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RONCADOR EXIT REPORT

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Executive Summary

Loan structure

In June 2020, &Green made its first investment in Brazil, through a long-term loan extended to Roncador, a corporate farmer invested in cattle ranching and soy and corn production in the State of Mato Grosso.

The transaction was structured as a bilateral, USD 10 million senior secured loan, to be repaid in 2 equal instalments at YE7 (2027) and YE8 (2028). The loan was fully collateralized by land mortgage covering at least 150% of the loan amount and a full and unconditional guarantee from the holding company. Roncador borrowed another USD 40 million from a commercial bank to support the development of the project. Since in Brazil "non-subsidized" loans are rarely longer than 5 years, it made sense for &Green to assume the long end of the repayments in the project. Thus, adding value by creating what was, in effect, a single 8-year amortizing facility if the commercial bank and &Green loans were seen as one facility. It was foreseen that the project pay-back would be long: 2-3 years to conclude the investments, and an additional 5-6 years before the project's incremental cash flow would have covered the actual investments made. Effectively however, the timeline for achieving the production targets exceeded expectations, and gains were realised a lot faster (see section below).

Meanwhile, three years into the investment (starting July 2020), Roncador went through a reorganization as a result of the passing of its controlling shareholder, Mrs. Rosa Penido Dalla Vecchia. Until 2024, the company continued to operate on business as usual, with unchanged financial and environmental obligations towards &Green. However, the assets owned by Mrs. Dalla Vechia, including Roncador, were finally divided between the heirs and, consequently, the area of Roncador's farm subject to the transaction was divided by 3, reducing &Green's impact goals and changing the credit risk profile of the borrower. The parties decided, therefore, jointly to end the partnership, and the loan was fully repaid in April 2024.

Investment Rationale

The investment rationale for this project was to establish a blueprint for sustainable cattle production and forest protection at scale (approximately 150,000 ha). The objective was to intensify production through the implementation of an Integrated Crop Livestock (ICL) rotation model. In doing so, Roncador recuperated degraded pastures, while adhering to and exceeding the Brazilian Forest Code requirements (i.e. the Brazilian environmental laws). In addition, the purpose of the project was to ensure, through the landscape protection plan ("LPP"), the promotion of this model to peers, via credible industry institutions.

Impacts realized

The ICL model was successfully rolled out within the first year of &Green's investment and the increase in productivity goals were achieved well ahead of prediction and compared to 2025/26 targets. In other words, in 4 years from &Green's investment, the production of food increased by 20% through the implementation of sustainable intensification practices (ICL model).

Roncador maintained its 60,000 ha of forested areas as per the legal requirements and established additional control measures to ensure that its suppliers adhered to its no deforestation and no exploitation commitments

Roncador completed the majority of their ESAP during the investment period, with all items delivered on time. One ESAP item was due in 2027: Commit to implement the Reserva Legal requirements as per the ruling of SEMA under the Programa de Regularização Ambiental (PRA). At the time of &Green's exit, Roncador did not violate any requirement set out in the PRA. However, the company was in the process of correcting their Legal Reservation Liability, set at over 50,000 ha, which Roncador argued was incorrectly calculated because current legislation was applied to a historic event, at which time different laws applied. Following clarification from KPMG, this is a common process that can take a long time to complete due to a large backlog of the responsible agency (SEMA).

As per its ESAP obligations, Roncador successfully developed its ESMS, in line with the IFC Performance Standards. This was an effort initially seen as a compliance requirement towards the &Green Fund, but overtime valued by Roncador as a further professionalisation of their business. Roncador developed sustainability policies and protocols, creating a structured, measurable approach to their sustainable management, rather than the more informal, ad hoc approach that was used prior to &Green's investment. In an interview by KPMG, the consultant that carried out the annual E&S Verification, Roncador commented that: "the ESMS was important for standardizing procedures, monitoring methods, and goals that were created and practiced within the company". However, KPMG noted that the short investment period was not sufficient to fully validate the effective implementation and dissemination of the ESMS.

