

A large agricultural irrigation system, specifically a center pivot, is shown spraying a fine mist of water onto rows of young green plants in a field. The irrigation arm curves from the left side of the frame towards the right, with several large black tires visible at its base. The sky is clear and blue with a few wispy clouds. In the background, more fields and some small buildings are visible.

# 2021 ESG + I ANNUAL REPORT

APRIL 2022

2021

# HIGHLIGHTS

## USE OF NATURAL RESOURCES AND GHG EMISSIONS

Energy intensity reduction

**44%**

y/y (MWh/R\$ m)

Fund I and II

Water intensity reduction

**23%**

y/y (m<sup>3</sup>/R\$ m)

Fund I and II

GHG emissions intensity reduction

**33%**

y/y (tCO<sub>2</sub>e/R\$ m)

Fund I and II

Avoided emissions\*

**79k**

tCO<sub>2</sub>e Fund I and II

Electricity from renewable sources

**65%**

Fund I and II

**DIRECT  
ECONOMIC VALUE  
DISTRIBUTED**

**R\$9.3bn**

Fund I and II

**FTEs WOMEN**

**30%**

Fund I and II

**NET NEW  
JOBS**

**1.6k**

Fund I and II

\*Note: Avoided emissions were estimated comparing the GHG emissions using more sustainable products and practices compared to other reference products and practices.

# FOREWORD

## CONTINUING GROWTH IN WORLD POPULATION DRIVES A CORRESPONDING PRESSURE ON THE AG & FOOD SECTOR TO PRODUCE MORE FOOD.

However, if the world simply carries on with the same practices and business models, GHG emissions will continue to rise, requiring more energy, water and land for food production. Action must be taken urgently to limit the global temperature increase, ideally below 1.5 degrees Celsius, and Aqua Capital is fully aware that in the face of this challenge, business as usual is no longer an option. In aiming to contribute to the solution, we continue to adapt our impact strategy and to implement major initiatives that both reduce risks and generate solid impacts. Nevertheless, this is only the beginning of a deeper transformation process.

Aqua Capital aims to be a "Force for good", by acting to amplify sustainability and through positive impacts on climate change, food security, health & wellness and diversity. As part of this strategy, we are steering our investments

towards more impactful subsectors, business models and companies, as well as adapting and promoting positive impact projects within current businesses. We are convinced that being a "Force for good" is a powerful way to generate value for our investors and other key stakeholders.

Our initial results are already impressive: in 2021, through a variety of initiatives, portfolio companies managed to avoid GHG emissions by over 79k tCO<sub>2</sub>e, promoted sustainable and highly productive practices covering more than 300k hectares, reduced the use of antibiotics by 75% in fish production, and promoted high quality jobs with increased diversity and inclusion, among other positive impacts achieved, all while delivering excellent financial returns.

**To go further on this "Force for good" approach, it is essential to demonstrate a strong level of stewardship. With this in mind, we have taken a number of steps at an overarching level, including:**

- 1- Becoming a signatory to the United Nations Principles for Responsible Investment (PRI) in 2019;
- 2- Becoming a signatory to the IFC's Operating Principles for Impact Management (OPIM) in 2021, committing to integrate impact throughout our entire investment cycle;
- 3- Becoming a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), in 2021, ensuring the importance of the climate change agenda is reflected in our business, and adopting its recommendations on climate-related risks and opportunities; and

4- Developing our Theory of Change, restructuring and formalizing our approach to generate measurable positive impacts.

In 2021, we demonstrated our ability to achieve results in a number of different ways, by creating financial value within our portfolio, by employing innovative strategies to generate liquidity for our investors, by strengthening our ESG and Impact-related stewardship, and ultimately by generating strong positive impacts. This 2021 ESG+I annual report reflects the performance and improvements that we have achieved within our portfolio, as a result of our initial steps in this transformation process.



**Sebastian Popik**  
Managing Partner and  
Co-head of ESG+I,  
Aqua Capital



**Agustin Blanco Ziegler**  
Managing Director, ESG+I  
Officer and Co-head,  
Aqua Capital

# AQUA CAPITAL

Investing in Agribusiness & Food

Greenwich

+\$2.3bn

combined portfolio  
company revenues

+8,900

employed by portfolio  
companies

\$795m  
in AUM<sup>1</sup>

Aqua Capital is a private equity firm that manages investments in innovative and sustainable businesses across the Agribusiness & Food value chain. We are a thesis-driven team investing in fragmented markets with the potential to build significant scale and strategic value.

## AQUA CAPITAL'S ESG+I VISION

Aqua Capital's ESG+I vision is to transform Ag & Food sectors and companies in a manner that amplifies their **sustainability and their positive impacts** on climate change, food security and health & wellness.



2 co-mingled funds deployed since Firm's inception

40 investments in twelve platforms<sup>2</sup>

28 investment professionals

(1) Includes co-investments. As of Dec 31, 2021. (2) Investments organized in 14 platforms, from which 3 merged to create AgroGalaxy. Two platforms fully disbursed (Fertiláqua and Grand Cru).

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01

# GOVERNANCE

Aqua Capital is a private equity fund manager established in 2009 and focused on private equity investments in Ag & Food companies in the Americas. Through its deep operational value-add approach, it directs its resources to professionalize, grow and transform its portfolio companies, whilst enhancing their positive impact. Aqua Capital management entities are regulated by the Central Bank of Uruguay (BCU) and by the securities authority of Brazil (CVM).

**SINCE ITS FOUNDATION, THE FIRM HAS WORKED CONTINUOUSLY TO IMPROVE GOVERNANCE PRACTICES IN ITS OPERATIONS AND ACROSS ITS PORTFOLIO COMPANIES, AND TO PRESERVE AND ENHANCE LONG-TERM ECONOMIC VALUE,**

facilitating access to resources and contributing to the quality of management, longevity and positive impacts for its investors and other stakeholders. The good governance principles of transparency, fairness, accountability and corporate responsibility are embedded in the firm's approach to making and managing investments.



Governance structure at the portfolio company level starts with the board of directors and key specific governance-related roles allocated to executives and committees (including people, ESG, compliance and audits, amongst others), all of which are focused on delivering results based on those principles. Additionally, Aqua Capital principals actively participate in each company's board and committees to address material ESG+I issues and to promote the sharing of best practice across the companies. The firm has developed a system which explicitly includes ESG+I goals amongst the criteria monitored when determining the performance-related element of its portfolio companies' executives' remuneration.

**AQUA CAPITAL'S ESG APPROACH TO AVOIDING RISKS AND NEGATIVE IMPACTS ("DO NO HARM") HAS BEEN WELL ESTABLISHED AND IMPLEMENTED FOR A DECADE. AQUA CAPITAL HAS AN ESG+I COMMITTEE TO OVERSEE THESE RISKS AS WELL AS TO PUSH FORWARD ITS IMPACT AGENDA.**

This committee comprises, among others, two of Aqua Capital's partners, its ESG+I officer, its dedicated ESG+I lead consultant, its people operating partner, and its compliance officer. It meets on a monthly basis, and its responsibilities include setting the firm's general ESG and impact strategy, objectives and targets, and monitoring performance. The ESG+I committee minutes are shared with the other partners and senior management team, integrating the agenda throughout the entire firm and allowing for a close overview from its decision-makers.

In addition to these ESG+I committee members, Aqua Capital also counts with two dedicated ESG professionals who work with the portfolio companies with a focus on the Impact agenda.

ESG and impact matters occupy a central position at the investment committee and during discussions within the senior team. Similarly, each portfolio company has its own ESG committee (including members of the Aqua ESG team) to prioritize Impact objectives and identify opportunities, always in alignment with Aqua's overall strategy. Additionally, newcomers receive induction training that includes a section on ESG and sustainability topics.

Furthermore, Aqua Capital has a dedicated compliance team, led by the company's compliance officer, who reports to the firm's board of directors. In addition to a compliance and conduct manual, the firm has a code of ethics and conduct, and policies on anti-money laundering and fighting corruption, risk management, confidentiality, information security and privacy, all of which are available in portuguese at <https://aquagestora.com>.

## 02. INVESTMENT CYCLE

### AQUA CAPITAL IS A THESIS DRIVEN INVESTOR, AND ESG+I IS EMBEDDED IN ITS STRATEGY FROM THE DEVELOPMENT OF THE INVESTMENT THESIS, THROUGHOUT THE HOLDING PERIOD UNTIL EXIT.

From origination to investment decision, Aqua Capital is guided by the objective of targeting impactful, transformational and scalable opportunities, and the ESG+I agenda plays a huge role in achieving this. All investment opportunities must be aligned with the ESG+I policy, which contains a clear exclusion list and ESG+I requirements. In 2021, Aqua Capital refined its early stage investment opportunity

assessment process, identifying which of the UN Sustainable Development Goals (SDGs) the target company contributes to, as well as its potential positive impacts, such as an increase in productivity, antibiotic and pesticide reduction or replacement, the development or implementation of technologies and strategies to fight climate change, among others. The results of this analysis are discussed within the investment committee.

Once the initial screening is completed, dedicated ESG+I due diligence is carried out using the International Finance Corporation (IFC) performance standards and legislation as benchmarks, categorizing the target company's



environmental and social risks. In 2021, Aqua Capital included the identification of climate related risks and opportunities as part of this assessment, based on TCFD recommendations, as well as the identification of possible resource efficiency projects. Following on from the due diligence process, an environmental and social action plan (ESAP) is defined, and once the investment decision is made, Aqua puts its professionalization, growth, transformation and impact (PGTI) methodology into practice, monitoring the company's compliance with national and international laws and standards

and the implementation of the ESAP and ESG+I related key performance indicators (KPIs), as well as working to support emissions reduction and resource efficiency projects, and helping companies to structure their own ESG+I agendas and enhance their positive impacts. Aqua views the ESG+I agenda as a value creation lever and, at the time of exit, considers the ability of each potential buyer to continue to drive this critical agenda.

## AQUA CAPITAL'S INVESTMENT CYCLE

### OBJECTIVES

Target the most impactful, transformational and scalable opportunities

Value creation through PGTI

Enhance Corporate governance, diversity and ESG practices

### INVESTMENT CYCLE



### ESG+I ACTIVITIES

- ESG+I investment themes
- SDG alignment
- Possible positive impact
- E&S policy
- Exclusion list

- ESG+I due diligence
- ESAP elaboration
- 180 day plan
- Climate assessment

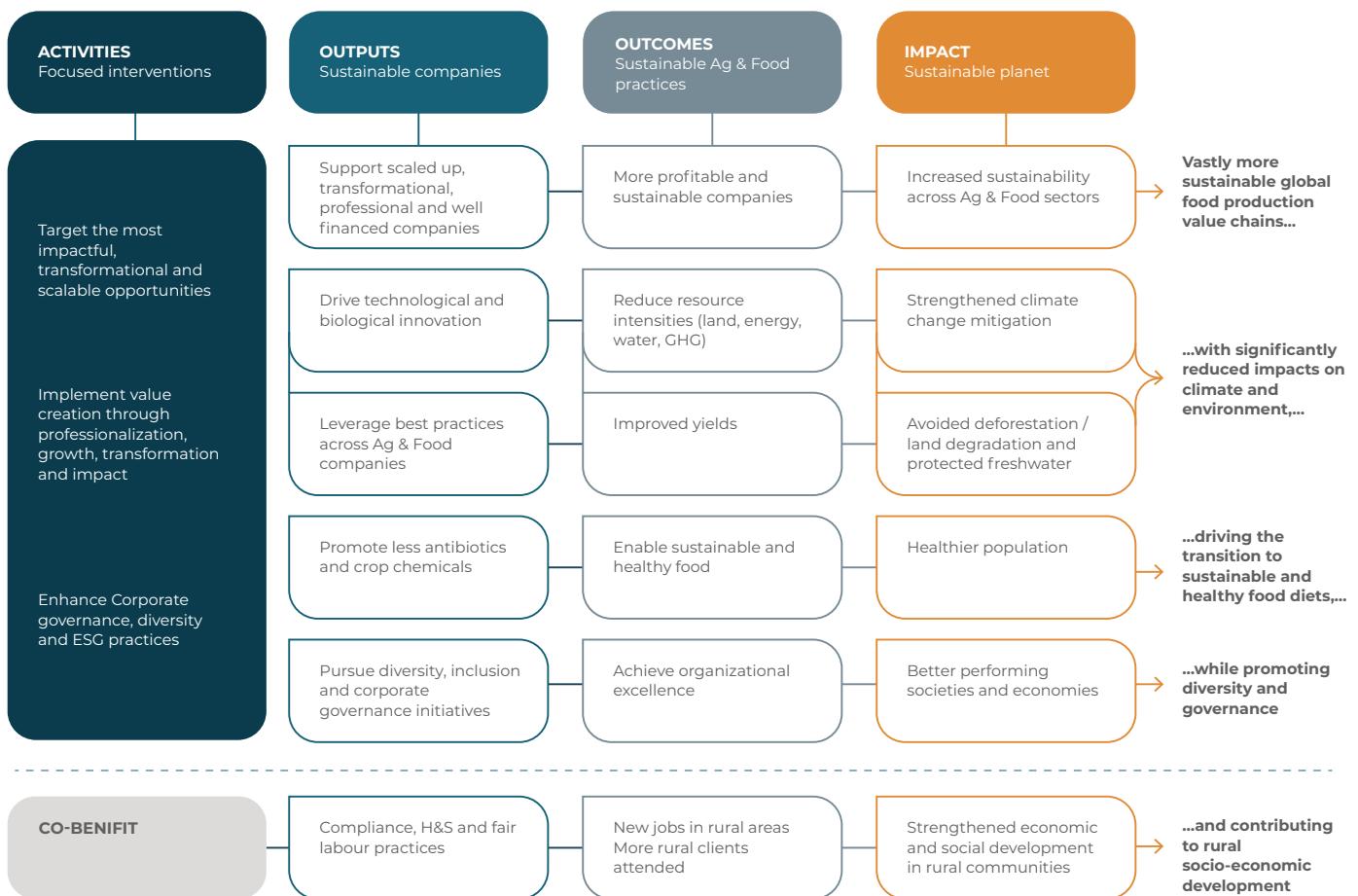
- ESAP monitoring
- KPI monitoring
- Environmental bottom-line projects
- Third-party assessments
- Actions to improve positive impact

## 03. THEORY OF CHANGE

Aqua has always worked to implement industry-leading ESG and Impact standards throughout its operations. Over the past two years, Aqua's thinking and execution have further evolved, leading to the articulation of a vision of change that integrates an impactful "planet and people" agenda with traditional financial return objectives. A Theory of Change (ToC) has been developed, and a new approach designed to

drive positive impact initiatives aligned with the ToC. The ToC defines the activities and interventions that Aqua carries out, as well as the desired outputs, outcomes (medium-term effects and changes in company practices), and long-term impacts and changes not only to improve companies but also entire sectors, value chains and, ultimately, the world.

### AQUA CAPITAL'S THEORY OF CHANGE



## 04

# APPROACH

AQUA'S ESG+I APPROACH HAS BEEN THE FOCUS OF CONSTANT IMPROVEMENT, MOVING FROM A WELL-STRUCTURED RISK MANAGEMENT APPROACH TO A POSITIVE IMPACT/ VALUE CREATION STRATEGY

while continuing to identify and prevent harmful practices. During 2021, Aqua restructured its ESG+I approach on the basis of four key principles:

## 1 AIM TO INVEST IN "DO GOOD" BUSINESS MODELS

Ag & Food sectors have a critical role to play in the significant reduction of global GHG emissions through more sustainable products and practices, as well as in improving food production efficiency. Aqua Capital's investment strategy aims to invest in companies that can drive positive-impact outcomes while maximizing financial performance.

