



régia CAPITAL

Antideforestation Policy

June 2025



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Who we are

Régia Capital is an asset manager dedicated to sustainable investments and financial solutions.

It is the result of a partnership between JGP, one of the most traditional and innovative independent asset managers in Brazil, and BB Asset, a leader in the investment fund industry in the country.

The manager is a complete platform for sustainable investments, operating in liquid and structured credit, equities, private equity, as well as Blended Finance and Transition Finance products. This comprehensive portfolio is aimed at both local (individual, private and institutional) and international investors.





2. Introduction

Nature provides diverse ecosystem services that are critical to human well-being, health, livelihoods, and survival. Many of the positive externalities of ecosystems are lost or strongly reduced after the conversion of native vegetation.

Deforestation presents a systemic risk in the financial market and the global economy. Financial institutions are exposed to the risk of promoting deforestation through their investment activities, with companies that are directly involved with the production, processing, or procurement of agricultural and forestry commodities.

Over a quarter of global forest loss is due to deforestation through permanent land-use change for commodity production, including beef, soy, palm oil and wood fiber¹.

Brazil is one of the largest exporters of agricultural commodities and the Brazilian economy is dependent on the agricultural sector. About 90% of tropical deforestation is driven by agriculture, even if not deforested areas are converted into production areas². Furthermore, adding greenhouse gas emissions from deforestation to other emissions from the agricultural sector, about 48%³ of the greenhouse gas emissions in the Brazilian territory are derived from land use change.

The financial market has a central role in transforming this scenario, by directing the flow of capital towards more sustainable practices. Through active corporate engagement, creative financing, and ecosystem restoration, it is possible to create a positive impact and significantly eliminate the conversion and deforestation of native vegetation in all Brazilian biomes.

¹ [Drivers of Deforestation, 2024.](#)

² [Disentangling the numbers behind agriculture-driven tropical deforestation, 2022.](#)

³ [Relatório SEEG, 2023.](#)



3. Objective

Following the recommendations of the Accountability Framework (AFi), this policy addresses goals and measures adopted by Régia to combat deforestation, conversion of native vegetation in ecosystems, and human rights violations linked to agricultural and forestry supply chains.

This policy covers all asset classes subject to the Funds managed by Régia, as well as applies to all regions and biomes in which there is risk of deforestation and conversion. It applies especially to critical and/or priority biomes, such as the Amazon, Cerrado and Chaco, in South America, and covers the following

agricultural and forestry commodities: soy, cattle, palm oil, timber, pulp and paper.

To delimit the scope, we consider companies that have material exposure to at least one of these commodities, with material exposure defined as revenue greater than 33% from activities linked to commodities with high risk of deforestation and conversion.

This Policy applies to all phases of the value chain, encompassing upstream (meatpackers, cooperatives, producers, traders, etc.) and downstream (manufacturers, restaurants, retailers, financial institutions, etc.) companies.



Governance

The ESG team oversees Policy's governance, with the Biodiversity Committee being responsible for discussing biodiversity-related topics, such as strategy, policies, and goals.

The CEO and CSO are part of the Committee, as well as members from different areas and levels, such as managers and analysts.

The ESG Research team is responsible for evaluating the environmental and social practices of the companies, in order to verify if the investment is in accordance with this Policy.

In the Investment Committees, each area, whether credit, equity, risk, compliance, or ESG, is responsible for delivering its specific opinion regarding the investment, and the ESG team is responsible for the application of this Policy.



Commitment

As signatory member of the Finance Sector Deforestation Action Initiative and aligned with the Global Stocktake of the Paris Agreement, **Régia is committed to eliminating deforestation, conversion and human rights abuses driven by agricultural and forestry commodities (cattle, soy, palm oil, timber, pulp and paper) from our investment and loan portfolios by 2025.**

To achieve this goal, and in line with the Brazilian Forest Code, we prohibit investment in companies directly or indirectly linked to non-compensated illegal deforestation.

In addition, as of December 31, 2025, for companies associated with high-risk agricultural and forestry commodities delimited in this Policy, we set the limit cut-off date of December 31, 2020 for zero deforestation and conversion.