Roncador successfully implemented its NDPE commitments to its own operations, demonstrating no deforestation throughout the loan period. In Roncador's no deforestation policy, the company committed only to no illegal deforestation for its suppliers. Despite that, and within the context of Brazil, it is unusual for Brazilian farmers to impose E&S criteria onto other farmers that are supplying to them. From 2020, Roncador established additional control criteria for the purchase of calves. It furthermore decided to expand these to other suppliers (supplying grains, and forestry products, in smaller quantities), which was not a requirement of the &Green Fund.

As a testimony to the successful establishment of the blueprint, Roncador received recognition in the market and has been awarded various prizes and certifications, including the 1st Planeta Campo Sustainable Production Award in 2023, in the large-scale agriculture farm category; the Selo Verde from the Environmental Journal of the State of São Paulo (for the 22/23 harvest); the Sustainable Farming Companies in Latin America – 2023 from the Agri Business Review; and 3S certification (obtained every year).

Lessons learned

Roncador is a family business and while it has incorporated relevant corporate governance measures, such as having its financial audited by a big 4 firm, and an active board (all useful for managing &Green's credit risk), from an environmental perspective managing the E&S requirements was a challenge due to the centralization of decisions made by the CEO and owner.

Several improvements have been made to &Green's systems following learnings from this transaction. It became clear that setting static IFC PS compliance targets upfront for an investment does not create the right level of flexibility to support a company in adopting an efficient Environmental and Social Management System (ESMS). The development of an IFC PS compliance matrix, reviewed annually, has been an important improvement in the Fund's ESAP approach. In addition, the inconsistent reporting of forest data by Roncador has led to the development of an

improved, in-house monitoring system that creates consistency in data collected for each transaction and across the &Green portfolio.

1. TRANSACTION OBJECTIVES AND RISKS PRIOR TO INVESTMENT

1.1 Transformational Change Rationale

Cattle ranching and soy production are important drivers of direct and indirect land conversion in Brazil. Deforestation patterns underpin poor forest code compliance by producers, who assume higher gains from illegal conversion compared to legal compliance and who typically demonstrate expansionist production models due to overall low cattle productivity (and degraded pastures).

Between 2008 to 2019, Fazenda Roncador – the largest productive farm in the country - developed expertise in relation to integrating soy and livestock production on the same production area by piloting the model on a parcel of its 150,000-hectare farm. The company took a decision to increase this approach to the full production area of farm (approximately 60,000 ha). Such integration would enable Roncador to position itself as an advanced farming business, with a promise to raise its productivity above the country's average (for both soy and cattle sectors), while improving soil conditions and reducing greenhouse gas emissions.

The number of corrective actions needed to both restore and convert pastures for the adoption of the ICL require significant upfront financing (as well as existing knowledge). &Green's investment into Roncador supported the upscaling of the pilot. By implementing this sustainable production model across the full farm area, the objective of the investment was centred on proving the commercial viability of the sustainable production model (**systems change 1**).

Besides supporting its production practices, &Green's partnership with Roncador aimed to hold the company accountable for its adherence to Brazilian environmental and social law, and to a no-deforestation policy. This would result in preserving more forest than what was required by the Forest Code , and in accelerating its forest restoration plans by imposing a timeline what was shorter then under Roncador's legal obligations (7 years instead of 25 years) (**system change 2**). In addition, the company was required to restore 200 ha of riparian forest, see table 1.

Lastly, by leveraging Roncador's leadership position in the market, &Green's contractual targets included the dissemination activities to be undertaken the company to promote its practices and vision to the farming communities to enable a larger market adoption.

