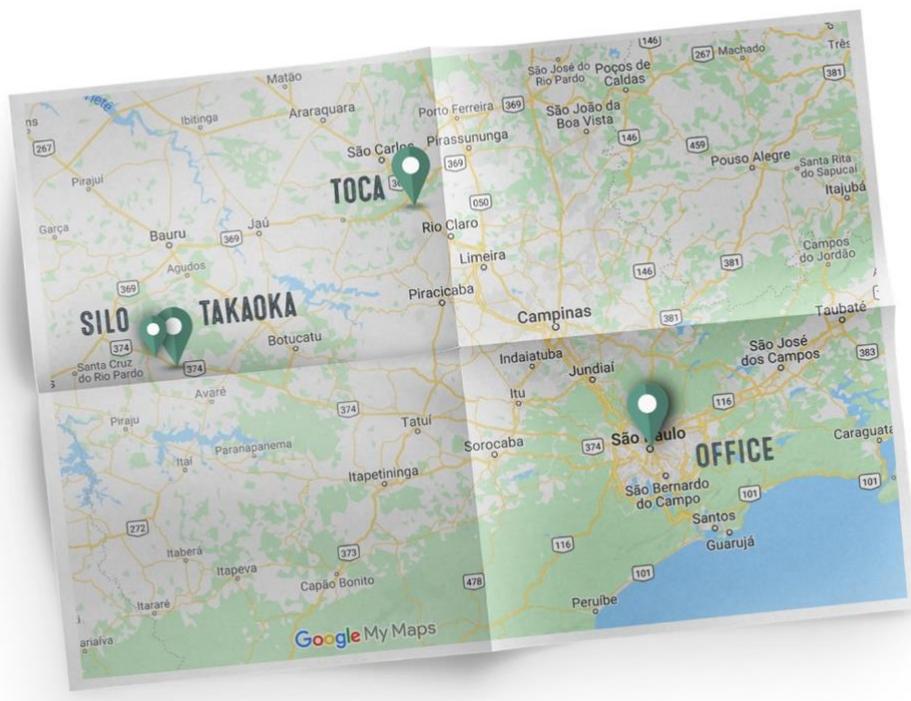


GREEN BOND FRAMEWORK AND OVERVIEW RIZOMA AGRO

1. Introduction

Rizoma Agro is a Brazilian grower for large scale regenerative organic farming: our company designs and implements agricultural systems that produce profitable organic crops with a net positive return on environment. We are currently the largest grower of organic grains and pulses in our country, supplying major food companies and also exporting to the US and Europe. Besides operating our own farms, we offer our know-how and technology as a service platform to other growers to whom we provide all support from production to commercialization of crop produces.

The company has 1,200 hectares leased in 2 farms, Fazenda da Toca and Fazenda Takaoka, and 1 silo for grain drying and storage in the state of São Paulo. Our entire operation is certified organic and our systems use regenerative farming practices to rebuild soil health, increase its levels of organic matter and stock atmospheric carbon underground. We are staffed by a very talented team that is farming regenerative organic corn, soybeans, edible beans and oat crops, as well as citrus in agroforestry systems, with a level of professionalism that is unprecedented in Brazil. We are also a B Corp.



Rizoma Agro locations

SCALING REGENERATIVE ORGANIC AGRICULTURE

RIZOMA AGRO

Agriculture, livestock and land use change activities account for 18% of global human greenhouse gas emissions¹, therefore the sector plays a critical role in mitigating and adapting to climate change. In 2015, countries presented their Intended Nationally Determined Contributions (iNDC) for approval under the Paris Agreement and Brazil committed to goals in sectors such as energy, forests and agriculture. For the latter, the plan involves the restoration of degraded pastures, the increase of integration between crop, forestry and livestock and the incentive of low-emission agricultural practices through a financing plan called *Plano ABC* (“*Agricultura de Baixo Carbono*”). Brazil is well positioned to be an active part of the Paris Agreement and the Rizoma Agro’s mission is aligned with this purpose.