After 2025, we will only finance or invest in companies exposed to deforestation that are committed to the transition to a deforestation and conversion-free supply chain by

2030, with efforts to accelerate this deadline whenever possible. Our goal is to contribute to the transition to a green economy by pushing these companies to adopt sustainable practices as soon as possible, before the established limit.

On an annual basis, we will publicly report our progress on the milestones to eliminate deforestation and conversion of natural ecosystems caused by agricultural and forestry commodities in the assets of our investment and loan portfolios. To achieve these objectives, we have adopted a proactive approach to engage with investees and provide financing only to clients who meet the risk reduction criteria set out in this Policy.

A key pillar of our strategy to combat deforestation and conversion is increasing investments in nature-based solutions (NBS). Our commitment allows us to actively work with companies, driving positive business transformation and enabling the transition to a green and low-carbon economy.



Transition

Investing in companies that are not yet fully aligned with the proposed criteria is key to drive the transition towards more sustainable business models. As investors, we play an active role in transforming the market by providing capital and strategic engagement to support companies on their journey towards deforestation and zero conversion. We recognize that many companies operate in complex production chains and that adapting to stricter standards requires time, investments and structural changes. Therefore, instead of simply excluding these companies, we chose to engage them in a structured way, developing a transition plan and establishing clear and measurable goals for reducing negative impacts. In this way, we are able to accelerate the adoption of good practices, mitigate risks, and

generate long-term positive impacts, in line with the transition to a sustainable and low-carbon economy.

For an asset to qualify as a transition asset, it is necessary to meet minimum eligibility criteria, such as having a commitment aligned with this Policy, with clear criteria to engage and monitor its direct and indirect suppliers, in order to achieve a deforestation and conversion-free supply chain as soon as possible after 2025, by 2028 for high-risk supply chains, and no later than 2030. To this end, we encourage the adoption of intermediate goals for continuous measurement of progress.

Our detailed methodology for Transition Assets can be found in our ESG Policy.



Guidelines for Investees

In order to comply with the criteria of this Policy, the companies in which we invest or that we will invest, delimited within the scope of this Policy, must seek to comply with the following requirements according to their classification:

- CAR (Rural Environmental Registry) with active status;
- Proof of commodity traceability;
- No overlap with indigenous lands, quilombola lands and conservation units;
- No work analogous to slavery and/or child labor;
- Zero deforestation and conversion by July 22, 2008 for the Legal Amazon and by December 31, 2020 for other biomes.

The company is expected to engage with its supply chain, and may develop innovative financial mechanisms or offer

technical assistance to ensure a supply chain free of deforestation and conversion of native vegetation.

The company must continuously monitor the mapped suppliers, ensuring compliance and identifying cases of non-compliance. For these cases, the company needs to have a structured process that includes the blocking of the supplier and, when feasible, support for its reinsertion in the purchasing list.

Auditable and independently verified systems must be put in place, including regular supply chain audits.

Accepted evidence of compliance with this Policy include: audit reports, monitoring records, independent tracking systems, and recognized sustainable certifications, such as FSC (Forest Stewardship Council), RTRS (Round Table on Responsible Soy), RSPO (Roundtable on Sustainable Palm Oil), ProTerra, Rainforest Alliance, GTFI (Sustainable Livestock Working Group), among others.