IMPACT INDICATOR	METRIC	TARGET (BY END OF LOAN TENOR)
Forest conserved	ha	64,265[1]
Sustainable Intensification	ha	60,000
Forest Restored	ha	200
Climate benefits	tCO_2e	N/A
Climate resilience- people with increased resilience	nr	N/A
Climate Resilience – ecosystems with increased resilience	ha	124,265[2]
People benefiting	nr	N/A

Table 1: Impact targets set to achieve at the end of the loan tenor (2028).

1.1.1 Systems change 1: Sustainable production

&Green's investment rationale for this project was primarily centred on the company's production strategy. The company chose to implement an ICL model that is aimed at boosting off-season cattle and is seen as one of the most complex ICL configurations. The focus of this configuration is on utilizing part of the land for agriculture, namely for soy and corn, see box below.

RONCADOR'S ICL APPROACH

THE INTEGRATION CYCLE BEGINS IN OCTOBER EACH YEAR WHEN THE SOYBEANS ARE PLANTED ON HALF OF THE PRODUCTIVE AREA (OTHERWISE USED FOR CATTLE). THE SEEDS FIX NITROGEN IN THE SOIL UNTIL THEY ARE HARVESTED IN FEBRUARY OF THE FOLLOWING YEAR. SOON AFTER THE HARVEST, CORN AND GRASS ARE PLANTED. THE GRASS GROWS IN JUST 40 DAYS AND, AS THE SOIL IS ALREADY RICH IN NUTRIENTS DUE TO THE NITROGEN FIXATION FROM THE SOY. FROM APRIL ONWARDS, CATTLE IS ABLE TO EAT BETTER QUALITY GRASS IN THE MIDDLE OF A PERIOD OF DROUGHT. THE STRAW FROM THE GRASS THAT REMAINS HELPS TO COVER THE SOIL, HELPING TO IMPROVE THE HEALTH OF THE SOIL, BOTH FOR GROWING SOYBEANS MONTHS LATER AND FOR GRAZING CATTLE NEXT YEAR. IN ADDITION, CATTLE MANURE ALSO CONTRIBUTES TO MAINTAINING LIFE ON THE LAND. IN OCTOBER, THE CATTLE FINALLY GIVE WAY TO THE SOYBEANS, WHEN THE WEATHER IS ALREADY RAINIER, AND SO THE CYCLE IS COMPLETE.

[1] A drop of the protected area occurred due to loss of legal case with INCRA, diminishing the overall farm and forest area from the original 71,184 ha to the number reported here.

[2] Ecosystems with Increased Resilience is reduced as a result of the decrease in Forest Conserved, from the original 131,209 ha to the number reported here.

The projected result of the project was to bring a more than two-fold increase in stocking rates (from 1,29 Animal Unit/ha in 2018 to 3 Animal Unit/ha in 2025), which in turn would increase overall production to 45,000 heads of cattle. The productivity per hectare in cattle production (measured in AA/ha) was estimated be almost four times higher than the average productivity of the state of Mato Grosso. In terms of soy production, the integration of ICL system would allow Roncador to increase its productivity from 57 bag of soy/ha (2018) to 65 bags of soy/ha on harvest 2025/2026.

By optimizing land use and achieving consistent stocking rates throughout the season, the farm planned to reduce its dependency on outside suppliers. This in turn would imply a significant reduction of deforestation risks linked to 'opaque' supply chains, and an opportunity to certify zero-deforestation beef.

Outside its farm gate, Roncador's efforts were directed towards the dissemination of best practices and knowledge about the ICL model for others to gain and learn from, using a combination of tools. Concretely, the landscape protection plan required Roncador to provide guidance and technical support to its partner SLC, to test and pilot the ICL model within their 19,400 ha farm. Additionally, Roncador was tasked to engage with members of the Liga di Araguaia to incentivise their gradual adoption of the model. Finally, the company committed to promote best practices and lessons learned via a combination of tools, such as Roncador's website videos and information, public articles, social medias campaigns, field days, participation of its executives and employees in seminars and workshops.