All this considered, this new national agriculture plan aims to produce food more sustainably. Rizoma Agro is proving that regenerative organic systems have the potential to produce as much food per hectare as conventional systems with the aggregate benefit of sequestering carbon, increasing biodiversity and improving the water cycle. In 2019, the company created a regeneration protocol that defines indicators and a sampling strategy for measuring and monitoring impact in these three main pillars. This protocol was co-created with academic partners from Brazil and Europe and the first impact assessment was carried out between 2019 and 2020. Results were promising and will be published in the company’s first Impact Report, to be released this year.

In addition to all above, Rizoma Agro addresses many of the Sustainable Development Goals (SDGs), such as Good Health and Well-being, Climate Action, Clean Water and Sanitation, Decent Work and Economic Growth, Responsible Consumption and Production, Life Below Water and Life on Land. The Green Bond will enable the company to increase impact in all these SDGs by improving its regenerative organic systems.

2. Application of the Green Bond Principles

Green Bond Principles (GBP) are voluntary process guidelines for issuing Green Bonds and have four core components:

- Use of proceeds;
- Process for project & asset evaluation and selection;
- Management of proceeds;
- Reporting.

This Green Bond Framework describes Rizoma Agro’s Green Bond issuance and is aligned with the Green Bond Principles (GBP).

¹ Global carbon dioxide emissions from all human activities = 49.4 bi t CO_{2e}; agriculture, livestock and land use change = 9.0 bi t CO_{2e}. Available at: <https://www.wri.org/blog/2020/02/greenhouse-gas-emissions-by-country-sector>

3. Use of proceeds

The expected Net Proceeds of the Bond, about 23.7M BRL, will be deployed on operating and capital expenditures on Rizoma Agro's current farm operations. The Bond issued under this Green Bond Framework is aligned with the Climate Bonds Standard Version 3.0, the Nominated Projects & Assets all fall into the Taxonomy "Agriculture (including mixed use productive systems)" and are covered under the Agriculture Criteria. The following are the Nominated Projects & Assets proposed to be associated with the Bond:

Nominated Project & Assets	Description	Estimate value (BRL)
Row crops and agroforestry -working capital	Expenses on inputs, cultivation, primary processing and storage (operating expenditure)	10,173,055
Row crops and agroforestry - machinery and infrastructure	Productivity enhancement and resilience: most investment, about 6,2M BRL will be for crop irrigation, and the remainder will be used for the acquisition of machines and the construction of a laboratory to produce biological inputs (capital expenditure)	7,948,463
Post-harvest infrastructure	Expansion of silo drying and storage capacity (capital expenditure)	4,000,000
Agroforestry expansion – biological asset	Expansion of planted area (capital expenditure)	939,379
Research and development	Acquisition and development of equipment for R&D experiments (capital expenditure)	355,104
Agriculture Management Platform	Acquisition and implementation of technological solution to manage the crop growth cycle (operating expenditure)	265,000
Total		23,681,000

Table 1: Nominated Project & Assets use of proceeds

4. Process for project & asset evaluation and selection

All the Nominated Projects & Assets above have been assessed as likely to be Eligible Projects & Assets:

- CLIMATE BONDS TAXONOMY | Rizoma Agro's Nominated Projects & Assets all fall into the "Agriculture (including mixed use productive systems)" area, for both asset types: agricultural production and infrastructure.
- AGRICULTURE CRITERIA | Rizoma Agro's Nominated Projects & Assets are covered under the agricultural production systems scope: perennial & non-perennial crop production, as well as agroforestry. The sectors requirements both for mitigation and for climate adaption and resilience are met by the whole agricultural production unit, which includes the irrigation system.

Hence, these Green Bond projects & assets have been evaluated and selected according to the requirements from the Climate Bonds Standard Version 3.0 and Agricultural Criteria.

Furthermore, the company's main climate objectives are to (i) increase biomass and soil carbon stocks, (ii) increase regenerative organic agriculture yield and (iii) reduce operational costs. Rizoma Agro's 2019/20 crop season proved that it is possible to produce profitable crops that are environmentally friendly.

Because Rizoma Agro's row crops and agroforestry systems sequester carbon, the adopted regenerative organic agriculture practices have the potential to help mitigate climate changes. Farms serve as a carbon sinks while producing food and enhancing other ecosystem services such as biodiversity and water resilience. Row crops have been shown to increase soil organic matter over time, the same being true for agroforestry. In the latter, biomass carbon sequestration in trees contribute as well.