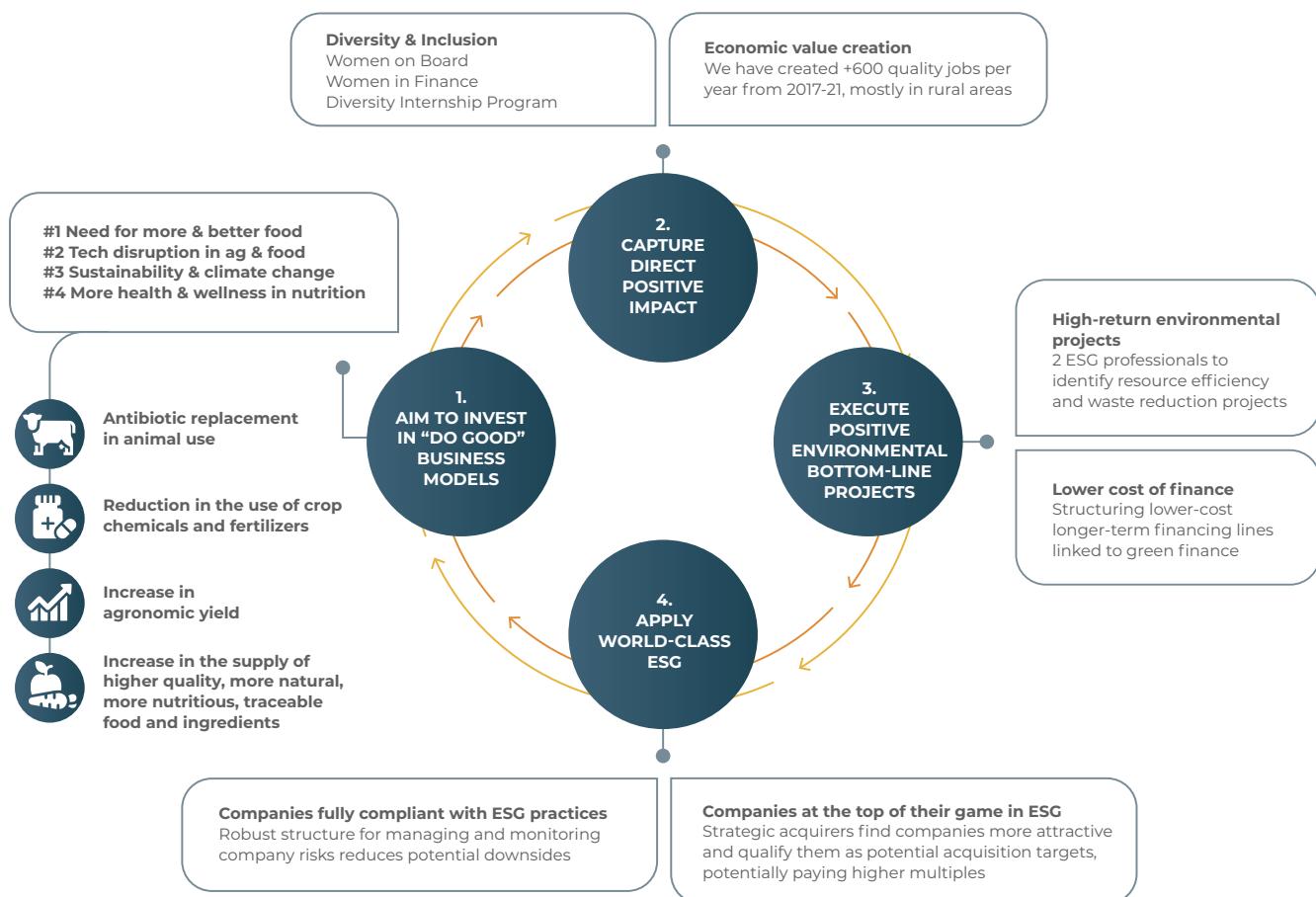
## 2 DIRECT POSITIVE IMPACT

Diversity, inclusivity and good governance are key to build lasting, sustainable, and high performing organizations. We promote gender equality and the inclusion of women at all levels,



and have an unwavering commitment to outstanding corporate governance in every investment. As company builders, a natural by-product of Aqua Capital's stewardship is the distribution of direct economic value, through developing companies, suppliers and producers which encourage the use of best practices and technology, creating high quality jobs and consequently developing the regions in which we operate. These regions are mostly rural areas, of significant importance to developing countries. Between 2017 and 2021, we have created over 600 net new jobs per year – even during the pandemic.

## ESG+I APPROACH FOR VALUE CREATION



## 3 POSITIVE ENVIRONMENTAL BOTTOM-LINE PROJECTS

Aqua Capital also seeks opportunities to help the planet through identifying emissions reduction and resource efficiency projects, with high returns (>30% IRR). Once identified, we bring experts into the field to systematically execute these sustainability-related projects across our portfolio.

## 4 CROSS-PORTFOLIO WORLD-CLASS ESG PRACTICES

Aqua Capital works closely with portfolio companies not only to ensure full compliance with ESG+I best practices and to monitor its sustainability-related risks, but also to encourage and drive its companies to position themselves at the forefront of this critical agenda.

## 05. CLIMATE CHANGE

**ONE OF AQUA CAPITAL'S KEY OBJECTIVES IS TO CONTRIBUTE TO THE FIGHT AGAINST CLIMATE CHANGE, WHILE DEVELOPING SOLUTIONS TO ENSURE FOOD SECURITY IN THE FACE OF CONTINUING GROWTH IN WORLD POPULATION.**

The Ag & Food systems are responsible for 31% of global GHG emissions (17 million tCO<sub>2</sub>e<sup>1</sup>), and for 73% of Brazil's emissions<sup>2</sup>. Agriculture both contributes to climate change, and is affected by it, particularly due to changes in precipitation patterns and extreme weather events, which impact food production and ultimately food prices and security. This reciprocity places the ESG+



<sup>1</sup> FAO.2021. The share of foodsystems in total greenhouse gas emissions. Global, regional and country trends, 1990-2019. FAOSTAT Analytical Brief Series No. 31. Rome.

<sup>2</sup> Mbow, C., C. Rosenzweig, L.G. Barioni, T.G. Benton, M. Herrero, M. Krishnapillai, E. Liwenga, P. Pradhan, M.G. Rivera-Ferre, T. Sapkota, F.N. Tubiello, Y. Xu, 2019: Food Security. In: Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems [P.R. Shukla, J. Skea, E. Calvo Buendia, V. Masson-Delmotte, H.-O. Pörtner, D.C. Roberts, P. Zhai, R. Slade, S. Connors, R. van Diemen, M. Ferrat, E. Haughey, S. Luz, S. Neogi, M. Pathak, J. Petzold, J. Portugal Pereira, P. Vyas, E. Huntley, K. Kissick, M. Belkacemi, J. Malley, (eds.)]. In press.

agenda within the Ag & Food sector at the very heart of Aqua's sustainability strategy. In that sense, these were the actions taken in 2021 to continue tackling climate change:

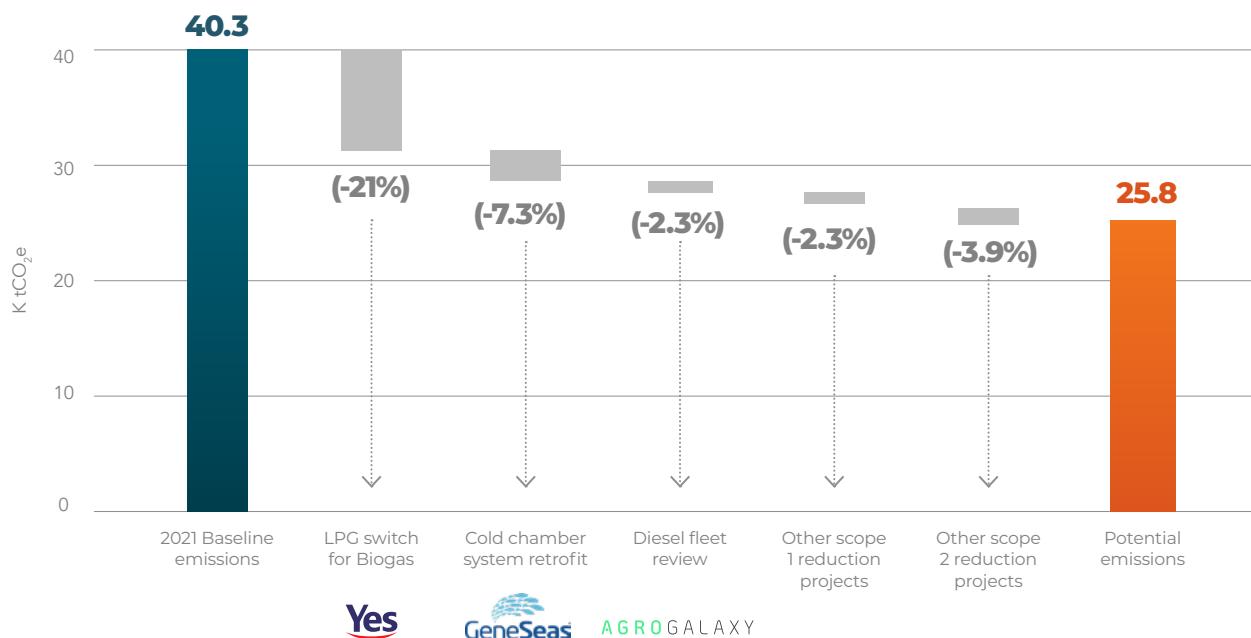
- Aqua helped its portfolio companies to monitor their scope 1 and 2 GHG emissions, which in 2021 amounted to 40.3k tCO<sub>2</sub>e, as well as to measure their scope 3 emissions;
- Aqua worked together with its portfolio companies to identify projects to reduce GHG emissions and the use of natural resources. In 2021, several projects were mapped with the potential to reduce 14.5k tCO<sub>2</sub>e of GHG emissions (see graph "2021 GHG emissions and ongoing reduction projects (scope 1 and 2)"), promoting the use of renewable energy sources, the use of more efficient motors as well as biogas at industrial sites, a switch from the use of fossil fuels within portfolio company fleets, and wastewater recovery, amongst other such projects;
- Aqua supported its portfolio companies in estimating the emissions avoided through the use of climate-friendly products and practices. This category of products includes Biotrop's biological ag inputs, which can replace nitrogen-

based fertilizers, as well as Yes' additives, which can replace antibiotics and improve feed conversion, increasing the animal productivity and consequently reducing GHG emissions. A number of eco-friendly practices have been promoted and employed by Aqua portfolio companies, including Yes' biological fertilizer production, the main raw material for which is a sugarcane mill by-product (wine), and which has succeeded in eliminating related wastewater (creating a circular economy), as well as all practices that increase farm productivity (reducing carbon intensity) such as the productivity programs undertaken by Ultracheese and AgroGalaxy. The combined effect of these initiatives alone in 2021 has been the avoidance of 79k tCO<sub>2</sub>e<sup>3</sup> in emissions, as illustrated in the graph "Avoided emissions 2021";

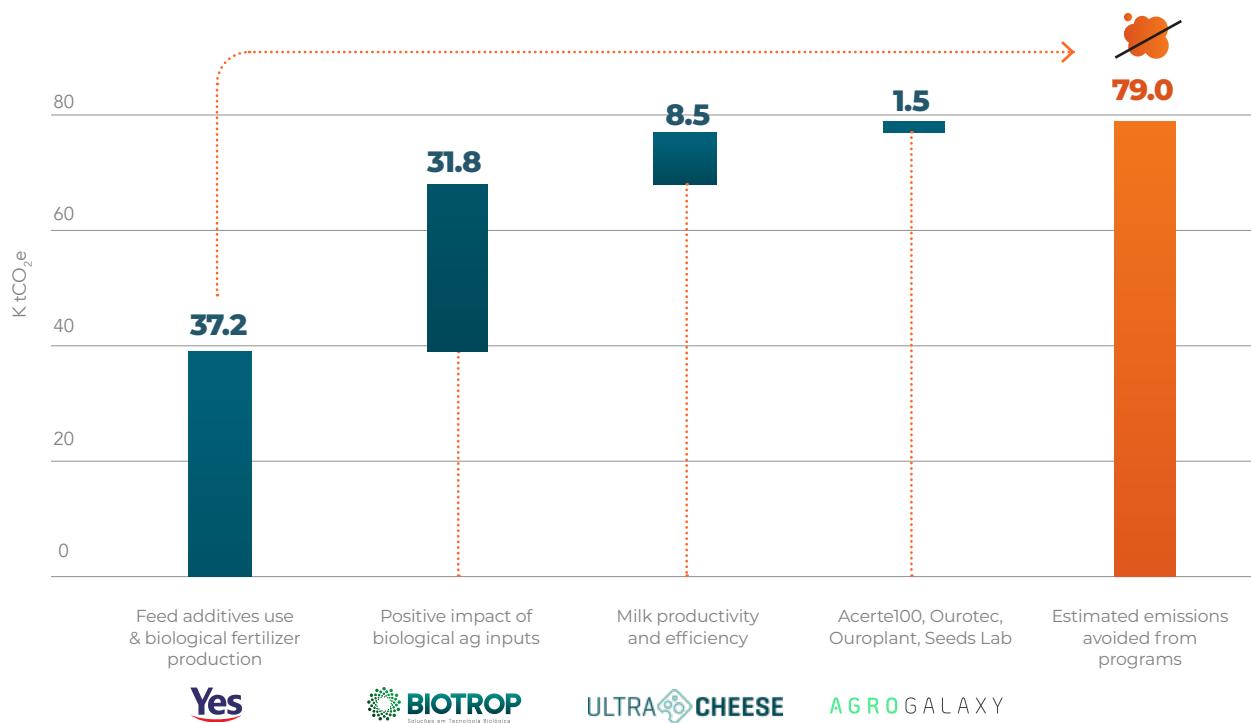
- In 2021, Aqua included climate change assessment within the ESG+I due diligence process, thus identifying climate related risk and opportunities following the recommendations of the TCFD. This assessment is taken into account by the investment committee when considering investment decisions.

<sup>3</sup> Avoided emissions calculated using GHG protocol tool. Based on the use of biological inputs when replacing nitrogen-based fertilizers (Biotrop and Yes); the use of less animals to produce the same amount of milk (Ultracheese) and the increase in productivity of farms resulting from AgroGalaxy client support programs.

## 2021 GHG EMISSIONS AND ONGOING REDUCTION PROJECTS (SCOPE 1 AND SCOPE 2)



## AVOIDED EMISSIONS 2021



Note: These avoided emissions were calculated using the GHG Protocol. Ultracheese's avoided GHG emissions are within its scope 3, after improving its milk suppliers' productivity. Avoided GHG emissions from Yes, Biotrop and Agrogalaxy are obtained by the use of their products or practices, and where we consider the use of these sustainable products and practices compared to a reference product or practice (business as usual).

06

# 2021 OVERVIEW

## 2021 WAS A BUSY YEAR FOR

**AQUA**, as we made significant progress in the ESG+I agenda, generated substantial growth in our portfolio (35% increase in revenues for Fund I and 64% for Fund II), executed 6 add-ons, and undertook the following four liquidity events:

- In Jan-2021, we successfully concluded the sale of Fertiláqua to ICL (NYSE & TASE: ICL), a leading global specialty minerals and chemicals company.
- In Jul-2021, AgroGalaxy became the first Aqua Capital company to be listed on the B3 (Brazilian Stock Exchange), raising R\$350m through an Initial Public Offering, with the capital earmarked to continue driving growth organically and through mergers and acquisitions (M&A).
- In Jul-2021, Aqua Capital and GIC, Singapore's Sovereign Wealth Fund, announced a binding agreement for the acquisition by GIC of a significant minority stake in Biotrop.
- In Oct-2021, Grand Cru was sold to Evino, the largest wine e-commerce business



in Latin America. The merger created a leader in the sector, with combined revenue of over R\$700 million in 2021.

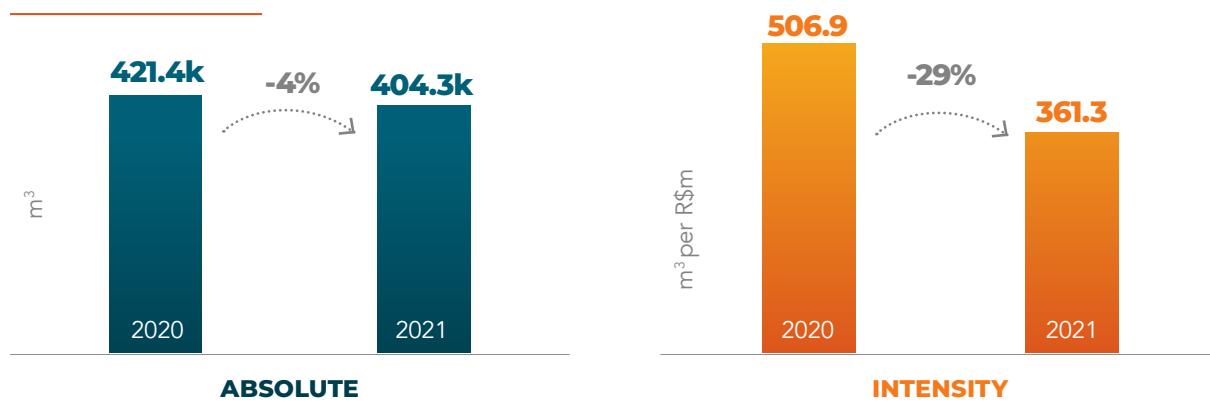
Regarding the ESG+I agenda, Aqua Capital semi-annually collects ESG+I indicators, based on IRIS+ and GRI, from all its portfolio companies in order to monitor their performance. By compiling all these indicators, Aqua can track its ESG+I evolution at fund level, with great results as described below.