1.1.2 Systems change 2: Forest protection

&Green's investment in Roncador expected to bring high environmental returns from a forest protection perspective with a relatively low risk of deforestation due to the sheer size of the forest available inside the farm and within Roncador's control. Besides the absolute impact numbers, &Green's additionality (and expectations in terms of impact) was to guarantee and accelerate forest code compliance, within a sector that is known to have a high level of legal non-compliance.

At the time of investment, Roncador had already taken the necessary actions to ensure full compliance with the law. Considering the fact that all deforestation activities have stopped before the year 2000, and the share of Cerrado biome (22%) and Amazon Biome (78%), Roncador had to conserve around 66,078.01 ha of its land to meet its legal reserve requirements (noting however, the final number was still subject to final validation under by environmental authorities). Through this agreement with &Green, Roncador committed to protect 71,184.61 ha of forest, thus 5,106.6 ha above what were estimated to be the legal reserve requirements.

Roncador had an obligation to restore riparian areas following changes in the forest code requirements (increasing the size of what is required to be protected next to river and water flows). As for every restoration obligation under the forest code, the company had 25 years to fulfil its obligations. &Green's LPP supported the acceleration of meeting this obligation, by imposing a seven-year timeline for restoring all the riparian areas. The progress was slow: around 27 ha in the year of 2023. As per the E&S Verification Report, this was due to a lengthy process of growing native tree seedlings to a mature enough state to plant them in the field (2 years).

Lastly, Roncador committed to adding environmental and social performance requirements to its direct supplier selection criteria and contracts. Roncador did not commit to enforce no-

deforestation requirements on its suppliers, but to ensure that it would not source from farms that were not in compliance with the law (i.e. illegal deforestation).

1.2 Transaction Risks

Financial risk in this Project was considered to be low. The project required significant funding (USD 50 million) to implement the ICL model in the whole area of the farm. However, that was a practice already tested before (on a smaller scale, though) by Roncador. The loan was sufficiently collateralized (150% land mortgage) and further counted on a guarantee provided by the holding company, which at inception had a 1yr PD of approx. 50 bps compared to Roncador, stand-alone risk rating of approx. 100 bps.

The guarantor (the holding company of Roncador) had a minority stake in CCR. CCR's involvement in the "Lava Jato" case resulted in a BRL 750 million fine, payable over several years. CCR had recognized the full amount as a loss in its FY 2018 balance sheet. All executives from the time of the corruption events were replaced by other professionals. An independent committee, formed in 2018, conducted a thorough investigation and governance review, reported to the market in July 2019. The reputational and financial risk stemming from the minority interest was accounted for at the time of investment.

The investment was considered a medium to low E&S risk (category B) at the time of approval, given that the project was centred on expanding an already proven intervention within Roncador's farm gate, with a company that was already demonstrating good E&S practices, and without any complicated social and ecological circumstances. Nevertheless, principal risks identified at the approval of the investments were:

- Risk of low E&S compliance, mostly due to Roncador's inexperience working with the IFC Performance Standards, lack of 'formalised' E&S systems and no dedicated sustainability capacity within the company (IFC PS 1).
- Risk associated with an increasing jaguar population resulting from their commitment to on-farm jaguar conservation, due to lack of biodiversity monitoring and management plan (PS 6).
- Risk of negative impact on nearby communities, due to lack of formalised policies for selecting contracted security companies and reviewing performance (PS 4). Roncador's farm neighbours one of the oldest government-established settlement, linked to the Landless Rural Workers' Movement (MST).
- Risk of Roncador not delivering on its ER targets, specifically the ones related to disseminating best practices to support the replication of the blueprint.

Important to note that the project was re-categorised from B to A as a condition for FMO's investment into &Green. This was due to the perceived risk of deforestation associated with Roncador's cattle supply chain by FMO. &Green's assessment differed in that it assessed that Roncador's supply chain was small, with the expectation that Roncador would further reduce its dependence on external calf producers during the loan tenor (as a result of increase cattle productivity and integration) and that it has committed to apply no (legal) deforestation criteria to its suppliers.