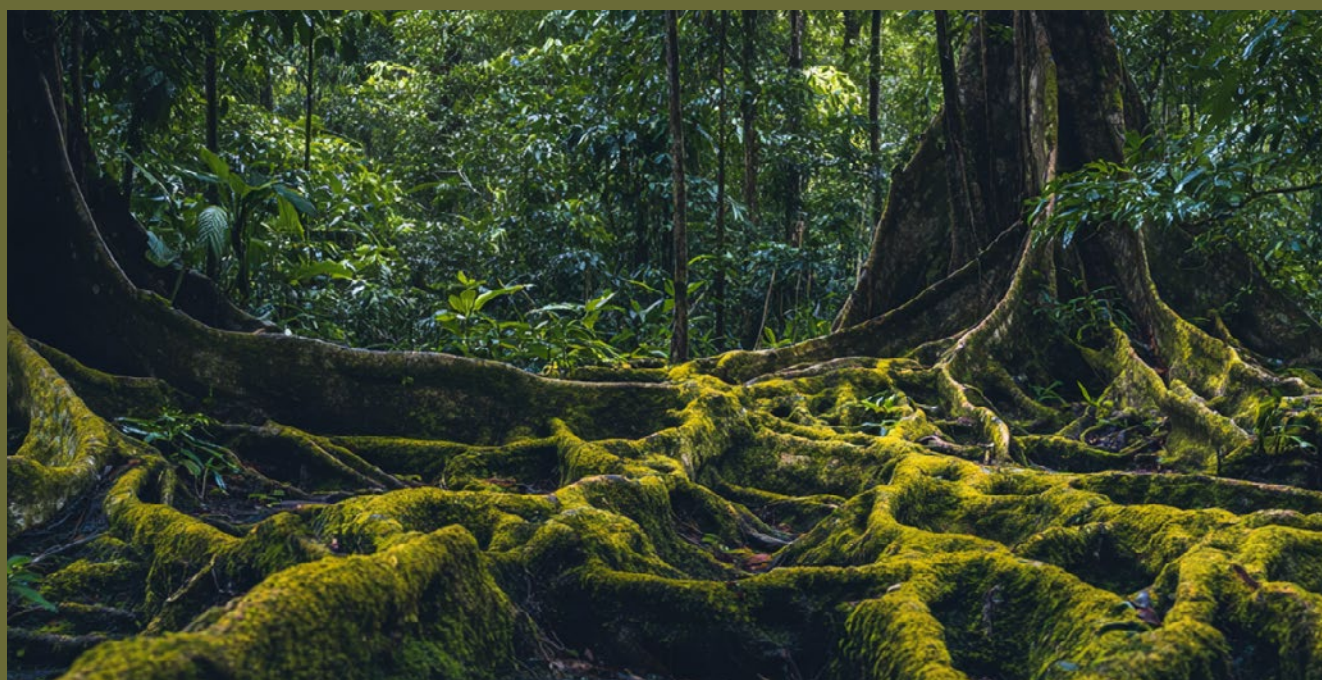
For the upstream supply chain (meatpackers, cooperatives, producers, traders, etc.), companies must ensure complete traceability from the origin (field). For the downstream supply chain (manufacturers, restaurants, retailers, financial institutions, etc.), traceability should cover the links needed to prove compliance. In both scenarios, the following criteria are required:

- Tracking of 100% of direct suppliers by December 31, 2025;
- Tracking 100% of indirect suppliers by December 31, 2030, with efforts to anticipate the deadline when feasible.

In addition, all of our investments and loans must necessarily respect internationally recognized Human Rights, in alignment with the UN Guiding Principles. We will not fund operations that are illegal or that violate human rights, including those related to workers, human rights defenders, indigenous peoples, and local communities.

Within the scope of this Policy, companies must comply with the terms especially related to:

- The customary rights of indigenous peoples to lands, resources and territories;
- The labor rights of workers (such as the prohibition of child and slavery labor, the guarantee of safe working conditions, fair wages, and the right to freedom of association and collective bargaining);
- Zero tolerance for threats or attacks on human rights and environmental defenders;
- For investments or productions that impact indigenous or quilombola lands, proof of the Free, Prior and Informed Consent (FPIC) of indigenous peoples and local communities is required.





8. Analysis

Our social and environmental risk analysis process is conducted at both the asset and portfolio level.

Our process follows the LEAP (Locate, Evaluate, Assess and Prepare) approach of the Taskforce on Nature-related Financial Disclosures (TNFD), where we seek to identify and assess dependencies, impacts, risks and opportunities related to nature.

Asset-level Analysis

When conducting our asset-level analysis, for credit assets related to land use, we have a team dedicated to both the pre-investment socio-environmental assessment and the continuous monitoring of ESG criteria throughout the operation.

