of 100, up 9 points compared to the previous year. In order to further progress this agenda, Biotrop was also certified by Great Place

to Work - Brazil, verifying its excellent workplace environment.

In May-2022, Biotrop received approval from IBD for several of its bioinputs for use in organic agriculture, in accordance with Brazilian Law 10.831 and IBD/IFOAM standards (EEC Regulation 889/08, NOP Standard, COR, Demeter and JAS Standard). IBD is the largest certifier of organic products in Latin America and the only Brazilian certifier of organic products

with IFOAM certification (international market), ISO/IEC 17065 (European market - CE regulation 834/2007), Demeter market, USDA/NOP (North American market) and approved for use with the SISORG seal (Brazilian market), which makes the certificate globally accepted.

Biotrop celebrated a partnership with eureciclo to recycle 100% of its post consumption packaging, through a compensation agreement.

**Biotrop
obtained
the silver
medal from
EcoVadis**



Contribution to SDG Targets

Introduction







2022 Overview

Portfolio Companies

ESG+I Indicators



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SDG	GOALS	COMPANY CONTRIBUTION IN 2022
	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production	<ul style="list-style-type: none">During 2022, Biotrop's biopesticides replaced the use of 4.1k tons of crop chemicals and most of its products are already registered for organic farming
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	<ul style="list-style-type: none">40% of women employeesWage equity ratio between 0.9 and 1.0One woman on its board of directors
	<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% gross domestic product growth per annum in the least developed countries</p> <p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p>8.8.1 Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status</p>	<ul style="list-style-type: none">R\$319m of direct economic value distributed in 2022, an increase of 98% y/y486 FTEs (full-time equivalent employees), an increase of 63% y/y311 net new jobs since inception100% jobs with benefitsNo serious accidents or fatalities during 2022
	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	<ul style="list-style-type: none">Biotrop created a program to identify new and build the largest collection of functional microorganisms for agricultural applicationBiotrop has launched a platform to digitize the collected field dataBiotrop developed a new application technology to improve product application efficiency
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	
	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2.2 Total greenhouse gas emissions per year</p>	<ul style="list-style-type: none">2022 GHG emission (scope 1 and 2) – 1.4k tCO₂e19% y/y GHG emissions intensity reductionIt was estimated that during 2022 the use of Biotrop's products avoided the emission of 21.8m tCO₂e of GHG by replacing the use of nitrogen-based fertilizers

40% of Biotrop's employees are women, and the company has a woman in its Board of Directors



Introduction

2022 Overview

Portfolio
Companies

**ESG+I
Indicators**

ESG+I INDICATORS



Strictly Confidential

Biotrop ESG+I Indicators

Introduction

2022 Overview

Portfolio
Companies

ESG+I
Indicators



Strictly Confidential

INDICATOR	UNIT	2020	2021	2022
Company				
Net Revenue	End of period, BRL million	95	182	309
Production	End of period, 1,000 liters of products sold	2,734	4,219	6,083
Change in net revenue	End of period, Percentage (BRLm)	29%	86%	75%
Change in production	End of period, Percentage	-1%	54%	44%
Operating costs	End of period, BRLm	17.4	47.7	72.8
Employee wages and benefits	End of period, BRLm	23.1	53.1	100.2
Payments to providers of capital	End of period, BRLm	0	68.7	127.6
Payments to government	End of period, BRLm	7.1	25.3	17.9
Community investment	End of period, BRL	0	0	8,100
Direct economic value distributed (EVD)	End of period, BRLm	48	161	319
Governance				
Employees trained - anticorruption	End of period, total count	0	313	500
Employees trained - anticorruption	Percentage (%)	0%	100%	100%
Grievances received	End of period, total count	0	3	25
Grievances addressed	End of period, total count	0	3	25
% Grievances addressed	Percentage (%)	n/a	100%	100%
People				
FTEs (Full-time equivalent employees)	End of period, total count	268	297	486
Part time employee	End of period, total count	24	16	14
FTEs women	End of period, total count	124	124	194
% FTE women	End of period, percentage	46%	42%	40%
New jobs	End of period, total count	36	29	189
% New jobs	End of period, percentage	16%	11%	64%
New jobs since investment	End of period, total count	93	122	311
% New jobs since investment	End of period, percentage	53%	70%	178%
New jobs women	End of period, total count	7	0	70