Reputationally, risks were mostly associated with the cattle sector and with the country, and not with the actual company. As described in sections above, Roncador's reputation was positive, and &Green perceived positive reputational gains from this investment.

2. TRANSACTION SUCCESSES

Overall, &Green's investment into Roncador should be seen as a success, as the company delivered on most of its commitments. The key achievements during &Green's investment period of more than three years are listed below.

2.1 Sustainability

The realisation of the ICL integration on the full farm size and delivery of the sustainable production targets. The ICL model was successfully implemented within the first year of &Green's investment, surpassing productivity goals. In 2023, beef production reached 8,569 tons, a significant increase from the 5,353 tons at the start of the investment, while the target for such production level was not expected until 2025/2026. Similarly, soybean production rose from 97,543 tons in 2020/2021 to 115,231 in 2023, surpassing the target set for 2025/2026. In essence, within four years of &Green's investment, food production increased by 20% without the need for expanded farming areas, solely through the implementation of sustainable intensification practices facilitated by the ICL model. See the productivity developments throughout the loan tenor in table 3.

INDICATOR	2019/2020	2020/2021	2021/2022	2022/2023
Planted area for soy cultivation (ha)	30,295	30,295	31,231	30,238
Soy productivity (bags/ha)	61	54	61	64
Total soy production (Tons)	110,334	97,543	111,445	115,231
Pasture area (ha)	26,573	26,573	26,741	21,747
Total cattle herd size (heads) - annual average	56,983	65,840	74,475	68,645[3]
Cattle production Productivity (head/ha)	2.14	2.48	4.41	4.45[1]
Cattle production Productivity (UA/ha)	1.49	1.77	3.18	2.2
Production of @	253,577	298,565	242,749	234,797[1]
Total Cattle production (tons)	7,607	8,957	9,670	8,569
Total Cattle Sold (tons)	30,281	23,877	22,520[1]	22,614[1]
Tons sold (live weight)	11,669	9,582	9,343[1]	9,456[1]
Tons sold (carcass)	6,239	5,226	5,042[1]	5,033[1]
CO_2 emission (CO_2) (tons)	-61,226	-62,020	- 6,361	- 4

Table 3: Productivity for soy and cattle over the duration of the loan tenor.

Delivery of the forest protection targets: Despite the absolute reduction in forest area within the farm, as a result of losing the court case against INCRA (described in subsequent paragraphs), Roncador has fulfilled its commitments towards forest protection, resulting in the conservation of 64,249 ha of forest within its property.

Delivery of the ESAP and strengthening of Roncador's E&S systems: By the end of 2023, Roncador had delivered on all of its contractual ESAP obligations (with the exception of those that required continuous delivery, such as maintaining its annual certification for the protection and conservation of jaguars). Although the ESAP did not explicitly require compliance towards the IFC PS, Roncador has been able to formalise its existing practices into an IFC PS 1 – compliant ESMS.

[3] Note that this figure excludes Darro farm, because the data was unavailable at the time of the E&S Verification.

[4] Roncador did not carry out a GHG inventory for the 22/23 harvest.

Although this was originally perceived as a 'compliance only' exercise from the company, who find it difficult to understand the IFC PS requirements, at the end of &Green's exit the ESMS had been embedded into Roncador's practices.

Delivery of its No deforestation and No Exploitation policy: In Roncador's no deforestation policy, the company committed only to no illegal deforestation for its suppliers. Despite that, and within the context of Brazil, it is unusual for Brazilian farmers to impose E&S criteria onto other farmers that are supplying to them. From 2020, Roncador established additional control criteria for the purchase of calves. It furthermore decided to expand these to other suppliers (supplying grains, and forestry products, in smaller quantities), which was not a requirement of the &Green Fund.