## FUND I



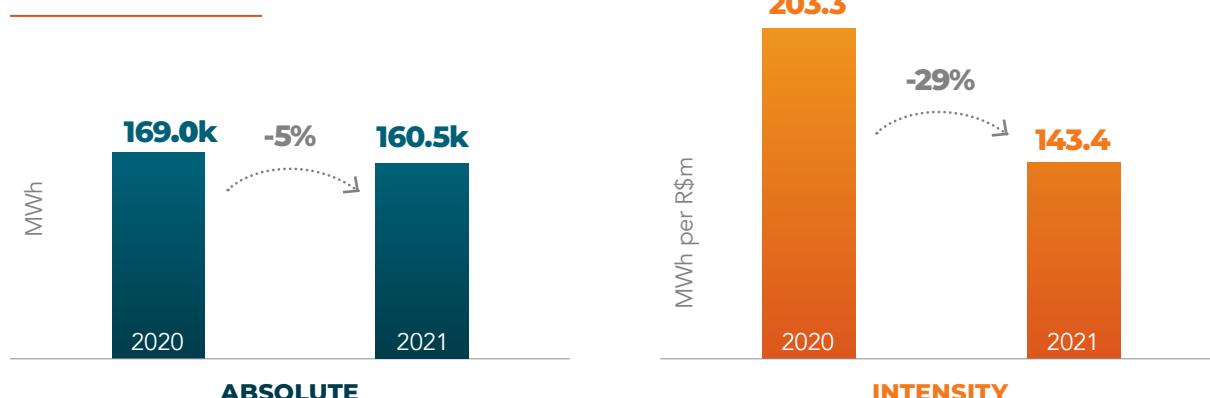
Fund I's ESG+I performance improved compared to the previous year, reducing consumption of water and energy (electricity, and other fuels such as wood, gasoline and liquefied petroleum gas - LPG) both in absolute terms, and in intensity value as shown on the graphs below.

### WATER CONSUMPTION



Note: To have comparable data at the fund level, 2020 Fertiláquodata was not considered. Fund I's net revenues increased by 35% y/y, higher than inflation that was 10% for the same period, and still discounting inflation the fund would still demonstrate intensity reductions.

### ENERGY CONSUMPTION

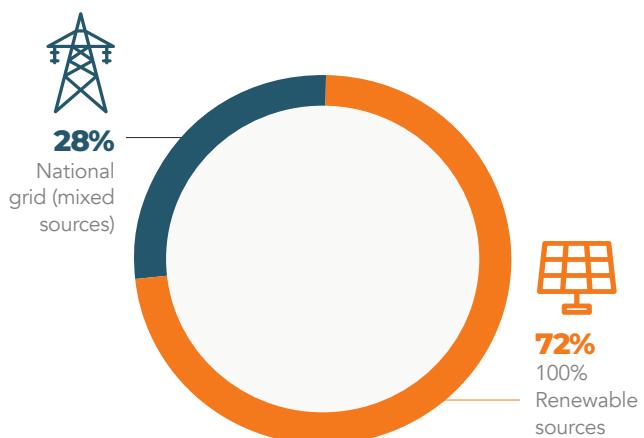


Note: To have comparable data at the fund level, 2020 Fertiláquodata was not considered. Fund I's net revenues increased by 35% y/y, higher than inflation that was 10% for the same period, and still discounting inflation the fund would still demonstrate intensity reductions.

In 2021, 72% of the electricity consumed by Fund I's portfolio companies was generated by renewable sources, while the other 28% was supplied by the national electricity grid using mixed sources.

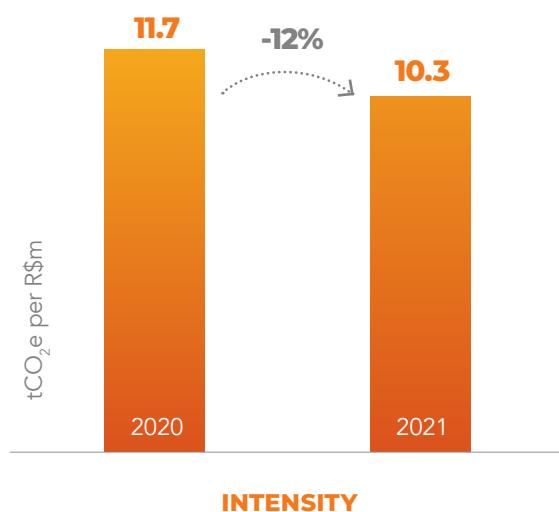
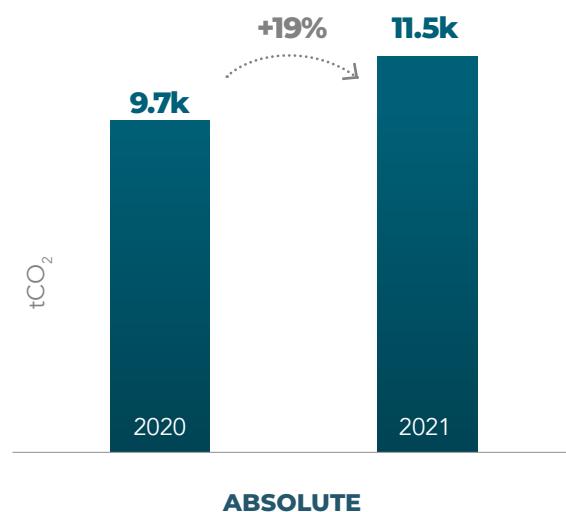
In addition, Fund I was able to reduce GHG emissions intensity (scope 1 and 2) as a result of initiatives implemented in 2021. On the other hand, Fund I absolute GHG emissions increased, primarily due to two factors: (i) company expansions; and (ii) the increase of emissions intensity at the national electricity grid level, which was higher in 2021 due to reduced electricity generation from hydroelectric plants and a corresponding increase in electricity from thermal electric plants compared with previous years. As a

## ELECTRICITY CONSUMPTION 2021



result, any company consuming the same amount of electricity as provided by the grid during 2020 and 2021 would have seen its scope 2 emissions increase in 2021. The graphs below show the GHG emissions evolution.

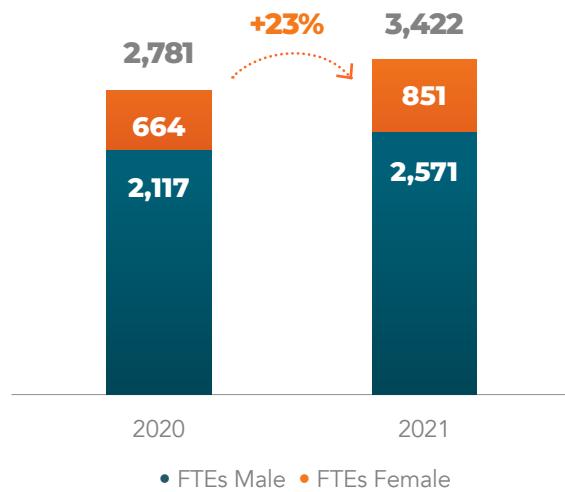
## GHG EMISSIONS



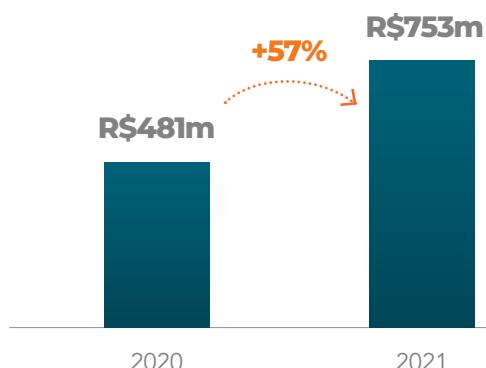
Note: To have comparable data at the fund level, 2020 Fertiláquodata was not considered. Fund I's net revenues increased by 35% y/y, higher than inflation that was 10% for the same period, and still discounting inflation the fund would still demonstrate intensity reductions.

Furthermore, Fund I created 641 net new jobs during 2021, a 23% y/y increase, and distributed R\$753m of direct economic value in 2021, a 57% y/y increase.

## TOTAL FTEs



## ECONOMIC VALUE DISTRIBUTED



Note: To have comparable data at the fund level, 2020 Fertiláquodata was not considered.

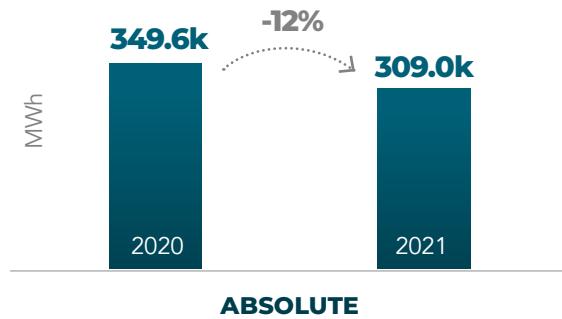
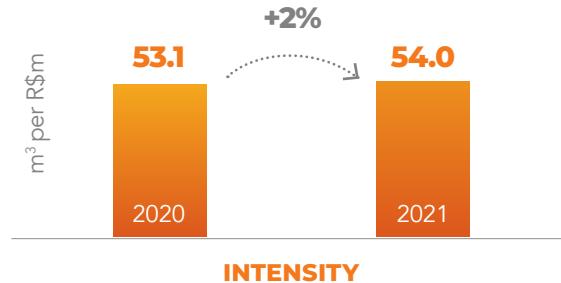
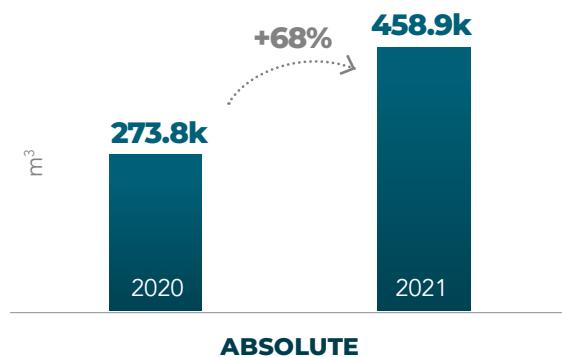
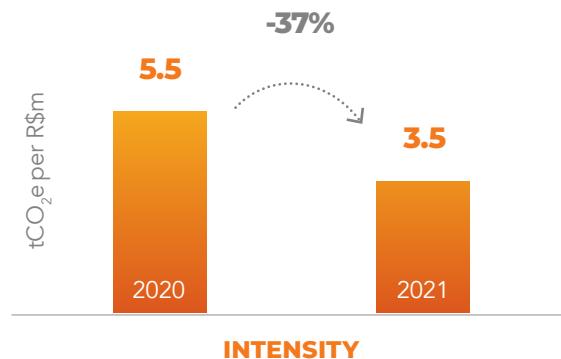
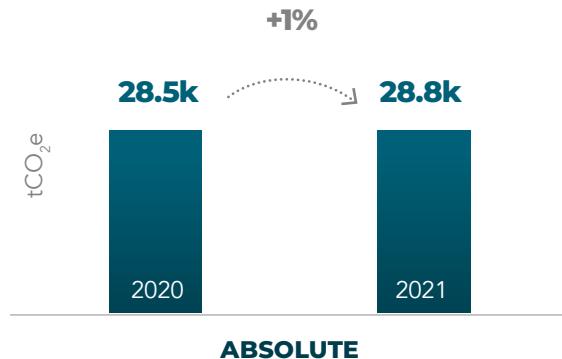
## FUND II

Fund II notably reduced its energy consumption and GHG emissions intensities compared to 2020, as can be observed in the following graphs on page 21. This follows the successful implementation of resource efficiency and GHG emissions reduction projects during 2021.

Water consumption increased mainly due to a few reasons: (i) Yes, Ultracheese and AgroGalaxy's growth, being these companies the main consumers of water in Fund II, (ii) the new business unit and production of Glucan Gold at Yes, which is more water intensive while being at the same time a more value-

added product which significantly improved the company's margins, (iii) Itacolomy and Boa Vista add-ons in 2021, (iv) better groundwater consumption measurements at AgroGalaxy, where 2020 values were lower than reality.

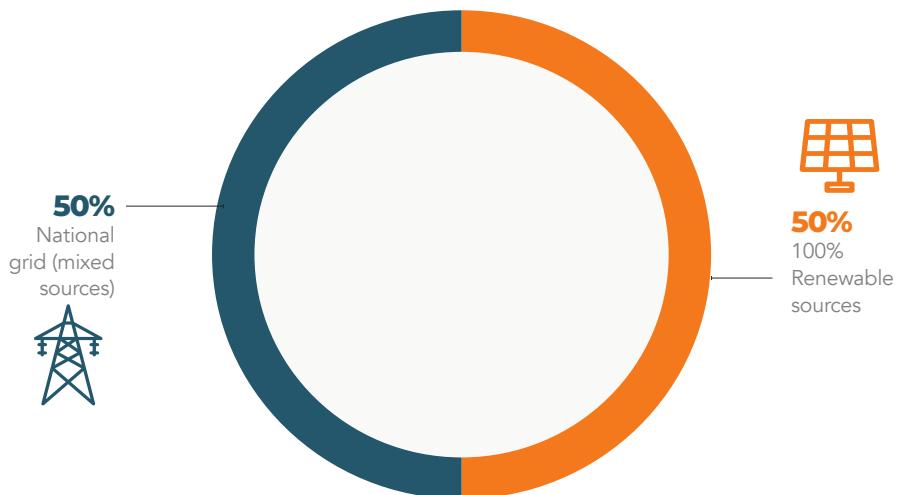
GHG emissions absolute value was also slightly pulled up by Yes, negatively impacted by the poor sugarcane harvest resulting in reduced sugar mill operations and less steam than expected, and consequently increasing LPG consumption at the company. Any repeat of this impact should be reduced in the future with biogas replacing LPG at Yes' plants.

**ENERGY****WATER****GHG EMISSIONS**

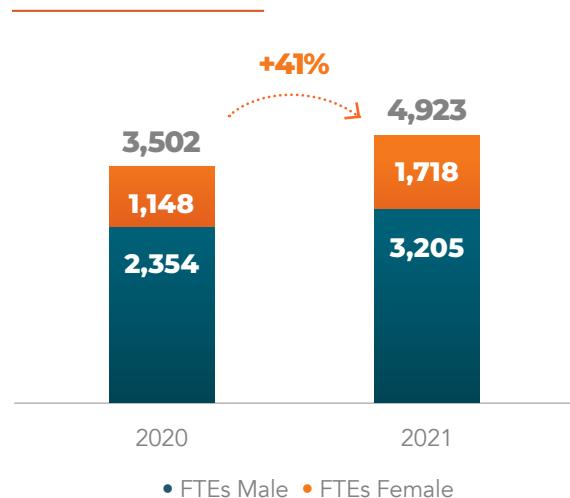
Note: To have comparable data at the fund level, Puravidas's data was not considered. Fund II's net revenues increased by 64% y/y, higher than inflation that was 10% for the same period, and still discounting inflation the fund would still demonstrate intensity reductions.

In 2021, 50% of the electricity consumed by the Fund II's portfolio companies was generated from renewable sources, while the other 50% was supplied by the national electricity grid using mixed sources.

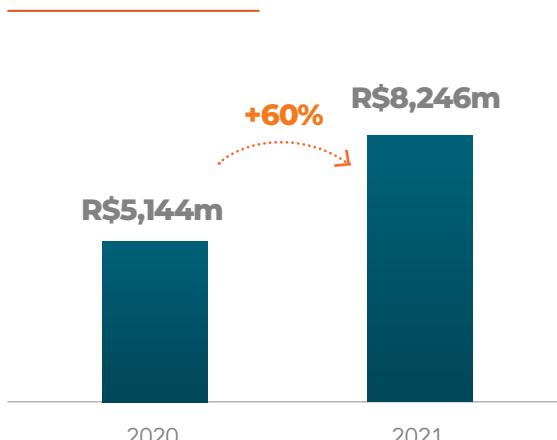
Furthermore, Fund II added 1,421 jobs during 2021, a 41% y/y increase, and distributed R\$8,246m of direct economic value in 2021, a 60% y/y increase.



### TOTAL FTEs



### ECONOMIC VALUE DISTRIBUTED



Notes: The number of FTEs include add-ons, 975 new jobs were created in 2021. To have comparable data at the fund level, Puravida's data was not considered. In 2021, Fund II had 5,294 FTEs and economic value distributed was of R\$8,533m, considering Puravida.

# SDGs FRAMEWORK



## ZERO HUNGER AND FOOD SECURITY

Aqua contributes to this SDG by ensuring sustainable food production through the production of biological ag inputs, initiatives to increase productivity of clients and suppliers, production of natural feed additives that reduce the use of antibiotics and increase food conversion, and a reduction in the use of antibiotics for fish production.

**Some examples of impacts and initiatives include:**

- 289k hectares covered by AgroGalaxy's productivity programs, which help farmers improve their productivity levels;
- 15.5k hectares where Biotrop's biological products were applied in 2021;
- GeneSeas reduced by 75% y/y the antibiotics used in its fish production.



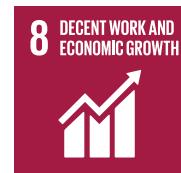
## GENDER EQUALITY

Aqua contributes to this SDG by creating gender equality programs and adhering to initiatives, as well as incentivizing portfolio companies to take relevant actions, besides monitoring several gender-related indicators.