We request information regarding the physical location of all assets to be financed, in order to verify their compliance with regional, national and international regulations. To ensure greater accuracy in the analysis, we request, as a priority, the sending of the corresponding georeferenced files. In the absence of this data, we use the [Rural Environmental Registry \(CAR\)](#), previously requested, to obtain the location through the [SICAR](#) platform. If access to the CAR is not feasible, the analysis will be conducted at the municipal, state or national level, following

this order of priority. If it is not possible to verify this data, the company automatically does not qualify to be eligible to receive investments.

With access to asset location data and the use of geoprocessing software, we analyze the overlap of the location with several relevant databases for our analyses.

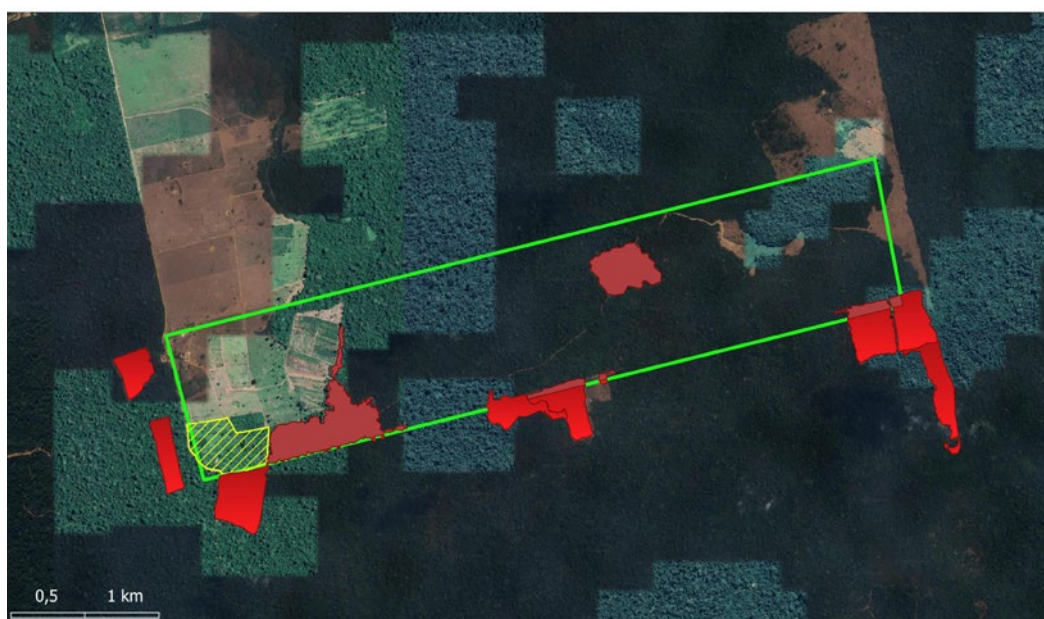
Fundamentally, the databases analyzed together with the location of the assets are: [Deforestation Alerts from MapBiomass Alerta](#), [Indigenous Lands from the ANA Metadata Catalog](#), [Conservation Units \(UC\)](#) and [Environmental Protection Areas \(APA\)](#) from ICMBio, [Quilombola Areas from the IBGE Census](#), [ICMBio Embargoes](#), and, if applicable, any other necessary databases, as the context requires.

For the analysis of overlap with Permanent Preservation Areas (APP), compliance with the legal reserve area required by each region and with other regulatory requirements, such as recomposition of Restricted Use Areas, we use the data available on the SICAR platform to verify that the properties meet current standards.

In addition to the analysis of the physical location of the assets, to compose the pre-investment analysis we request from the companies, besides the above-mentioned files, the following documents: IBAMA Embargo Clearance Certificate,

Labor Debt Clearance Certificate from the Superior Labor Court (TST) and, if applicable, any other necessary documents, according to the context. Each of these documents will be reviewed individually on an asset-by-asset basis in order to ensure regulatory compliance for each.

It is important to note that the databases used, as well as the documents and materials analyzed, are always as up-to-date as possible, both in the pre-investment analysis and in the continuous monitoring of the invested assets.