Blueprint for sustainable cattle ranching in Brazil: As a testimony to the successful establishment of the blueprint, Roncador received recognition in the market and has been awarded various prizes and certifications, including the 1st Planeta Campo Sustainable Production Award in 2023, in the large-scale agriculture farm category; the Selo Verde from the Environmental Journal of the State of São Paulo (for the 22/23 harvest); the Sustainable Farming Companies in Latin America – 2023 from the Agri Business Review; and 3S certification (obtained every year).

2.2 Financial

Minimal transaction costs for SAIL during the investment period: Compared to other portfolio investments, ensuring that Roncador delivered on its contractual obligations required very little engagement (i.e. 10% of a sustainability expert FTE per year at most compared to 20-30% for other investments such as DSNG, HDL, Marfrig). This was related to the relatively low E&S risk of the transaction, and the timely delivery of ESAP items by the investee. On the other side, it also was a function of the company maintaining a 'legalistic' relationship with &Green, and not necessarily engaging with the Fund for topics beyond what the contract required.

2.3 Reputational

Post-exit commitments: Roncador did not make any specific commitments for their management practices post exit. However, on a call with Roncador's management, they confirmed that they would adhere to the high standards of Environmental and Social responsibility that they currently uphold, and they would continue to implement the ESMS that was developed during the &Green loan period.

3. TRANSACTION LEARNINGS

3.1 Sustainability

&Green ESDD: Although Roncador's loss in the INCRA court case was not something &Green could have mitigated for, &Green's assessment of potential social risks and reduction of forest protection could be improved. Due diligence could have included a review of open court cases associated with the company.

IFC PS compliance: relying on a 'static' ESAP developed at a single point in time (i.e. during ESDD) to support IFC PS compliance has limited effectiveness for supporting an investee in improving its E&S performance over time. This is particularly pertinent for companies that are exposed to high E&S risks. &Green's ESAP supported Roncador in making some initial improvements to its systems,

but the potential for achieving long term change is limited. Since then, &Green has changed its requirements and is now requiring investees to reach and maintain compliance with the IFC PS throughout the loan tenor.

Knowledge sharing and scalability of the blueprint: despite having set up concrete targets for the dissemination of the blueprint by Roncador, the impact in influencing market adoption is limited, which puts into question the value of imposing such targets on investees.

&Green MRV: Based on Roncador's case with respect to annual changes in the forest protection impact, the &Green MRV protocol has been being updated to include MAPBIOMAS as the main database to analyse forest cover in Brazil, based on the farm polygons used by clients for CAR submissions.

Forest restoration: As per 2023's E&S verification, Roncador had 27 ha under forest restoration upon &Green's exit of the transaction, which is below the cumulative target of 100 ha for 2023. Severe droughts in 2021 impacted restoration achievements, as well as a slow process to produce seedlings for native trees. In 2022 and 2023, the company conducted restoration activities, but not at a sufficient level to meet its annual targets. However, in 2023, Roncador had a nursery with 62,000 seedlings of native tree species, in preparation of their enhanced restoration efforts.

Delivery of its No deforestation and No Exploitation policy: Roncador successfully implemented its NDPE commitments to its own operations, demonstrating no deforestation throughout the loan period. However, in Roncador's supply chain, the NDPE was not fully implemented. The company did implement a consultation of the IBAMA embargo clearance certificates prior to making a cattle purchase. However, in two out of 30 purchases, this process had not been followed. No additional controls or procedures were implemented by Roncador for their cattle supply chain, and no efforts were made to implement the NDPE in their soy supply chain. This means that the following NDPE commitments were not monitored: No provocation of fires, Reduction of greenhouse gas emissions, and Respect for land tenure rights and free, prior and informed consent (FPIC) of indigenous and local communities.