**Through the implementation of its ESG+I strategy, Aqua Capital contributes to the United Nations' Sustainable Development Goals (SDGs), focusing primarily on six of them.**

**Some examples of impacts and initiatives include:**

- Aqua Capital is recognized by the 2X Challenge;
- Nine of our portfolio companies now have women on their board of directors;
- AgroGalaxy was the first agribusiness company in Brazil to obtain the Women on Board initiative label, and became a signatory to the United Nations Women's Empowerment Principles in Mar-2021.



## DECENT WORK AND ECONOMIC GROWTH

Aqua contributes to this SDG by promoting high quality jobs, by generating and distributing direct economic value within the Brazilian economy, particularly in rural areas, and ensuring safe and secure working environments.

**Some examples of impacts and initiatives include:**

- Direct economic value distributed - R\$9,296m in 2021 vs. R\$5,911m in 2020;
- Operations in rural and remote cities in Brazil, generating employment in these areas;
- Generation of 2,062 new jobs (Fund I: 641; Fund II: 1,421) in 2021 vs. 657 in 2020;

- Implementation of strict labor and occupational health and safety standards.



## INDUSTRY, INNOVATION, AND INFRASTRUCTURE; AND RESPONSIBLE CONSUMPTION AND PRODUCTION

Aqua contributes to these SDGs by transitioning its portfolio companies' operations and processes to more sustainable ones.

### Some examples of impacts and initiatives include:

- Projects enhancing the use of renewable energy within the portfolio companies, resulting in 65% of the electricity used coming from renewable sources;
- Comfrio substituting motors from their cooling systems for more efficient ones;
- Puravida purchasing organic raw material for specific products;
- GeneSeas committing to zero deforestation from its supply chain by 2023, which includes the purchase of soybeans produced in the Amazon, Cerrado and Chaco biomes;
- Yes using yeast cream, a residue from sugar mills, to produce feed additives and transform vinasse, a sugarcane mill by-product that was originally disposed of, into natural biofertilizers, creating a new business unit.



## CLIMATE ACTION

Aqua contributes to this SDG by monitoring GHG emissions, identifying and implementing emission reduction projects, and calculating upstream and downstream emissions avoided, as well as promoting these initiatives.

### Some examples of impacts and initiatives include:

- Since 2021, Aqua has been a formal supporter of the TCFD and continues to follow its recommendations, considering climate-related risks and opportunities throughout the investment cycle. In 2021, we implemented the first ESG+I due diligence processes considering climate-related risks and opportunities;
- The use of biopesticides, inoculants and biofertilizers (Biotrop's products and Yes' biofertilizers avoided over 66.9k tCO<sub>2</sub>e of GHG emissions in 2021);
- Productivity programs undertaken at AgroGalaxy and Ultracheese avoided 10 tCO<sub>2</sub>e of GHG emissions in 2021;
- Ten projects with the potential of reducing 14.5k tCO<sub>2</sub>e of GHG emissions were identified, including Yes' proposed substitution of LPG for biogas, with the potential to reduce 98% of its GHG emissions, and GeneSeas' cold chamber retrofitting project that can reduce 2.9k tCO<sub>2</sub>e per year.

07

# MAJOR 2021 HIGHLIGHTS AND ACCOMPLISHMENTS

**OUR PRINCIPAL ACCOMPLISHMENTS DURING 2021 WERE THE FOLLOWING:**

## 1 THEORY OF CHANGE

Aqua Capital, with the help of Steward Redqueen, one of the most well-known consultants in the impact space servicing large corporations, financial institutions and DFIs (among other clients), elaborated its first Theory of Change.

## 2 IMPACT FRAMEWORKS



**Operating Principles for Impact Management**

**IMPACT MANAGEMENT PROJECT**

In order to demonstrate and enhance its commitment to driving positive impact, in Nov-2021 Aqua became a signatory to the Operating



Principles for Impact Management (OPIM, [www.impactprinciples.org](http://www.impactprinciples.org)), a framework of principles designed to ensure that impact considerations are purposefully integrated throughout our investments' lifecycle, delivering a positive impact on society, without trading off financial returns for our investors. The OPIM were launched in 2019 and developed by the International Finance Corporation (IFC) in collaboration with asset owners, financial managers, and development financial institutions, among others. Aqua developed an alignment action plan, and we are working to improve our impact classification matrix (IMP framework), which we began to implement in 2021 to determine the impact class of our portfolio companies, reviewing our KPIs according to our new ToC (Theory of Change), and developing a systematic approach to assessing the potential impact of investments and to improving the exit process, among other aims.

Additionally, Aqua announced its support to the Task Force on Climate-related Financial Disclosures (TCFD, [www.fsb-tcfd.org](http://www.fsb-tcfd.org)), confirming its commitment to the climate change agenda. During 2021 and continuing in 2022 we have developed a TCFD implementation action plan which considers actions to improve climate change within governance, strategy, risk management and target establishment.



### **3 INTERNATIONAL IMPACT ASSESSMENTS**

KWF DEG analyzed Aqua's funds through its DERa tool (Development Effectiveness Rating), which evaluated the funds' business impact, assessing their environmental stewardship, community benefits, decent jobs, local income and market and sector development. Fund I obtained a score of 90 points and Fund II a score of 91 points, very close to the highest score achieved within Latin America, which was of 94 points. This assessment was based on Aqua's 2020 ESG+ Annual Report, and higher scores are expected for the next assessment.

In December 2021, Aqua was also assessed by Phenix Impact Fund Assessment, which evaluates the robustness of its impact proposition across six themes: intentionality, impact strategy, measuring and reporting, transparency, impact governance, and industry collaboration. It examines to what extent the policies, procedures and human resources are in place to deliver the impact that a fund aims to create. Aqua Capital obtained a score of 46/66, and although not considered a formal impact fund, scored higher than high quality impact funds with an average score of 44/66. The other positive news for Aqua Capital is that Phenix has identified actionable points presenting clear opportunities for improvement, which we are already working on.



## 4 DIVERSITY

Aqua Capital is proud to be recognized as a '2X investment' under the 2X Challenge criteria, for its gender balance in leadership. The 2X Challenge is an initiative founded by the Development Financial Institutions from the G7 and aims to advance opportunities for women to access entrepreneurship and leadership, quality jobs and services that enhance their economic participation.



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 intent to reduce the significant problem of youth unemployment. The campaign provides training to the signatories' human resources teams on how to guarantee the inclusion of young people, as well as providing qualifications by developing their own programs or in partnership with other institutions.

By the end of 2021, all portfolio companies, except Comfrio (Fund I), had at least one woman in the board of directors and 100% of their senior management had received anti-bias training.

Alongside these achievements and initiatives, Aqua developed 2 diversity programs:

Women in finance, a career acceleration plan for women working at Aqua and its portfolio

companies, which delivers technical skills through a five-module course, a mentoring program delivered by experienced executives and inspirational women coaches. The program is sponsored by Aqua Capital, IBMEC and ABVCAP+KPMG, currently includes seven participants, and is expected to launch a second edition in Sep- 2022.

Ypê Program: this is a racial diversity internship program exclusively for black students, where they are trained and mentored by members of Aqua's investment team. The program, sponsored by 99Jobs, Aqua Capital and its portfolio companies, includes six participants who receive English proficiency classes, soft skills training, and finance training. For 2022, there will be a second and third edition of the program.

## 5 PORTFOLIO BOTTOM-LINE ENVIRONMENTAL PROJECTS

Since 2020, Aqua has been helping portfolio companies to identify and implement resource efficiency and emission reduction projects which combine meaningful environmental impact with high financial returns (IRR above 30%).

More than 30 projects were identified in 2021, and six of them have already been fully implemented (four being resource efficiency projects, and two emission reduction projects). Another 11 projects are still being implemented and are expected to be concluded in 2022, with a further 14 identified but not yet commenced. These projects are described later in this report, in the section for the corresponding portfolio company.

## 6 RISK MANAGEMENT

We achieved relevant progress in terms of ESG risk prevention at our portfolio companies, which is detailed in chapter eight.

## 7 THIRD-PARTY ASSESSMENTS ON ESG MAIN PROCESSES

To guarantee and improve the main ESG processes at portfolio companies, we aim to have these processes certified by recognized third parties. To date, we have worked with 2 main general certifications. EcoVadis certifies our companies' ESG management systems, with almost all our portfolio companies certified to date (Grand Cru, GeneSeas, Biotrop, AgroGalaxy, VetBr and Rech obtained their first certification in 2021, and Yes was re-confirmed). Puravida, is aiming for the higher B-Corp certification.



The second general certification that we promote is a Great Place to Work, to ensure that our portfolio companies offer the great workplaces that we consider necessary to achieving organizational objectives. Four of our companies have been certified in the last 12 months, being Grand Cru, AgroGalaxy, Rech and VetBr. We also

promote other certifications to guarantee key processes, food safety and quality.



## 8 PORTFOLIO COMPANY SUSTAINABILITY REPORTS

In 2021, AgroGalaxy published its first annual sustainability report, dealing with 2020 actions, and will publish its second during 2022. Additionally, we are supporting Yes, VetBr, Rech in publishing their own sustainability reports.

## 9 AQUA CAPITAL ESG+I BEST PRACTICES SHARING

Aqua Capital held three events focused on ESG +I for all portfolio companies with the participation of industry-leading speakers, and sharing best cases from portfolio companies. The COO and CEO Forums focused on ESG+I, and the ESG+I Forum, were great opportunities to raise awareness, share knowledge and inspire our companies on the ESG+I agenda.

## 10 ESG+I COMMITTEES

During 2021 all our portfolio companies established their own ESG+I committee, with the main objective of further discussing their own risks and opportunities, as well as working towards alignment with Aqua strategy and mission.

## 11 DEVELOPMENT OF ONLINE KPI MONITORING TOOL AND UPGRADE OF THE ESG+I DASHBOARDS

Seeking a visual analytical tool to track portfolio company progress, Aqua developed an automated system to collect and track ESG+I indicators, which can quickly review a company's evolution and progress

towards intended impacts. Aqua also simplified its ESG+I dashboard to allow for more direct assessment of companies' performance.

## 12 AQUA CAPITAL ESG+I TEAM

An additional dedicated professional was recruited in 2021 for the ESG+I team to support Aqua Capital in this important agenda.

## 13 AQUA CAPITAL'S ESG+I AWARDS

Aqua capital has received the top Latin America Private Equity Environmental Responsibility Award for its investment in Biotrop. This is the third time that we have won this award in the last six years, as well as obtaining an honorable mention and being short listed during this period. More information at: <https://lavca.org/dealbook/>

## 14 BROADER INVOLVEMENT IN THE COMMUNITY



Since 2017, Aqua Capital has been a corporate sponsor of the Black Jaguar Foundation, one of the largest reforestation projects in Brazil, aimed at the reforestation of a corridor of 2,600km between the Cerrado Savannah and the Amazon in cooperation with farmers.

<https://www.black-jaguar.org/>

## 15 MANAGEMENT OF THE COVID-19 PANDEMIC

COVID-19 has been and remains a global health emergency. The security and health of our team, portfolio companies' staff and customers have been a priority for us since the very beginning of the outbreak.



**COMFRIO**  
2016  
**HONORABLE METION**  
Environmental  
Responsability



**GeneSeas**  
2017 WINNER  
Environmental, Social  
& Governance



**FERTILÁQUA**  
an ICL company  
2019 WINNER  
Environmental  
Responsability



**Yes**  
2020 SHORT-LISTED  
ESG Award



**BIOTROP**  
Soluções em Tecnologia Biológica  
2022 WINNER  
Environmental  
Reesponsibility

08

# PORTFOLIO COMPANIES

**POR**TFO

**LIO** COMPANIES' ESG MANAGEMENT HAS ALWAYS BEEN A PRIORITY FOR AQUA CAPITAL, WHICH HAS CONSTANTLY IMPROVED ITS APPROACH OVER THE YEARS.

We continue to manage and monitor risk and negative impacts, while at the same time push companies to adopt ESG best practices and generate positive impacts.

Within this chapter we present the improvements and highlights of the ESG+I agenda at portfolio companies, following Aqua Capital's new ESG+I value creation approach, "do good" business, "direct positive impact", "bottom-line environmental projects" and "world class ESG".



# YES




## Company Snapshot

Yes is a biotechnology company engaged in the development and commercialization of innovative and differentiated animal feed additives solutions. The company serves the Brazilian market and exports to over 40 countries. Yes provides natural and antibiotic-free solutions derived from sugarcane yeast and chelated organic minerals to enhance animal nutrition and health. Its comprehensive product portfolio is well positioned to meet the growing demand for high performance and sustainability, including food safety, animal welfare, enhanced gut health and environmental sustainability.

## “Do good” business

Positive impact is embedded within Yes’ entire business model, which provides a high-quality nutritional solution produced from a by-product from sugar mills, generating upstream impact through its manufacturing process which provides a sustainable solution for the sugar mill’s waste, as well as downstream impact through improving animal nutrition and promoting healthier food with less antibiotics. Material examples of how Yes generates positive impact include the following:

1. Yes’ additives are healthier for animals, people and environment: Yes products improve livestock nutrition absorption, which results in higher feed conversion and reduces manure generation, thus avoiding methane emissions. It was estimated that Yes avoided 2.1k tCO<sub>2</sub>e in GHG emissions during 2021, through the use of its products, taking into account both the reduction of manure generation and the feed conversion improvement. Moreover, Yes’ products avoided the use of 64 tons of antibiotics in 2021.
2. Yes’ production plants are strategically located at the heart of Brazil’s sugar milling industry, being closer to the premium raw material source, and are engaged in a win-win partnership with mills resulting in low-cost production using steam from these mills as their main energy source, with the mills burning sugarcane bagasse to produce the steam. If Yes had used 100% of liquified petroleum gas (LPG) to produce the equivalent amount of steam, it would have increased its GHG emissions by 17k tCO<sub>2</sub>e in 2021.

3. Yes implemented a new technology to extract the cell wall from the wine which is Yes' original by-product, through wastewater evaporation, obtaining a raw material used to produce biological fertilizers and animal feed. This led to the creation of Clabon, an ag business unit that sells this cell wall extract (previously a waste product), generating over R\$1.2m Ebitda. In 2021, Yes avoided 35.1k tCO<sub>2</sub>e of GHG emissions by reducing 8.6k m<sup>3</sup> of wastewater and avoided the use of 9.7k tons of chemical fertilizers.
4. Glucan Gold: Yes found an innovative solution to continue production during the sugar mill off-season period, increasing enzymatic reactions that produce a powerful source of purified beta glucan called Glucan Gold. As the product remains in the production line for a longer period, lees yeast is used during this period, and subproducts that are otherwise outside specification can also be used in this process.

### Capture direct positive impact

Yes distributed R\$124.4m of direct economic value in 2021, and since investment has created 102 net new jobs. Today it employs 259 FTEs (full-time equivalent employees), an increase of 15% y/y, and offers benefits to all of them. Of the total employees 26% are women, a slight increase compared to 2020 (23%), and Yes has improved the number of women holding management positions while maintaining equity wage, with women holding 17% of director positions, 67% of managers who respond directly to the CEO, and 31% in other management positions, and the wage equity ratio between women and men varying from 0.7 to 1.0, depending on the position. Moreover, Yes has one woman on its board of directors.

### Positive environmental bottom-line projects

Being an animal feed additives manufacturer, Yes naturally consumes a significant amount of energy and water, and consequently releases high levels of GHG emissions. Because the 2021/2022 sugarcane crop was the worst in a decade, there was a decrease of yeast offer causing a 24% y/y fall in production, as well as reducing energy consumption by 12%. However, another consequence of the poor sugarcane harvest was a reduction in the quantity of steam supplied by the sugar mills, forcing Yes to consume more LPG as an alternative energy source. This unusual combination of events resulted in a 19% y/y increase in GHG emissions, from 10k tCO<sub>2</sub>e to 12.4k tCO<sub>2</sub>e.

Yes' water consumption also increased during 2021, by 41% in absolute terms and 87% in intensity by ton of product produced (m<sup>3</sup>/ton of product), as a result of industrial plant expansion and the production of more Glucan Gold, which is more water intensive. Nevertheless, Yes achieved a 3% y/y reduction in water consumption intensity by net revenue (m<sup>3</sup>/R\$).

## Absolute

| UNIT                               | 2020   | 2021   | ↑↓   |
|------------------------------------|--------|--------|------|
| Energy (MWh)                       | 144.8k | 127.0k | -12% |
| Water (m <sup>3</sup> )            | 74.7k  | 105.7k | +41% |
| GHG Emissions (tCO <sub>2</sub> e) | 10.4k  | 12.4k  | +19% |

## Intensity

| UNIT                                    | 2020    | 2021  | ↑↓   |
|---|---------|-------|------|
| Energy (MWh/R\$M)                       | 1,345.3 | 805.8 | -40% |
| Water (m <sup>3</sup> /R\$M)            | 694.5   | 670.7 | -3%  |
| GHG Emissions (tCO <sub>2</sub> e/R\$M) | 96.6    | 78.8  | -18% |

Note: Intensity values do not consider inflation.