Introduction

2022 Overview

Portfolio
Companies

ESG+I
Indicators



Strictly Confidential

INDICATOR	UNIT	2020	2021	2022
% New jobs women	End of period, percentage	6%	0%	56%
New jobs since investment: women	End of period, total count	46	46	116
% New jobs since investment: women	End of period, percentage	59%	59%	149%
BOD total	End of period, total count	n/av	n/av	8
BOD women	End of period, total count	1	1	1
% BOD women	Percentage (%)	n/av	n/av	13%
Director positions - report to CEO	End of period, total count	4	5	9
Director positions female - report to CEO	End of period, total count	0	0	2
% of Female director positions - report to CEO	Percentage (%)	0%	0%	22%
Management positions - report to CEO	End of period, total count	3	1	0
Management positions female - report to CEO	End of period, total count	1	1	0
% Management positions - Female CEO	End of period, percentage	33%	100%	n/a
Management positions - other	End of period, total count	11	16	29
Management positions female - other	End of period, total count	3	2	6
% Female managers - other	Percentage (%)	27%	13%	21%
Employees promoted	Number	19	40	14
Women promoted	Number	3	15	6
Gender ratio of promotions	Ratio (female/male promotions)	0.2	0.4	0.8
% jobs with benefits	Percentage (%)	100%	100%	100%
Average Wage male directors – report to CEO	BRL	40,000	44,900	54,500
Average Wage female directors – report to CEO	BRL	n/a	n/a	49,000
Wage equity (directors – report to CEO)	Ratio	n/a	n/a	0.9
Average Wage male managers – report to CEO	End of period, BRL	13,000	n/a	n/a
Average Wage female managers – report to CEO	End of period, BRL	20,000	26,000	n/a
Wage equity (managers that report to CEO)	Ratio (average female/male wages)	1.5	n/a	n/a
Average Wage male managers- other	End of period, BRL	19,000	20,200	23,880
Average Wage female managers - other	End of period, BRL	11,000	16,500	23,106

Introduction

2022 Overview

Portfolio
Companies

ESG+I
Indicators



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INDICATOR	UNIT	2020	2021	2022
Wage equity (managers that do not report to CEO)	Ratio (average female/male wages)	0.6	0.8	1.0
Fatalities	End of period, total count	0	0	0
Frequency rate absenteeism	Ratio	n/av	758.0	93.0 ¹
Frequency rate non-absenteism	Ratio	n/av	4.2	189.4 ²
Frequency rate severity	Ratio	n/av	5.7	118.0 ³
Total clients	Total count	1,496	1,443	2,017
Small Farmers	End of period, total count	n/av	738	910 ⁴
% Small farmers	Percentage (%)	n/av	51%	45%
Planet				
Energy	End of period, Megawatts hour	7,541	4,170	7,961
Energy intensity	MWh/BRLm	79.2	22.8	25.7
Energy intensity	MWh/1,000 liters of products sold	2.75	0.98	1.30
Water	End of period, m ³	8,323	21,674	32,588
Water intensity	End of period, m ³ /BRLm	87.4	118.8	105.3
Water intensity	End of period, m ³ /1,000 liters of products sold	3.0	5.1	5.4
GHG emissions	Tons of equivalent CO ₂	1,205	988	1,409
GHG intensity	Tons of equivalent CO ₂ /BRLm	12.7	5.4	4.6
GHG intensity	Tons of equivalent CO ₂ /1,000 liters of products sold	0.44	0.23	0.23
GHG scope 1	Tons of equivalent CO ₂	1,158	870	1,361
GHG intensity scope 1	Tons of equivalent CO ₂ /BRLm	12.2	4.8	4.4
GHG intensity scope 1	Tons of equivalent CO ₂ /1,000 liters of products sold	0.42	0.21	0.22
GHG scope 2	Tons of equivalent CO ₂	46	118	48
GHG intensity scope 2	Tons of equivalent CO ₂ /BRLm	0.5	0.6	0.2
GHG intensity scope 2	Tons of equivalent CO ₂ /1,000 liters of products sold	0.02	0.03	0.01
GHG scope 3	Tons of equivalent CO ₂	n/av	41	363
GHG intensity scope 3	Tons of equivalent CO ₂ /BRLm	n/av	0.2	1.2
GHG intensity scope 3	Tons of equivalent CO ₂ /1,000 liters of products sold	n/av	0.01	0.06

INDICATOR	UNIT	2020	2021	2022
Hazardous waste not disposed	End of period, tons	n/av	0	80
Non-hazardous waste not disposed	End of period, tons	n/av	153	274
Hazardous waste disposed	End of period, tons	n/av	60	0
Non-hazardous waste disposed	End of period, tons	n/av	510	796
% Hazardous waste not disposed	End of period, tons	n/av	0%	100%
% Non-hazardous waste not disposed	End of period, tons	n/av	23%	26%
% Hazardous waste disposed	End of period, tons	n/av	100%	0%
% Non-hazardous waste disposed	End of period, tons	n/av	77%	74%

Notes: n/a stands for not applicable; n/av stands for data not available. (1) Number of accidents, that caused absence from work, times one million divided by hours of risk exposure. (2) Number of accidents, that caused absence from work, times one million divided by hours of risk exposure. (3) Number of accidents, that caused absence from work, times one million divided by hours of risk exposure. Days of absence from work due to accidents times one million divided by hours of risk exposure. (4) Small farmers are considered individual buyers.



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