Higher soil carbon, beyond the benefit of sequestration, also means that the soil has active biodiversity and improved water holding capacity. This translates into higher yields and more resiliency over the years, which reduces the amount of land needed to cultivate crops. Ultimately, this reduces the pressure for more land and deforestation and improves food security.

Irrigation is an important tool to support yields, especially in the region where our farms are located, which have variable yearly rain patterns. And without irrigation, Rizoma Agro is not able to plant cover crops further into the dry season, thus reducing our potential for carbon sequestration.

Cost reduction is critical for the competitiveness of regenerative organic agriculture. We are acquiring the best equipment (such as camera guided cultivators imported from Europe) to reduce our operational costs and minimize the gap versus conventional agriculture.

The Nominated Projects & Assets have been assessed to meet the climate-related objectives:

Nominated Project & Assets	Description
Row crops and agroforestry - working capital	Our operation is improving each year, becoming more productive per hectare and cheaper per ton. This means less carbon is emitted per ton of production, while carbon sequestration per hectare continues to happen.
Row crops and agroforestry - machinery and infrastructure	To keep cultivation costs low, specific cultivators are needed. To keep phytosanitary (crop protection) costs low, the laboratory to produce biological inputs is important.
Irrigation system	Irrigation is important to maintain yields in a changing climate and to maximize regenerative practices such as planting cover crops in the dry season (which ultimately leads to carbon sequestration).
Post-harvest infrastructure	Rizoma Agro needs a dedicated infrastructure to process and store organic grains as to minimize the risk of contamination by GMO grains and comply with the organic certification.

Agroforestry expansion – biological asset	Agroforestry is Rizoma Agro’s most regenerative production system, it sequesters carbon in the soil and in the trees. The high biodiversity and shadow provide an equilibrium, allowing for high lemon yields. Moreover, the interconnections inside the system provide environmental services, such as natural enemies, reducing costs.
Research and development	R&D projects are focused on reducing costs, increasing yields and maximizing regeneration. For example, composting can reduce our need for nitrogen. The development of an organic no till system can reduce costs and increase carbon sequestration.
Agriculture Management Platform	The use of a consolidated management software is fundamental to make real-time and precise decisions, helping the company guarantee expected yields and keep costs under control. Furthermore, the collection of data is important for further analysis, research and operational improvements.
Table 2: Nominated Project & Assets climate related objectives	

Given the above context, it seems just natural for Rizoma to pursue a Green Bond for financing its operations.

5. Management of proceeds

An Agribusiness Receivables Certificate (CRA) will be issued in accordance with the rules of CVM Instruction 600, in the amount of up to BRL 25,000,000.00 (twenty-five million reais). The aforementioned CRAs are backed by *Cédula de Produtor Rural Financeira* (CPR-F) issued by Rizoma Agricultura Regenerativa S.A. This is an instrument that allows Rizoma Agro to raise funds for the Financing of Eligible Green Projects.

Eco Securitizadora, with the resources obtained from the subscription and payment of the CRA, will make the payment of the CPRF to Rizoma Agro.

Capital expenditures on eligible green projects over the next 7 years will correspond to or exceed the total funds raised by issuing green bonds. The funds raised by Rizoma Agro will be kept in a current account held by Rizoma Agro until the payment of its suppliers and cannot be allocated to financial instruments that generate negative externalities to the climate or the environment in general.

The funds raised by Rizoma Agro through the issuance of CPR-F must be used exclusively for the acquisition of the inputs described in clause 5.1 of the CPR-F, according to the Securitization Term. According to the Securitization Term, CPR-F cannot be attributed to any other debt issue, characterized as green or not.

In addition, Rizoma Agro is required to present documentation proving the application of funds annually, according to item (XIX) of clause 4.1 of the Securitization Term.

6. Reporting

During the Green Bond period, Rizoma Agro will publish Updated Reports annually to confirm its ongoing conformance with the Post-Issuance Requirements of the Climate Bonds Standard:

- Allocation Reporting: confirming the allocation of Net Proceeds to Nominated Projects & Assets;
- Eligibility Reporting: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements;
- Impact Reporting: disclosure of Rizoma Agro's impact indicators on carbon, biodiversity and water.