Under normal conditions, Yes uses steam supplied by the sugarcane mills adjacent to the plant as a source of heat for its dryers. During the low agricultural season Yes is forced to use a different energy source, and LPG-fired boilers to maintain production. In 2021, it adapted its system and began to replace LPG with biogas, starting in Lucélia plant as a pilot project, and in Dec-2021 it received its first load of biogas. The company aims to reduce the use of LPG in Lucélia by 70% in 2022, and to start testing the technology in Borá. This project, if fully implemented at both plants (Lucélia and Borá), has the potential to reduce 98% of Yes' direct GHG emissions.

## World class ESG

Yes has high standards for quality, safety, traceability and ESG systems. It is FSSC 22000 (Food Safety System Certification) certified and has obtained the GMP+ (Good Manufacturing Practices combined with HACCP - Hazard Analysis and Critical Control Points) and Feed and Safety certification by Sindirações, encompassing its three levels: BPF (Manufacturing Good Practices), HACCP and international equivalency. It is also Halal certified, which guarantees that the product is produced in accordance with Islamic law.



# YES CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS  | COMPANY CONTRIBUTION IN 2021   |
|--|--|--|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 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"> <li>With the production of 22k tons of products, it is estimated that the use of Yes' products produced 152k tons of additional meat avoiding the use of 64 tons of antibiotics.</li> </ul>   |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>26% of women employees;</li> <li>67% of managers who respond directly to the CEO are women;</li> <li>31% of other management position, held by women;</li> <li>Wage equity ratio between 0.7 to 1.0;</li> <li>One woman on its board of directors.</li> </ul>   |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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"> <li>R\$124.4m of direct economic value distributed in 2021, an increase of 37% y/y;</li> <li>259 FTEs (full-time equivalent employees), an increase of 15% y/y;</li> <li>102 net new jobs since inception;</li> <li>100% jobs with benefits;</li> <li>No serious accidents or fatalities during 2021.</li> </ul>  |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>Yes created Clabon ag business, which sells the cell wall extract from its wastewater for raw material to produce biofertilizer, thus reducing 8.6k m<sup>3</sup> of wastewater;</li> </ul>   |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  | <ul style="list-style-type: none"> <li>It also adapted its productions process to produce Glucan Gold during sugarcane offseason, using subproducts that would otherwise not meet specification requirements;</li> <li>Yes adapted its structure to substitute LPG with biogas, with the potential to reduce 98% (11.4k tCO<sub>2</sub>e) of its direct GHG emissions per year;</li> <li>40% y/y energy intensity reduction;</li> <li>3% y/y water intensity reduction.</li> </ul> |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | <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"> <li>2021 GHG emissions (scope 1 and 2) – 12.4k tCO<sub>2</sub>e;</li> <li>18% y/y GHG emissions intensity reduction;</li> <li>Using Yes's products and the generation of biofertilizers, it was estimated that Yes avoided the emission of 25.1k tCO<sub>2</sub>e of GHG (not taking into account the emissions avoided using the sugarcane mills' steam, which would have been an additional 17k tCO<sub>2</sub>e).</li> </ul>                 |

# AGROGALAXY

AGRO GALAXY

## Company Snapshot

AgroGalaxy is a leading independent ag inputs retailer and grain handling platform, covering 14.5m hectares and operating in eleven Brazilian states. AgroGalaxy boasts a unique geographic footprint, strong grain origination capabilities and direct access to farmers, as well as a diverse portfolio serving over 21,000 clients, with a focus on soybean, corn, wheat, and coffee.

AgroGalaxy was created in 2020 with the merger of Rural, Agro 100 and Grão de Ouro, expanding with the subsequent acquisitions of Boa Vista, Ferrari Zagatto, and Agrocatt.

In 2021, AgroGalaxy became the first Aqua Capital company to be listed on the B3 (Brazilian Stock Exchange) and raised R\$350m through an initial public offering, with the capital earmarked to drive growth organically and through M&A.

## “Do good” business

AgroGalaxy is more than just an ag input retailer: it provides technical assistance, tools, technological updates and engagement with farmers demonstrating best practices and trends, helping farmers transition to more sustainable practices.

During 2021, in partnership with Alper and BB Seguridade, it added agricultural insurance to its service portfolio, covering damage to crops, machinery, infrastructure, transport and collective life insurance, among other risks, and providing farmers with vital financial security.

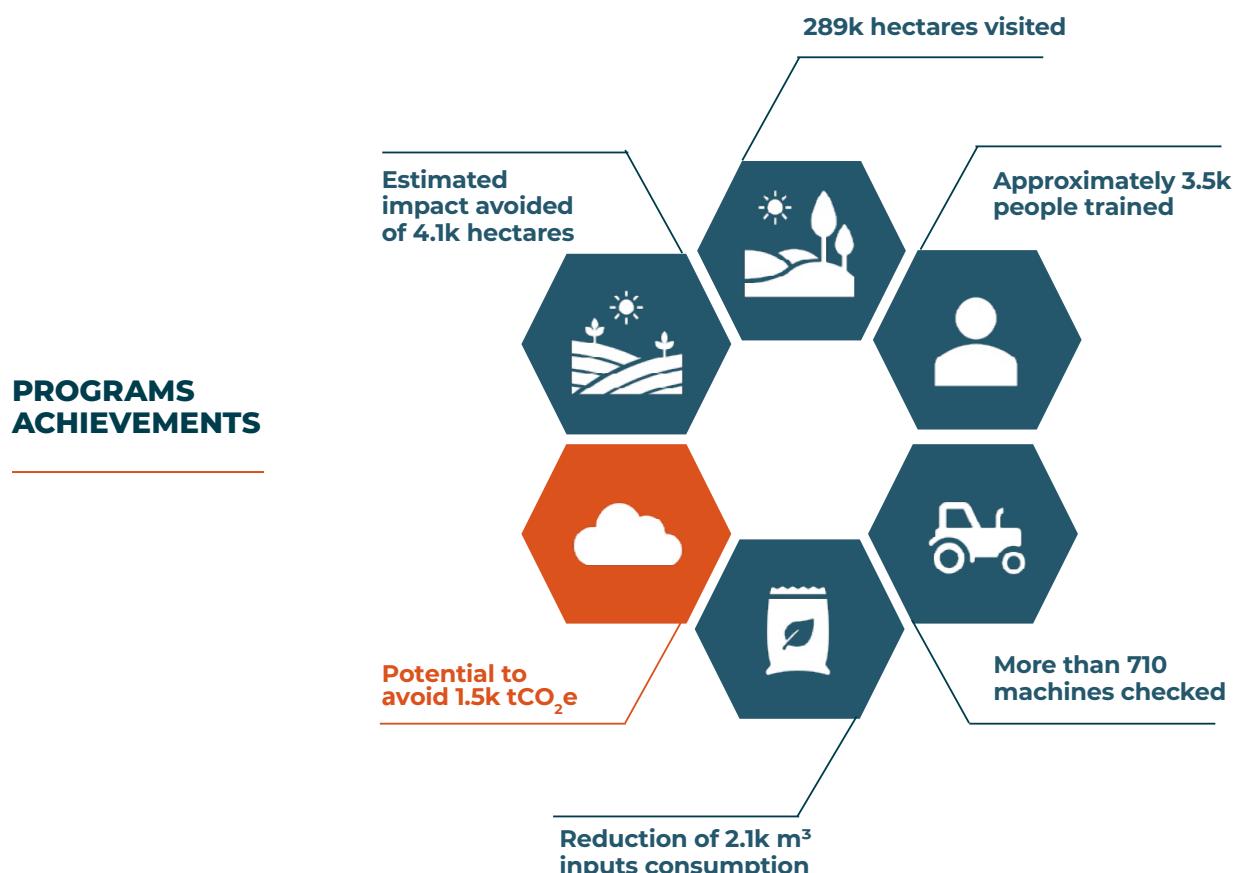
To promote precision agriculture and help farmers increase their productivity, AgroGalaxy launched an app that brings together functions such as stock management, demand planning, financial information and scheduled purchases. To promote precision agriculture it integrated to this app a digital solution called Agrokea that allows the farmer to visualize a map of its field crops, based on georeferenced data, and providing detailed weather information and personalized recommendations on pest control and fertilizer application, to follow crop development.

To incentivize environmentally-friendly and low carbon farming practices, AgroGalaxy ran 4 campaigns to promote the use of biologicals and micronutrients throughout 2021, demonstrating how this innovation can be of use to farmers. The sales made during these campaigns accounted for 37% of the annual sales of these products.

As well as these measures, AgroGalaxy employs other well-established initiatives to increase productivity and reduce ag inputs, such as Acerte A and Ourotec, focusing on machinery and sprayers and helping the farmer to improve inputs application efficiency, Ouroplant, sharing best practices for farmers to improve planting efficiency, and the Seed Lab program, checking soybean and corn seed quality guaranteeing that the farmer buys seeds with safe germination levels. Taking into account the results of these four initiatives, it was estimated that AgroGalaxy avoided 1.5k tCO<sub>2</sub>e of GHG emissions in 2021, without including the sale of biological products. The results are summarized in the diagram.

AgroGalaxy has three technological centers, one of them created in 2021 in Jataí, Goiás state, where products, services and technologies are tested by a team of 60 specialists. The results of these tests are used to design AgroGalaxy's technological protocols and bring forward recommendations for farmers as to various crops, such as soybeans, corn, wheat, coffee, cotton and peanuts.

During 2021, AgroGalaxy worked intensively building the AgroGalaxy Institute, launched in Feb-2022, which will have a multiplier effect with the mission of promoting knowledge, education and innovation for sustainable development within farms.



## Capture direct positive impact

AgroGalaxy distributed R\$6,104m of direct economic value in 2021, and since investment has created 1,038 new jobs. Today it employs 2,088 FTEs (full-time equivalent employees) and offers benefits to 92% of its employees, including meal vouchers, life insurance, and dental plans. As a result of differing policies among recent add-ons, and their ongoing policy integration, these benefits are not yet offered to all employees.



In 2021 AgroGalaxy was the first agribusiness company in Brazil to be certified by WOB (Women on Board), having three women on the board of directors. It also became a signatory to the Women's Empowerment Principles, a UN Women and Global Compact initiative offering guidance to promote gender equality. It truly puts into practice gender equality, with women holding 33% of board positions, 20% of director positions and 38% of other management positions, and with the wage equity ratio from 0.8 up to 1.7, which means that in some cases women earn 70% more than men.

## Positive environmental bottom-line projects

AgroGalaxy being an ag input retailer, the majority of its GHG emissions are due to fuel consumption by its fleet and grain silos. Due to expansion and recent add-ons, its absolute emissions increased by 7% y/y, but its GHG emissions intensity (tCO<sub>2</sub>e/R\$m) was down considerably. Regarding energy consumption, the company reduced both absolute values, by 17% y/y, and intensity (MWh/R\$m), by 48% y/y, due to improvements in its electrical structure, and reduction of wood consumption in its silos. Water consumption increased because of AgroGalaxy's growth, add-ons and better groundwater consumption measurements, where 2020 values were lower than reality.

### Absolute

| UNIT                               | 2020   | 2021   | ↑↓    |
|------------------------------------|--------|--------|-------|
| Energy (MWh)                       | 141.5k | 117.3k | -17%  |
| Water (m <sup>3</sup> )            | 16.3k  | 66.5k  | +308% |
| GHG Emissions (tCO <sub>2</sub> e) | 7.7k   | 8.2k   | +7%   |

### Intensity

| UNIT                                    | 2020 | 2021 | ↑↓    |
|---|------|------|-------|
| Energy (MWh/R\$m)                       | 34   | 18   | -48%  |
| Water (m <sup>3</sup> )                 | 3.9  | 10.1 | +157% |
| GHG Emissions (tCO <sub>2</sub> e/R\$m) | 1.9  | 1.3  | -33%  |

Note: Intensity values do not consider inflation.

Eleven of AgroGalaxy's units purchase electricity from 100% renewable sources, via the free market that allows customers to purchase electricity that is not provided by the local power distributor. This initiative contributed to a reduction of its scope 2 GHG emissions by 19% y/y, and the company has determined that this solution can potentially be applied to another 30 units, generating R\$1.8m in annual savings and reducing 36% of its scope 2 GHG emissions by 373 tCO<sub>2</sub>e.

In 2021, AgroGalaxy reviewed its fleet policy to substitute diesel vehicles for flex vehicles which can use a mix of gasoline and ethanol for those employees who do not need a four-wheel drive vehicle. With this action, AgroGalaxy will gradually increase the use of renewable fuel within its fleet.

## World class ESG

AgroGalaxy worked intensively on its ESG agenda, bringing on board an experienced senior professional as its head of ESG, adhering to the UN Global Compact, and making important improvements in terms of governance. The company continued to develop and update policies and procedures, such as its code of conduct, anti-corruption policy, risk management policy, the development of its social and environmental responsibility policy, and the inclusion of socio-environmental monitoring within its credit policy, as well as establishing its ESG committee. During 2021, it carried out a materiality assessment, consulting 290 stakeholders, where six material topics were defined: (i) productivity with sustainability at the field; (ii) culture, talent and diversity, (iii) local development and quality of life, (iv) climate change and biodiversity; (v) governance and integrity; and (vi) financial performance and business expansion. The materiality review will support the company sustainability strategy and preparation of its second sustainability report.



During 2021, AgroGalaxy carried out EcoVadis assessments for three of its business units (Rural, Agro100 and Grão de Ouro) each of which obtained bronze medals, and with the integration of its ESG systems and ESAPs it has commenced the 2022 EcoVadis assessment as a single company.

Four of AgroGalaxy's business units are also certified by Great Place to Work, confirming the great workplaces that we consider are necessary in order to achieve our organizational objectives.

# AGROGALAXY CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS  | COMPANY CONTRIBUTION IN 2021   |
|--|--|--|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 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"> <li>AgroGalaxy's productivity initiatives covered 289k hectares in 2021.</li> </ul>   |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>28% of women employees;</li> <li>20% of women in director positions;</li> <li>38% of other management position, held by women;</li> <li>Equity ratio between 0.8 to 1.7;</li> <li>Three women on its board of directors.</li> </ul>   |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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"> <li>R\$6,401m of direct economic value distributed in 2021, an increase of 54% y/y;</li> <li>2,088 FTEs (full-time equivalent employees), an increase of 43% y/y;</li> <li>1,038 net new jobs since inception;</li> <li>92% jobs with benefits;</li> <li>No serious accidents or fatalities during 2021.</li> </ul>   |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>25% of all the electricity consumed was provided by renewable sources during 2021;</li> <li>11 AgroGalaxy units purchase electricity from 100% renewable sources;</li> <li>Three technological centers, where products, services and technologies are tested by a team of 60 specialists, with the results used to create AgroGalaxy's technological protocols;</li> <li>48% y/y energy intensity reduction.</li> </ul> |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  |  |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | <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"> <li>2021 GHG emissions (scope 1 and 2) – 8.3k tCO<sub>2</sub>e;</li> <li>33% y/y GHG emissions intensity reduction;</li> <li>It was estimated (following the GHG protocol) that the productivity initiatives avoided 1.5k tCO<sub>2</sub>e emissions of GHG in 2021.</li> </ul>   |

## ULTRACHEESE



### Company Snapshot

Ultracheese is the Brazilian platform for Aqua Capital's cheese roll-up strategy, with state-of-the-art industrial facilities, and a well-developed and efficient distribution network. Ultracheese has a complete product portfolio, covering most of the highest margin segments and distributing commodity cheeses nationwide.

Ultracheese was created in 2018 and encompasses LacLélo, Cruzília, Búfalo Dourado and Itacolomy.

### “Do good” business

Ultracheese is a force for good business because it works closely with its milk suppliers to improve productivity levels, producing more milk with less cows, thus reducing methane emissions. It has a technical assistance program for its milk producers designed to increase their productivity, obtaining more liters of milk per animal. This program has been implemented at both the LacLélo site in the state of Santa Catarina and the Cruzília site in the state of Minas Gerais.

In 2021, LacLélo conducted a monthly average of 600 visits by technicians and 70 visits by veterinarians that attended 100 producers and over 4.4k animals. These milk producers achieved a daily production rate of 20 liters of milk per animal, 92% higher than the state average. Cruzília attended other 120 producers, achieving a daily production rate of 30 liters of milk per animal, 313% higher than the state average.

With this productivity improvement, it is estimated that Ultracheese needed 4.9k fewer animals to produce the equivalent amount of milk, considering state milk production averages. By estimating the methane emissions from the additional animals that would have been required to produce the same amount of milk, it can be determined that Ultracheese has avoided an increase of 1,000 hectares for livestock use and 8.5k tCO<sub>2</sub>e in GHG emissions.