Dissemination of the ICL model: Although Roncador delivered on its contractual obligations to carry out information dissemination activities, its efforts towards leveraging the Liga di Araguaia and its partnership with SLC to disseminate the ICL model and influence its adoption has been unclear and not well reported by the company.

Forest fires, arising from uncontrolled man-made fires from nearby farms and from climatic conditions. The three fires that took place in 2021, 2022 and 2023, had an impact on the quality and size of the on-farm forest as well as the CO_2 emissions attributed to the project. However, &Green's assistance in flagging these fires to Roncador proved to be valuable for the company's reaction and future risk mitigation and useful for realising the value proposition of SAIL/&Green towards its investees.

Social conflicts and risk of violence with neighbouring communities, as a results of Roncador losing a court case against INCRA, in 2021. The court case was linked to a forested area of approximately 5,000 hectares, which was disputed since the establishment of the neighbouring settlement in the north-west border of the farm, in 1994. Upon the announcement of the court decision, social conflicts between the company and the settlement escalated due to illegal encroachment and due to violence between community members. Roncador was able to manage the situation without any further escalation or negative impact on the communities, and ultimately the situation stabilised. &Green's contribution in helping the company to manage the

social situation was very limited, but it again helped to further understand the potential social risks linked to the country. Losing the court case against INCRA also meant that Roncador's initial forest protection target decreased by approximately 5,000ha. This in turn reduced &Green's additionality by cancelling the claim that the investment necessitated forest protection beyond what was legally required.

Changes in annual forest protection performance: Since 2020, Roncador's on-farm forest area demonstrated significant annual changes (as per verified data), creating questions on the credibility of these figures, on the methodology used by the verifiers, and even on Roncador's actual performance. Internal GIS analysis revealed that changes in interpretations of forest cover were linked to MRV design choices and not by Roncador's actual performance (i.e. relying on self-reported CARs and on different GIS databases every year). Understanding these root causes helped &Green improve its MRV systems.

3.2 Financial

Investment Structure: the structure (bilateral loan) was simple and effective.

Syndication & Co-Investors: the co-investor made a separate agreement to invest in the project. There was no need to discuss aspects related to &Green's investment with the co-investor, for which &Green had full control. This differs from a syndicated facility, where a quorum is usually required to approve certain matters. On the other hand, &Green had less visibility on the conditions of the loan overtime: i.e. the risk of prepayment that could result in the delay of the project.

Operational & Financial Risk: Roncador was the first investment &Green made in Brazil, and for that reason the Fund was probably softer on operational and financial reporting requirements. For example, financial reporting was provided once a year at a date that did not match the &Green Fund's reporting requirements. Operational reporting was highly dependent on the goodwill of the borrower's management. These situations should be avoided in future, where possible.

Governance: Roncador is a family-owned and family-run business. As such, much of the decision-making involves the CEO and owner, which in many situations meant that it was challenging for &Green to obtain information and receive reports on time. In line with the above issue, &Green should consider a more formalistic approach in the Facility Agreement to mitigate this risk.

Financial returns: Important to note that the financial returns on this transaction have not been on par with the rest of our portfolio. The agreed pricing was that of a fixed 2.95% (2.50% spread on US treasuries). At the time of our investment, the market was characterized by a risk-on environment, with an abundance of cheap funding available. Additionally, the investment was in Brazil, where the sector is subject to a considerable under-pricing of risk.

Contingency planning: Another critical commercial learning has been the need of having a robust contingency planning in investees to address unforeseen events involving key shareholder. This ensures that such events do not disrupt financial stability or operational continuity. In Roncador's case, the early prepayment was opportunistic to SAIL to deploy the capital in a better commercially priced opportunity, However, it's imperative to ensure that the investees are able to de-risk such potential downsides upfront to avoid premature financial disruptions.

3.3 Reputation

&Green's investment in Roncador positively influenced the &Green's Fund's reputation by underscoring its ability to directly lend to a Brazilian farming operation, which is not common for international funds.