## Capture direct positive impact

Ultracheese distributed R\$604.9m of direct economic value in 2021, promoting positive impact within local communities, small municipalities, and rural areas. All the jobs created are in municipalities with fewer than 200k inhabitants, and the company has close relationships with its milk suppliers, with 76% of them being small farmers. Ultracheese helps these farmers to improve their earnings by providing instructions on quality controls, and offering premium pricing according to quality and productivity, as well as technical support. Not only is the company helping small farmers improve their quality of life, but it is also contributing to a reduction in rural-to-urban migration.

Since Aqua Capital's investment, 303 net new jobs have been created, and in 2021 Ultracheese employed 953 FTEs (full-time equivalent employees), an increase of 13% y/y. All employees are offered benefits, such as life insurance, meal vouchers or on site restaurants. Of the total employees, 44% are women, and 20% of the directors are women, and the equity wage ratio is 1.6, with women directors earning 60% more than other directors. Moreover, Ultracheese has one woman on its board of directors.

## Positive environmental bottom-line projects

Being a cheese manufacturer, Ultracheese naturally consumes a great deal of energy, water and treats a significant amount of effluents, and consequently results in high level of GHG emissions when compared to other portfolio companies. As a result of its 64% y/y production increase, energy and water consumption have also increased. Nevertheless, the company was able to reduce energy intensity ( $m^3/R\$m$ ) by 25% y/y, and as a result of its resource efficiency projects, reduced its absolute GHG emissions by 32% y/y and intensity ( $tCO_2e/R\$m$ ) by 52% y/y. Ultracheese was not able to reduce water intensity per net revenue ( $m^3/R\$m$ ), because its operational costs increased in 2021 as a reflection of high commodity prices, but it did reduce intensity per tons of cheese produced ( $m^3/ton$  of product), by 8% y/y.

### Absolute

| UNIT                       | 2020   | 2021   | ↑↓   |
|----------------------------|--------|--------|------|
| Energy (MWh)               | 49.8k  | 53.1k  | +7%  |
| Water ( $m^3$ )            | 170.4k | 258.2k | +52% |
| GHG Emissions ( $tCO_2e$ ) | 7,8k   | 5.3k   | -32% |

### Intensity

| UNIT                            | 2020  | 2021  | ↑↓   |
|---------------------------------|-------|-------|------|
| Energy (MWh/R\$m)               | 117.2 | 87.8  | -25% |
| Water ( $m^3/R\$m$ )            | 401.1 | 427.2 | +7%  |
| GHG Emissions ( $tCO_2e/R\$m$ ) | 18.5  | 8.8   | -52% |

In 2021 Ultracheese implemented water efficiency projects, reducing its water intensity consumption from 14.2 m<sup>3</sup>/ton of cheese in 2020 to 13.1 m<sup>3</sup>/ton of cheese. Projects included water usage optimization during the cleaning processes, and more importantly, the optimization of wastewater treatment systems by improving operational control and treatment product dosage. These initiatives also contributed to the reduction of 38% y/y in its scope 1 GHG emissions, mainly due to the reduction of 20% in wastewater and improved treatment control. During 2021, 92% of the electricity consumed was provided by renewable sources, via the free market, and this allowed the company to reduce its scope 2 GHG emissions by 42% y/y.

Ultracheese took significant steps to optimize its freight and storage capacity by reviewing its packaging model, pallet overlapping, building improvements within distribution centers, and route optimization for milk collection and product distribution. These measures reduce fleet mileage and the use of plastic, by 25.2 tons.

Besides these projects, Ultracheese has stopped disposing of the sludge produced at the LacLélo factory in landfill, and started sending it to compost. It generated 1,344 tons of sludge during 2021, of which 38% (517 tons) were sent to compost, and the objective for 2022 is to send 100% to compost.

## **World class ESG**

During 2021, Ultracheese took important steps to improve governance and food safety, such as the creation of an ESG+I committee and the integration of its policies and procedures for all the companies in the platform, applying for all its departments, including ESG, as part of a work plan established to implement and obtain the FSSC 22000 (Food Safety System Certification), which will be implemented gradually starting with LacLélo and Cruzília. In April 2022, the company registered with the FDA (USA food and drug administration) to commercialize Cruzília and Itacolomy's products in the United States of America, joining LacLélo, which is already registered.

# ULTRACHEESE CONTRIBUTION TO SDG TARGETS

| SDG   | GOALS  | COMPANY CONTRIBUTION IN 2021  |
|---|--|---|
| <b>2</b> ZERO HUNGER<br>                               | 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"> <li>The milk producers involved in the assistance programs achieved an average milk production 92% (Lac Lélo) and 313% (Cruzília) above the national average;</li> <li>78% of its milk suppliers are small farmers.</li> </ul>   |
| <b>5</b> GENDER EQUALITY<br>                           | 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"> <li>44% of women employees;</li> <li>20% of women in director positions;</li> <li>Wage equity ratio 1.6;</li> <li>One woman on its board of directors.</li> </ul>  |
| <b>8</b> DECENT WORK AND ECONOMIC GROWTH<br>           | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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"> <li>R\$604.9m of direct economic value distributed in 2021, an increase of 36% y/y;</li> <li>953 FTEs (full-time equivalent employees), an increase of 13% y/y;</li> <li>303 net new jobs since inception;</li> <li>100% jobs with benefits;</li> <li>No serious accidents or fatalities during 2021.</li> </ul> |
| <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE<br> | 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"> <li>92% of all the electricity consumed was provided by renewable sources during 2021.</li> <li>25% y/y energy intensity reduction.</li> <li>7.8% y/y water intensity reduction (m³/ton of product).</li> </ul>  |
| <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION<br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  | <ul style="list-style-type: none"> <li>517 tons of sludge were sent to compost in 2021.</li> </ul>  |
| <b>13</b> CLIMATE ACTION<br>                         | <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"> <li>2021 GHG emissions (scope 1 and 2) – 5.3k tCO2e, a reduction of 32% compared to 2020;</li> <li>52% y/y GHG emissions intensity;</li> <li>With the increase in productivity of the milk suppliers it was estimated that Ultracheese avoided 8.5k tCO2e of GHG emissions in 2021.</li> </ul>                   |

# BIOTROP



## 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 a healthier, more sustainable agriculture. Its portfolio includes crop protection and nutrition, nutrient solubilizers, plant growth and resistance, and biological management.

In 2021 Aqua conducted a partial exit from Biotrop, with a minority stake sold to GIC, Singapore's sovereign wealth fund, which capitalizes the company's high-growth plans in the US and Latin America, backed by its technical expertise and commercial backbone.

## “Do good” business

Biotrop's biological products boost nutrition and plant physiology, and complement or substitute chemical fertilizers and pesticides in crops. In addition to having state-of-the-art internal R&D capabilities, the company works in partnerships with recognized universities and research institutes in Brazil that develop bacteria and fungi to promote plant growth, improve physiology and protect crops. Free from chemical waste, biological products can control pest resistance, are safe for the environment, work well for integrated pest management and can be approved for use on organic agriculture.

Biotrop's inoculants provide nitrogen fixing bacteria, which replace the use of nitrogen-based fertilizers that generate nitrous oxide emissions. As a result, its products avoid nitrous oxide emissions, and during 2021, Biotrop's products were applied over 15.5k hectares, thus avoiding the use of 8.8k of nitrogen-based fertilizers and consequently 31.8k tCO<sub>2</sub>e of GHG emissions.

Biotrop significantly increased innovation investment in 2021. Innovation expenses surpassed 16% of net sales in 2021, from less than 3% in 2018, and a new 40ha experimental station was developed. From these investments, a total of 24 new products were launched. A reflection of its operational excellence is that Biotrop was nominated as a finalist in eight of the nine categories in the Crop Science Awards 2021, one of the most prestigious awards in the sector, competing against behemoths such as Bayer, Syngenta, FMC and Corteva. The awards celebrate accomplishments

in R&D and science development as well as corporate leadership. Biotrop won the award for the most innovative formulation with Stimutrop, an ecofriendly biostimulant that improves sugarcane productivity by more than 10%, and soybean productivity by over 6%. It also received a high commendation as the best company from an emerging region.

## **Capture direct positive impact**

Biotrop distributed R\$160.8m of direct economic value in 2021, and since investment has created 122 net new jobs. Today it employs 297 FTEs (full-time equivalent employees), an increase of 11% y/y, and offers benefits to all of them, such as medical and dental plan, life insurance, meal, and transport vouchers.

In Curitiba, where the company operates its production facility, Biotrop has partnered with the local government to help small farms and local growers develop a more sustainable approach in their crops, through specialized training and product donations. Not only is the company a force for good, helping farmers by increasing productivity with high-end products that contribute to sector sustainability, but it is also acting as a multiplier effect, by sharing knowledge about sustainable solutions that eliminate or drastically reduce environmental damage.

Finally, Biotrop started an internship program designed to help young local agronomists along the path to becoming successful professionals within the sustainable ag industry, providing them with practical and theoretical lessons at the company's experimental station on the use of biologicals on regenerative agriculture. At the end of the course, they also have an opportunity to join Biotrop's research team.

Of the total employees, 42% are women, a slight decrease compared to 2020 (46%), and 14% of director positions held by women. The equity wage ratio increased and is now at 0.8. Moreover, Biotrop has one woman on its board of directors.

In addition, Biotrop is a sponsor of the "Mulheres da Mata Project", which promotes the development of unemployed women through training in sustainable farming practices. Moreover, the company not only provides the training, but also supplies women with its own products and technical orientation on how to use them. Aqua Capital is continually seeking new ways to support local communities and minorities.

## Positive environmental bottom-line projects

Biotrop's activities are not intensive, when considering natural resource consumption and GHG emissions. In 2021, it consumed 21.7k m<sup>3</sup> of water, being responsible for 3% of the portfolio's consumption, 4.2k MWh of energy, corresponding to 1% of the portfolio, alongside being responsible for only 2% of the portfolio's GHG emissions, with 988 tCO<sub>2</sub>e.

In Sep-2021, Biotrop issued a debenture certified with the Green Bond Principles, allowing the company to secure large amounts of capital on favorable terms, ranging from lower costs to better payment terms, as well as providing access to a limited capital pool, besides confirming sustainability commitments and enhancing the company's reputation. The debenture was certified by Bureau Veritas in two categories: environmentally sustainable management of living natural resources and land use; and pollution prevention and control. As part of the certification process, Bureau Veritas verified all positive impact indicators and calculations related to its products, and Biotrop must present these indicators periodically.

## World class ESG

Biotrop plans to grow at an even faster pace, and for the ESG agenda to keep up with this it has increased its ESG team. In 2021 Biotrop adhered to a reverse logistics initiative to receive and recycle post-consumption product packaging, to promote sustainability in farms around the country.

The most significant development was that Biotrop was the 2021 winner of the Environmental Responsibility LAVCA award, thanks to the positive environmental impacts of its products and its structured ESG system, the company was also assessed by EcoVadis and received a bronze medal.



**2022 WINNER**  
Environmental  
Responsibility



## BIOTROP CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS  | COMPANY CONTRIBUTION IN 2021   |
|--|--|--|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 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"> <li>During 2021, Biotrop's products were applied on 15.5k hectares, increasing productivity in these areas and reducing the use of nitrogen-based fertilizers.</li> </ul>   |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>42% of women employees;</li> <li>The only manager who responds directly to the CEO is a woman;</li> <li>Wage equity ratio 0.8;</li> <li>One woman on its board of directors.</li> </ul>   |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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"> <li>R\$160.8m of direct economic value distributed in 2021, an increase of 238% y/y;</li> <li>297 FTEs (full-time equivalent employees), an increase of 11% y/y;</li> <li>122 net new jobs since inception;</li> <li>100% jobs with benefits;</li> <li>No serious accidents or fatalities during 2021.</li> </ul> |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>To improve water security Biotrop has an artesian well. 49% of the water consumed was ground water.</li> </ul>  |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  |  |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Total greenhouse gas emissions per year</p>  | <ul style="list-style-type: none"> <li>2021 GHG emissions (scope 1 and 2) – 988 tCO<sub>2</sub>e;</li> <li>55% y/y GHG emissions intensity reduction;</li> <li>It was estimated that during 2021 the use of Biotrop's products avoided the emission of 31.8k tCO<sub>2</sub>e of GHG by replacing the use of nitrogen fertilizers.</li> </ul>        |

## VETBR



### Company Snapshot

VetBr is a leading animal health distributor operating in the livestock and pet segments in Brazil, with a presence in over 2,800 municipalities. The company distributes a complete portfolio of animal health products and pet food from first-tier suppliers through a strong commercial force and best-in-class technical assistance to producers.

The company became part of Aqua Capital's portfolio in 2017, and the platform was consolidated with the acquisition and integration of accretive add-ons such as Alfa, Gretha and VetLider.

### "Do good" business

As an animal health distributor VetBr's main impact potential is through a multiplier effect, by capacity building and granting access to knowledge to its employees, clients and its product's end users, aiming at personal development and improved animal health. VetBr has a strong focus on employee development through its corporate university, an online learning platform developed in partnership with the education group Unis, which offers 108 courses in areas such as sales, management and leadership.

Designed to share knowledge on animal health best practices and market trends, the Clients' School program was created in Dec-2021, offering the online learning platform to VetBr's B2B customers, helping them to professionalize their businesses with courses on sales, business management, stock controls and financial controls, alongside technical training on product appliance and use in order to achieve best performance and reduce product waste. The next step in the evolution of VetBr's educational agenda will be to extend the scope of this program to livestock farmers.

## Capture direct positive impact

VetBr distributed R\$427.8m of direct economic value in 2021, and since investment has created 301 net new jobs. Today it employs 503 FTEs (full-time equivalent employees), an increase of 18% y/y, and offers benefits to all of them, such as medical and dental plan, life insurance, meal vouchers and gym pass.

In terms of total employees, 35% are women, a slight increase compared to 2020 (32%), but VetBr has improved the number of women holding management positions while maintaining the equity wage: 33% of director positions are held by women, 33% of managers who respond directly to the CEO are women, as well as 33% in other management position. The equity wage ratio between varies from 0.9 to 1.4, which means that in certain roles women have a salary 40% higher than men in the same position. Moreover, VetBr has one woman on its board of directors.

VetBr has created the "Vet Diversa" program, designed to promote inclusion to different groups in the market, such as women, people of color, young, LGBQIAPN+ and people over 50. The initial project within this program is "Mentoria Mulher +Vet", which offers a six-month mentoring program for professionals, run by VetBr's women employees in leadership positions, and focused on finance, management, commercial strategy and inclusion.

Another project within the program is "Projeto Agromullher", which promotes the exchange of experiences among women working in agribusiness and pet sectors, through workshops and trainings, and integrated through a WhatsApp group.

## Positive environmental bottom-line projects

VetBr's activities are not intensive, when considering natural resource consumption and GHG emissions. In 2021, it consumed 1.5k m<sup>3</sup> of water, being responsible for 0.2% of the portfolio's consumption, 3k MWh of energy, corresponding to 1% of the portfolio, alongside being responsible for only 2% of the portfolio's GHG emissions, with 996 tCO<sub>2</sub>e.

In Jan-2021, the company began to purchase electricity from renewable sources, via the free market, for its headquarters and principal operational site in Perdões (state of Minas Gerais), where most of its electricity is consumed. Although this initiative allowed VetBr to achieve a 49% y/y reduction in electricity provided by the grid, it did not reduce scope 2 GHG emissions since the national power grid's emission factor increased in 2021.

## World class ESG

VetBr has worked intensively on its ESG agenda, making important improvements regarding governance, by establishing committees in respect of human resources, ethics, risk and compliance, as well as an ESG committee. It carried out a materiality assessment consulting its main stakeholders, where five material topics were defined: (i) people and organization; (ii) ethics and integrity, (iii) customer relations; (iv) supply chain; and (v) diversity and opportunity equity. This assessment will be used to structure its strategy, and VetBr is working to publish its first sustainability report in 2022, where all this will be described in more detail.

As evidence of VetBr's work and improvements, in 2021 the company had its ESG management system assessed by EcoVadis, obtaining the bronze medal. VetBr's scores were higher than most of its peers, excelling in particular in the area of human rights, where the company achieved a score of 60, significantly higher than the 42.86 average achieved by its peers. In order to further progress this agenda, the company is currently working to certify its management system with ISO 14001.

VetBr was also certified by Great Place to Work, verifying the great workplaces that we consider are necessary in order to achieve organizational objectives. The VetBr work environment achieved a positive evaluation from 88% of its employees, 29% higher than the average for similar US-based companies based on GPTW figures.

Reflecting the results of all this work, VetBr was ranked in second place in the sustainability category, third place in people and fourth place in governance within Época Negócios 360°'s Best Companies ranking, published by renowned Brazilian business magazine Época Negócios<sup>4</sup>.



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<sup>4</sup> <http://jornalwebdigital.blogspot.com/2022/03/vetbr-conquista-selo-internacional-de.html>

# VETBR CONTRIBUTION TO SDG TARGETS

| SDG   | GOALS  | COMPANY CONTRIBUTION IN 2021  |
|---|--|---|
| <b>2 ZERO HUNGER</b><br>                               | 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"> <li>VetBr sells products that enhance animal health, with 9.7k tons of product sold in 2021, an increase of 25% y/y.</li> </ul>  |
| <b>5 GENDER EQUALITY</b><br>                           | 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"> <li>35% of women employees;</li> <li>33% of directors are women;</li> <li>33% of managers who respond directly to the CEO are women;</li> <li>33% of other management position, held by women;</li> <li>Wage equity ratio between 0.9 and 1.4;</li> <li>One woman on its board of directors.</li> </ul>          |
| <b>8 DECENT WORK AND ECONOMIC GROWTH</b><br>         | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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"> <li>R\$427.8m of direct economic value distributed in 2021, an increase of 52% y/y;</li> <li>503 FTEs (full-time equivalent employees), an increase of 18% y/y;</li> <li>301 net new jobs since inception;</li> <li>100% jobs with benefits;</li> <li>No serious accidents or fatalities during 2021.</li> </ul> |
| <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b><br> | 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"> <li>51% of the electricity consumed in 2021 was generated from renewable sources;</li> <li>Since Jan-2021, VetBr headquarters and main operations in Perdões electricity comes from 100% renewable energy sources.</li> </ul>  |
| <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  |   |
| <b>13 CLIMATE ACTION</b><br>                         | <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Total greenhouse gas emissions per year</p>  | <ul style="list-style-type: none"> <li>2021 GHG emissions (scope 1 and 2) – 996 tCO<sub>2</sub>e;</li> <li>VetBr started to calculate scope 3 emissions in 2021.</li> </ul>   |



## Company Snapshot

Rech is a leading Ag and construction machinery parts omnichannel retailer focused on higher value-added parts for grain combines, planters, and cotton pickers. The company has outstanding domestic and international supply chains and an efficient distribution network, offering in excess of 50.000 stock keeping units (SKUs) to its clients across all relevant markets in Brazil. Rech has also an innovative ecommerce platform.

It became part of Aqua Capital's portfolio in 2018, and has since integrated the following add-ons: Verde Agrícola, Rech Tratores and Telmac. Today it has 33 own stores and 13 franchise stores, and it is expected to end 2022 with 81 stores (48 own stores and 33 franchise stores).

## “Do good” business

As a machinery retail company, Rech's ability to run “do good” business initiatives is not as clearly identifiable as it is in other sectors invested by Aqua Capital. Nevertheless, the company has determined that its main impact potential is through a multiplier effect, working on innovation, knowledge sharing and capacity building amongst its employees and customers to allow mechanics and machinery owners to obtain the best performance from their machinery and parts.

## Capture direct positive impact

Rech distributed R\$526.5m of direct economic value in 2021, and since investment has created 468 net new jobs. Today it employs 823 FTEs (full-time equivalent employees), an increase of 192% y/y, with 44% of this increase being accounted for by organic growth; with regard to the remaining 56%, 302 FTEs came with the add-on acquisitions in 2021 and the end of 2020 which had not been accounted for in the last reporting period.

In terms of total employees, 27% are women (8pp better than 2020), 17% of the directors are women, and 21% of other management position. The equity wage ratio is 1, which means that there is no difference in salaries between women and men. Moreover, Rech has two women on its board of directors.

## Positive environmental bottom-line projects

Rech's activities are not intensive, when considering natural resource consumption and GHG emissions. In 2021, it consumed 4.9k m<sup>3</sup> of water, being responsible for 1% of the portfolio's consumption, 4.2k MWh of energy, corresponding to 1% of the portfolio, alongside being responsible for only 2% of the portfolio's GHG emissions, with 833 tCO<sub>2</sub>e.

Rech's installed solar panels on the rooftop of its Primavera do Leste (state of Mato Grosso) site for electricity generation. In 2021, it generated 25 MWh, which accounts for 3% of all Rech's electricity consumption, but the company intends to install solar panels in three further units, which should be able to generate more electricity than is consumed at these sites, and will provide electricity to 13 more units in the state of Mato Grosso. This project is already being implemented, and when fully operational is expected to generate 395 MWh and annual savings of R\$309k.

Rech plans to offset all of its scope 1 and 2 GHG emissions in 2022, and with that objective is working together with Carbon Free Brasil to plant 1,618 trees to offset the 1.2k tCO<sub>2</sub>e of GHG emissions estimated for 2022. The company has also committed to reduce its scope 3 GHG emissions, working with almost 40 transport suppliers to encourage them to increase the use of biofuels.



## World class ESG

Rech has worked intensively on its ESG agenda, making important improvements regarding governance, by reviewing and integrating its principal policies and procedures in areas such as HR and the company grievance mechanism. Together with Aqua Capital's representatives, the company carried out a workshop to formulate its materiality assessment and consulted over 140 stakeholders. As a result of this assessment 11 main material topics were identified: (i) economic development; (ii) innovation, (iii) energy; (iv) waste; (v) employee attraction and retention; (vi) labor health and safety; (vii) training and development; (viii) diversity; (ix) social investment; (x) quality; and (xi) customer satisfaction. The company also adhered to the UN Global Compact.



In Dec-2021 the company's ESG management system was assessed by EcoVadis, and Rech obtained the bronze medal with a score higher than most of its peers, especially in the areas of labor and human rights and ethics, for which Rech achieved a score of 60 points, significantly higher than the average score of 39 achieved by its peers.

Rech was also certified again in 2021 by Great Place to Work, with an outstanding score, having 98% of its employees providing positive evaluations. Both EcoVadis and Great Place to Work are very important for Aqua, as they provide third-party validation of how the company is performing regarding ESG.

## RECH CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS   | COMPANY CONTRIBUTION IN 2021  |
|--|---|---|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production  | n/a.  |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>• 27% of women employees;</li> <li>• 17% of directors are women;</li> <li>• 21% of other management position, held by women;</li> <li>• Wage equity ratio 1;</li> <li>• Two women on its board of directors.</li> </ul>  |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries<br>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<br>8.8.1 Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status | <ul style="list-style-type: none"> <li>• R\$526.5m of direct economic value distributed in 2021, an increase of 367% y/y;</li> <li>• 823 FTEs (full-time equivalent employees), an increase of 192% y/y;</li> <li>• 468 net new jobs since inception;</li> <li>• 100% jobs with benefits;</li> <li>• No serious accidents or fatalities during 2021.</li> </ul> |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>• Rech unit in Primavera do Leste, Mato Grosso State, has solar panels installed on its rooftop to generate electricity;</li> <li>• Solar panels are being installed in three further units, which will provide clean energy for 13 units in the state of Mato Grosso.</li> </ul>  |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources   |   |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries<br>13.2.2 Total greenhouse gas emissions per year  | <ul style="list-style-type: none"> <li>• 2021 GHG emissions (scope 1 and 2) – 833 tCO<sub>2</sub>e;</li> <li>• Rech will offset all scope 1 and 2 emissions in 2022.</li> </ul>   |

# PURAVIDA



## Company Snapshot

Acquired in 2020, Puravida is a health & wellness (H&W) food tech leader in Brazil, providing a wide range of healthy clean label foods, supplements and vitamins based on a highly appealing lifestyle-focused branding concept. Vertically integrated, Puravida's sales are centered on a thriving direct-to-consumer (DTC) e-commerce platform and supported by a multichannel go-to-market approach. It also owns one of the largest H&W e-learning platforms in Brazil.

## “Do good” business

Puravida is an innovative, reliable, and sustainable healthy lifestyle tech company that provides nutrient-dense clean label products, such as vitamins and nutrients, proteins, functional and plant-based foods, and body care products helping to propel a shift towards healthy diets, with positive impacts for sustainability and global food security.

Puravida has a strong sense of corporate responsibility and is working towards full traceability for its raw materials, so that it can communicate both origin and other key aspects to its consumers. During 2021, the company developed a methodology to classify its suppliers according to their socio-environmental risks, and is looking for solutions to improve traceability. It also implemented the HACCP (Hazard Analysis of Critical Control Points Principles) system at Tradal (its main products manufacturing site) and renewed its IFS Global Markets Food certification.

Besides producing high quality clean label foods, Puravida also produces natural cosmetics that are paraben-free, petrolatum-free, sulfate-free and without the use of any synthetic silicone. Puravida wants to help people “feel better” and to further this, in 2021 the company developed an educational platform that offers insight and teaching from renowned healthcare professionals, doctors, nutritionists and physical education professionals. The objective of this platform is to have a multiplier effect, educating people to maintain a healthy lifestyle, and further circulating the desire and ability to “eat better” and maintain “better health” including related benefits.

## Capture direct positive impact

Puravida distributed R\$286.7m of direct economic value in 2021, and since Aqua Capital's investment has created 165 new jobs. Today it has 371 FTEs (full-time equivalent employees), all to whom are offered benefits such as meal vouchers, medical and dental plan, transport voucher and life insurance. Of total employees, 35% are women, and within the management positions women hold 20% of the director positions and 55% of other management positions. The equity wage ratio varies from 0.8 to 0.9, which means that in certain positions women have a salary slightly below men. Moreover, Puravida has one woman on its board of directors.

## Positive environmental bottom-line projects

Puravida's activities are not intensive, when considering natural resource consumption and GHG emissions. In 2021, it consumed 2.6k m<sup>3</sup> of water, being responsible for 1% of the portfolio's consumption, 0.4k MWh of energy, corresponding to 0.1% of the portfolio, alongside being responsible for only 2% of the portfolio's GHG emissions, with 988 tCO<sub>2</sub>e.

100% of the cardboard packaging used by Puravida was produced from recycled materials, using 91 tons of recycled cardboard in 2021. The 8 tons of labelled packaging used in the form of pouches and sachets bear the "I'm green" label, which certifies that over 50% of the plastic used in these packages is from a renewable source. This material is a biobased plastic made from sugarcane, being produced from a renewable source, and is also recyclable.

Puravida has an agreement with the company EuReciclo, where 100% of its products' packaging is recycled, totaling 145 tons in 2021.



Puravida compensated its scope 1, 2 and 3 GHG emissions, by acquiring 968 certified emission reductions (CERs) generated from a clean development mechanism project registered in the United Nations framework convention on climate change (UNFCCC).

## World class ESG

In 2021, Puravida established the ESG+I Committee and created three specific departments, ESG, Quality and OHS. In 2022 the company plans to become B-corporate certified.

# PURAVIDA CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS   | COMPANY CONTRIBUTION IN 2021   |
|--|---|--|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 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"> <li>Puravida uses high quality ingredients, and two of its main products, chlorella and spirulina, are organic certified.</li> </ul>  |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>35% of women employees;</li> <li>20% of directors are women;</li> <li>55% of other management position, held by women;</li> <li>Wage equity ratio between 0.8 to 0.9;</li> <li>One woman on its board of directors.</li> </ul>                                      |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries<br>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<br>8.8.1 Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status | <ul style="list-style-type: none"> <li>R\$286.7m of direct economic value distributed in 2021;</li> <li>371 FTEs (full-time equivalent);</li> <li>165 net new jobs since inception;</li> <li>100% jobs with benefits;</li> <li>No serious accidents or fatalities during 2021.</li> </ul>                  |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>In 2021, 91 tons of recycled cardboard and eight tons of "I'm green" labeled packages were used in its products;</li> <li>Packaging reverse logistics achieved through arrangement with EuReciclo, recycling 100% of its packaging, totalizing 145 tons.</li> </ul> |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources   |  |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries<br>13.2.2 Total greenhouse gas emissions per year  | <ul style="list-style-type: none"> <li>2021 GHG emissions (scope 1 and 2) – 90 tCO<sub>2</sub>e;</li> <li>Puravida compensated all its 2021 GHG emissions.</li> </ul>  |

# COMFRIO



## Company Snapshot

Comfrio was the first Fund I portfolio company, in 2011, and is the leading controlled-temperature logistics platform in Brazil. With over one million cubic meters in total storage capacity (cold, refrigerated, and dry) across 28 sites operating throughout the country, it offers value-added solutions to food industry, seed, and food service clients nationally, out of company-owned, leased, and client-owned distribution centers. Since entering the portfolio, it has acquired Stock Tech and Best Way.

## “Do good” business

When it comes to innovation, Comfrio is an exemplary business, being the first Brazilian company in the refrigerated logistics industry to implement the HACCP (Hazard Analysis and Critical Control Points program, a global reference in food safety, and with its processes certified AiB international. The company's mission is to eliminate food waste through efficient internal processes and excellent temperature control for its clients' products. In 2020 the Lucas do Rio Verde unit was the first in Brazil to provide seed storage with an antechamber system, better preserving the seeds and guaranteeing superior germination levels. This unit has a storage capacity of 1 million sacks and a seed treatment system with a capacity of 24 tons per hour.

In 2021, Comfrio increased the Uberlandia unit storage capacity to 3.5 million sacks and implemented a seed treatment system with a capacity of 18 tons per hour.

## Capture direct positive impact

Comfrio distributed R\$264.5m of direct economic value in 2021, and since investment has created 1,241 new jobs. Today it employs 2,097 FTEs (full-time equivalent employees), an increase of 28% y/y, and offers benefits to all of them, such as medical and dental plan, life insurance, meal vouchers, transport and fuel vouchers, home office assistance and corporate university.

In terms of total employees, 15% are women, 17% of director positions are held by women, the only manager who responds directly to the CEO is a woman and 17% of other management positions are held by women. The equity wage ratio varies between 0.7 and 0.8.

## Positive environmental bottom-line projects

As Comfrio works with cold storage logistics, it requires a significant amount of energy. In 2021, Comfrio increased energy consumption by 29% y/y, and when measured against net revenues its intensity by 3% y/y. The company is working on energy efficiency projects by replacing old electric motors, used at its cold chambers, for more efficient ones. During 2021, the motors of two operational units were replaced and for 2022 other four units will also have them replaced.

Ten of Comfrio's units purchase electricity provided by renewable sources via the free market, and in 2021 76% of all electricity consumed was provided by renewable sources, but this was not reflected in scope 2 GHG emissions reduction, since the national grid's emission factor was higher than in previous years. The plan for 2022 is for another seven units to commence purchasing electricity via the free market, thus increasing the percentage of renewable energy, with the potential to reduce Comfrio's GHG emissions by 464 tCO<sub>2</sub>e and generate annual savings of R\$1.5m.

Comfrio's water consumption corresponds to 9% (78.4k m<sup>3</sup>) of the portfolio's use, but still much lower than GenaSeas, Ultracheeese and Yes. When compared GHG emissions, the company is responsible for 4% (1.6k tCO<sub>2</sub>e) of the portfolio's GHG emissions.

## World class ESG

The company's social environmental management performance has been verified in accordance with the SMETA certifications, based on four pillars: health and safety, occupational standards, environment, and business ethics. During 2021, Comfrio implemented a new software to manage its licenses and permits, and their specific requirements, improving regulatory compliance, and has a dedicated agenda regarding occupational health and safety, not only limiting occupational injuries but also working hard to prevent accidents by controlling events that have nearly caused accidents.

# COMFRIO CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS  | COMPANY CONTRIBUTION IN 2021   |
|--|--|--|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 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"> <li>Comfrio seed treatments improve germination, increasing production yields. Comfrio can treat 42 tons/h of seeds.</li> </ul>   |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>15% of women employees;</li> <li>17% of directors are women;</li> <li>The only manager who responds directly to the CEO is a woman;</li> <li>Wage equity ratio between 0.7 to 0.8.</li> </ul>   |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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> | <ul style="list-style-type: none"> <li>R\$264.5m of direct economic value distributed in 2021, an increase of 40% y/y;</li> <li>2,097 FTEs (full-time equivalent employees), an increase of 28% y/y;</li> <li>1,241 net new jobs since inception;</li> <li>100% jobs with benefits.</li> </ul> |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>76% of the electricity consumed comes from 100% renewable sources;</li> <li>To reduce its electricity consumption, the company has developed an energy efficiency project involving its evaporators and condensers.</li> </ul>                          |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  |  |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Total greenhouse gas emissions per year</p>  | <ul style="list-style-type: none"> <li>2021 GHG emissions (scope 2) – 1.6k tCO<sub>2</sub>e</li> <li>In 2021, Comfrio began to monitor scope 3 emissions, but still needs to improve controls to monitor scope 1 emissions.</li> </ul>   |

## GENESEAS/AQUAFEED



### Company Snapshot

GeneSeas is a leading integrated fish producer, processor, and distributor in Brazil, with a focus on tilapia and shrimp.

It operates throughout the tilapia value chain, from the production of fingerlings to fish farms, processing and distributing to both domestic and international markets, in part via Tropical, its US-based distribution platform. It also sources, processes, and distributes shrimp. GeneSeas is a unique asset within the Brazilian aquaculture market, combining a vertically-integrated operation, nationwide and international distribution, and the capacity to supply the most demanding customers.

The company has a joint operation with Aquafeed, an animal nutrition company. Aquafeed is a client-first business with a service-based model driven by a one-stop-shop nutrition approach providing technical sales support and seamless logistics delivery solutions, and is introducing high-value products to improve fish farming performance. The combined entity invests in continuous development of new feed with higher digestibility and conversion efficiency. GeneSeas and Aquafeed have a joint R&D program to develop high-quality feed, customized for each fish growth stage.

### “Do good” business

GeneSeas is a pioneer in developing sustainable product lines, and has always been focused on quality and good aquaculture practices. The company developed the first hormone and antibiotic-free tilapia for the domestic market. For its other products, GeneSeas works closely with its suppliers incentivizing more sustainable fish farming, through the responsible use of natural resources and medication, aiming for zero use of antibiotics. GeneSeas uses antibiotics only for medical purposes and not as a growth promotor, and during 2021 it used only 20 grams of antibiotic per ton of fish produced, reducing by 75% y/y the use of antibiotics and nearly 95% as compared to 2018. GeneSeas has already attained, for its small-scale production, the World Quality Service (WQS) label for production free from antibiotics.

The company also works towards supporting zero deforestation throughout its supply chain, and is committed to eliminate the purchase of soybeans from deforested or converted areas from the Amazon, Cerrado and Chaco biomes by 2023.

## Capture direct positive impact

GeneSeas distributed R\$208.3m of direct economic value in 2021, and with the joint operation of GeneSeas and Aquafeed, the company has now 1,067 FTEs (full-time equivalent employees), an increase of 16% y/y, of which 38% are women, a slight increase compared to 2020 (36%), with 31% of management positions, who do not respond directly to the CEO held by women. Moreover, GeneSeas has 2 women on its board of directors. All employees are offered benefits, such as life insurance, meal vouchers and collective transport.

## Positive environmental bottom-line projects

Given the nature of the aquaculture and animal feed manufacturing sector, GeneSeas/Aquafeed naturally consumes a lot of energy and water, and consequently has high levels of GHG emissions. Despite that, the company has achieved outstanding results in reducing its absolute and intensity indicators, reducing energy consumption, 20% y/y in absolute terms and 45% y/y in intensity terms (MWh/R\$m), reducing GHG emissions in intensity terms by 23% y/y.

### Absolute

| UNIT                               | 2020   | 2021   | ↑↓   |
|------------------------------------|--------|--------|------|
| Energy (MWh)                       | 123.3k | 98.1k  | -20% |
| Water (m <sup>3</sup> )            | 339.8k | 322.9k | -5%  |
| GHG Emissions (tCO <sub>2</sub> e) | 8.9k   | 9.9k   | +11% |

### Intensity

| UNIT                                    | 2020  | 2021  | ↑↓   |
|---|-------|-------|------|
| Energy (MWh/R\$m)                       | 311.9 | 171.9 | -45% |
| Water (m <sup>3</sup> /R\$m)            | 859.2 | 565.7 | -34% |
| GHG Emissions (tCO <sub>2</sub> e/R\$m) | 22.5  | 17.4  | -23% |

In 2021, the company implemented a series of actions to reduce water consumption. Actions taken included water flow improvements, changing valves and fixing leaks, recirculating water, modifications to procedures, and employee awareness. The result of these actions was a reduction of 5% of water consumption in absolute terms, of 34% when considering water usage compared to net revenues ( $m^3/R\$m$ ), and of 21% when considering water usage compared to tons of fish processed ( $m^3/ton$  of product). These actions generated estimated annual savings of R\$146k. 60% of all GeneSeas' electricity is provided by renewable sources, by purchasing electricity via the free market.

In 2020 the company began to implement projects to reduce plastics within product packaging, and through 2021 it reduced the use of plastic by 7.6 tons.

## World class ESG

GeneSeas is the only Brazilian tilapia producer exporting fresh products to the US, operating under national and international standards according to ASC (Aquaculture Stewardship Council), BAP (Best Aquaculture Practices), and HACCP certifications. In 2019 GeneSeas worked together with Aquafeed to obtain the highest level of BAP certification, the 4-star product, which means that the product is BAP certified throughout the entire process, feed, hatchery, farm, and processor.

During 2021 the company's ESG management system was assessed by EcoVadis, obtaining the bronze medal with a score higher than the majority of its peers for all aspects analyzed, with particular strength in sustainable procurement, where the company scored 60 against a sector average of 34.



# GENESEAS CONTRIBUTION TO SDG TARGETS

| SDG  | GOALS  | COMPANY CONTRIBUTION IN 2021  |
|--|--|---|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 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"> <li>GeneSeas uses antibiotics only for medical purposes and not as a growth promotor. In 2021 it used 20 grams of antibiotic per ton produced, down 75% y/y and nearly 95% compared to 2018.</li> </ul>  |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>38% of women employees;</li> <li>31% of other management position, held by women;</li> <li>Two women on its board of directors.</li> </ul>   |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>           | <p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent 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"> <li>R\$289.3m of direct economic value distributed in 2021, an increase of 69% y/y;</li> <li>1.067 FTEs (full-time equivalent employees);</li> <li>659 net new jobs since inception;</li> <li>100% jobs with benefits.</li> <li>No serious accidents or fatalities during 2021.</li> </ul> |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>60% of the electricity consumed comes from 100% renewable sources.</li> </ul>  |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  | <ul style="list-style-type: none"> <li>GeneSeas improved its water infrastructure, resulting in a 21% water intensity (<math>m^3/ton</math> of product) reduction by volume, and a 34% y/y water intensity reduction by value;</li> <li>45% y/y energy intensity reduction.</li> </ul>  |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | <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"> <li>2021 GHG emissions (scope 1 and 2) – 9.9k tCO<sub>2</sub>e;</li> <li>23% y/y GHG emissions intensity reduction.</li> </ul>   |

# GRAND CRU

*Grand Cru.*

## Company Snapshot

Grand Cru is a leading specialized wine retailer and distributor in Brazil, with top-of-mind brand recognition. Operating across the entire value chain, sourcing its products from wineries across the globe and selling to its clients through a diversified channel mix, including digital, own-stores, franchised stores and B2B, Grand Cru also operates a wine-club model with high membership growth and industry-leading economics.

The company was acquired by Aqua in 2014, and today has over 120 stores throughout Brazil offering over 1,000 wine labels in its portfolio. In 2021, the company was sold to Evino, the largest wine e-commerce business in Latin America. The merger created a leader in the sector, with combined revenue of over R\$700 million in 2021.

## “Do good” business

Being a specialty wine retailer, a business model with low environmental and social risks which is not carbon intensive, the opportunities to develop force for good and multiplier effect initiatives are naturally limited, and as Aqua Capital’s new approach was developed while Grand Cru was in its exit process, this was not deeply explored within the company.

## Capture direct positive impact

Grand Cru distributed R\$199.3m of direct economic value in 2021, and since investment has created 159 new jobs. Today it employs 258 FTEs (full-time equivalent employees), an increase of 14% y/y, and offers benefits to all of them, such as meals voucher, life insurance and medical plan.

Since the company’s inception, gender has been an integral part of the company’s value creation, maintaining a strong female presence. During 2021, 47% of its employees were women, almost the same percentage as for the previous year. The number of women holding management positions remained at 15 people, but the percentage reduced as compared with 2020 as a result of 5 new management positions opened in 2021 which were filled by men. The same opportunities and remuneration are offered to women and men, the wage equity ratio is 0.9 to 1.1 an the highlight is the gender promotion ratio, which increased substantially compared to 2020, showing a total parity on promotions for men an women at the company.

## Positive environmental bottom-line projects

Grand Cru has measures in place to manage the life cycle of its products, by promoting recycling of its wine bottles, thus reducing waste to landfill. It has implemented a system to meet regulatory requirements regarding wine bottle reverse logistics through arrangements with the company



EuReciclo, in order to compensate for or recycle 22% of the bottles commercialized in the states of São Paulo, Rio de Janeiro, Mato Grosso do Sul, Amazonas, Maranhão and Paraná. In 2021, 978k tons of bottles were recycled, by six recycling entities. EuReciclo works with recycling entities, of which 52% are cooperatives, with 49% of the members being women.

In São Paulo, Grand Cru's bottles are also recycled by Greenmining, an initiative that collects empty bottles using non-motorized vehicles, without using fuel. Over one ton of bottles have been recycled by this initiative.

Grand Cru's activities are not intensive, when considering natural resource consumption and GHG emissions. In 2021, it consumed 3k m<sup>3</sup> of water, being responsible for 0.4% of the portfolio's consumption, 3.8k MWh of energy, corresponding to 1% of the portfolio, alongside being responsible for only 0.1% of the portfolio's GHG emissions, with only 21 tCO<sub>2</sub>e.

## World class ESG

During 2021 the company's ESG management system was assessed by EcoVadis, obtaining the bronze medal with a score higher than most of its peers. Its most impressive performances were in the areas of labor and human rights, and ethics, which are considered the most material aspects within Grand Cru's business sector.



Grand Cru is certified by Great Place to Work (GPTW), and 88% of its employees believe that the company is great to work for, a significantly higher percentage than the 59% score achieved by equivalent sector companies based in the United States of America.

# GRAND CRU CONTRIBUTION TO SDG TARGETS

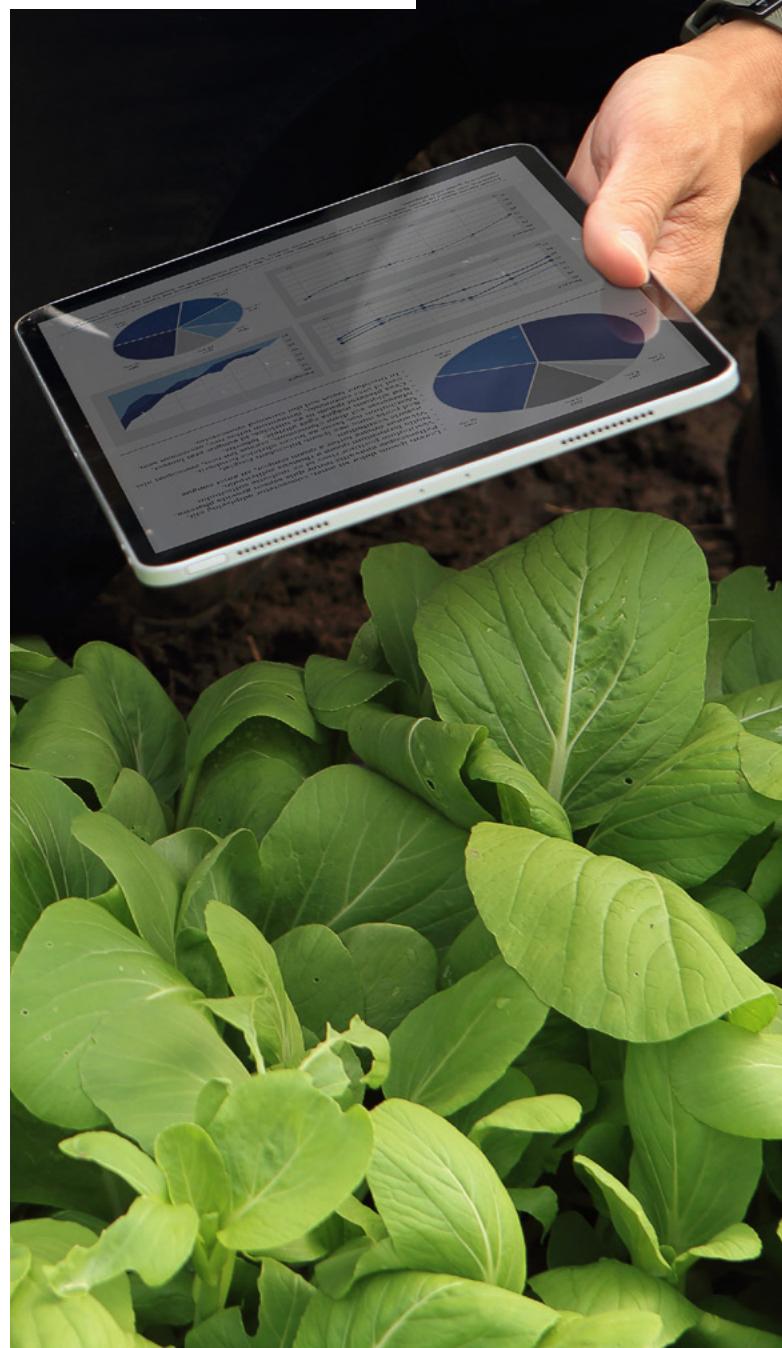
| SDG  | GOALS   | COMPANY CONTRIBUTION IN 2021  |
|--|---|---|
| <b>2</b> <small>ZERO HUNGER</small><br>                               | 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production  | n/a.  |
| <b>5</b> <small>GENDER EQUALITY</small><br>                           | 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"> <li>• 47% of women employees;</li> <li>• 33% of managers who respond directly to the CEO are women;</li> <li>• 39% of other management position, held by women;</li> <li>• Wage equity ratio between 0.9 to 1.1;</li> <li>• One woman on its board of directors.</li> </ul>  |
| <b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small><br>          | 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries<br>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<br>8.8.1 Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status | <ul style="list-style-type: none"> <li>• R\$199.3m of direct economic value distributed in 2021, an increase of 65% y/y;</li> <li>• 258 FTEs (full-time equivalent employees), an increase of 14% y/y;</li> <li>• 159 net new jobs since inception;</li> <li>• 100% jobs with benefits;</li> <li>• No serious accidents or fatalities during 2021.</li> </ul> |
| <b>9</b> <small>INDUSTRY, INNOVATION AND INFRASTRUCTURE</small><br> | 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"> <li>• Post-consumption responsibility. In 2021, 978k tons of empty bottles were recycled.</li> </ul>   |
| <b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small><br> | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources   |   |
| <b>13</b> <small>CLIMATE ACTION</small><br>                         | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries<br>13.2.2 Total greenhouse gas emissions per year  | <ul style="list-style-type: none"> <li>• 2021 GHG emissions (scope 1 and 2) – 20.7 tCO<sub>2</sub>e;</li> <li>• In 2021, Grand Cru began to estimate scope 3 emissions.</li> </ul>  |

09

# LOOKING AHEAD

The Ag & Food sector plays a fundamental role in the fight against global challenges, and Aqua Capital is aware of the urgent need to transition towards an environmentally sustainable economy and society. With this in mind, Aqua has developed its Theory of Change, continuously aiming to generate more positive impacts, and genuinely putting more and more effort into the ESG+I agenda. 2021 was a year marked by numerous accolades, including winning awards, obtaining outstanding impact assessments scores, and achieving recognition both nationally and internationally, but it was also a year during which strong commitments have been made, such as becoming signatory to the Operating Principles for Impact Management and publicly supporting the TCFD.

**AQUA'S WILLINGNESS TO RAISE THE BAR WITH THESE COMMITMENTS DEMONSTRATES THE IMPORTANCE OF THE AGENDA, BUT ALSO PUTS A HUGE RESPONSIBILITY ON ITS SHOULDERS.**



Aqua intends to further embed the impact management principles throughout the investment cycle, by (i) improving and putting into place a systematic approach to achieve impact , (ii) adjusting KPIs to monitor the impact achievement of investments aligned with the ToC, and (iii) publicly disclosing its compliance or otherwise with the principles. With climate change as one of the principal focuses of its ESG+I agenda, Aqua will adopt TCFD recommendations regarding governance, strategy, risk management and target-setting to effectively identify and take action on climate related risks and opportunities. With these initiatives, Aqua expects to develop an impact mindset throughout the entire organization and portfolio companies, thus increasing the number of companies delivering a strong positive impact within its portfolio.

**AQUA WILL CONTINUE TO LEVEL THE PLAYING FIELD FOR ITS PORTFOLIO COMPANIES, WHICH MEANS NOT MERELY REMAINING IN COMPLIANCE WITH LEGAL REQUIREMENTS, BUT GENERATING TRUE POSITIVE IMPACT.**

At the same time as leveling the field, it will strive constantly to raise the bar and incentivize its portfolio companies to go beyond. With this in mind, Aqua is making changes in their ESG+I stewardship and monitoring, aiming to push them to take ownership of this agenda and walk more independently. This will allow better management at company level, and direct human resources to the identification and implementation of the initiatives included in the ESAP and their positive impact projects.

Aqua is proud to see the evolution of its the ESG+I agenda, but this is only the begging of a permanent journey that requires firm steps to promote constant positive impact, benefiting the planet and its stakeholders. Year after year its portfolio will be more resilient and create a legacy to be maintained and improved in the companies even after exit.