- Area of Overlap Between the Rural Property and MapBiomass Deforestation Alerts
- MapBiomass Deforestation Alerts
- Active Plantation Area of the Rural Property
- Rural Property Area

Portfolio-level

In the annual portfolio-level analysis of our investments, we rely on a combination of tools that seek to assess how companies address their exposure to deforestation, conversion, and human rights abuses.

Main tools used:

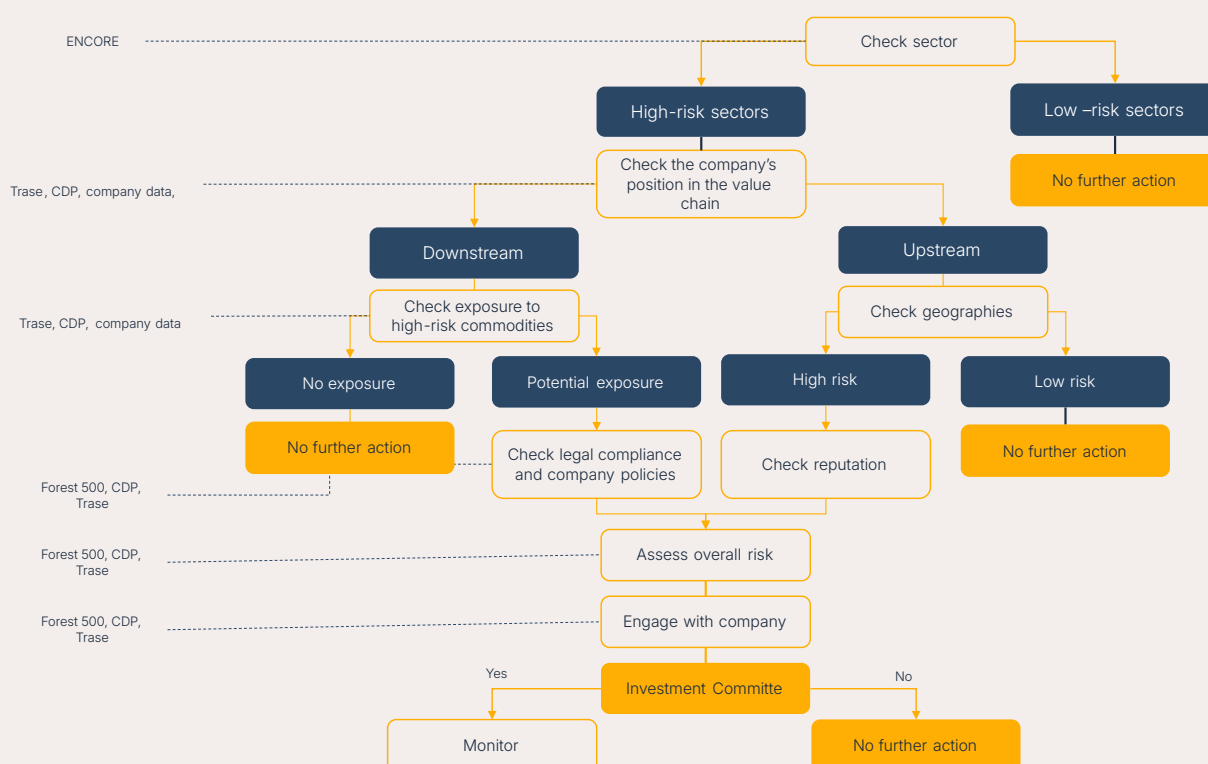
- **ENCORE:** It maps the impacts and dependencies of economic sectors on nature, with this it is possible to identify which industries are exposed to the impacts of deforestation and assess the risks related to nature.
- **Trase:** It combines data on commodity production and trade

from many different sources with a material flow analysis to map supply chains linking consumer markets, via traders, with regions of production.

- **Forest500:** Evaluates how companies with the highest exposure to tropical deforestation risk and the financial institutions that most finance these companies are dealing with these risks.

- **Forest IQ:** Brings data on how more than 2,000 companies are dealing with deforestation risks.

The analysis process can be illustrated by the following process prepared by Deforestation Free Finance⁴:

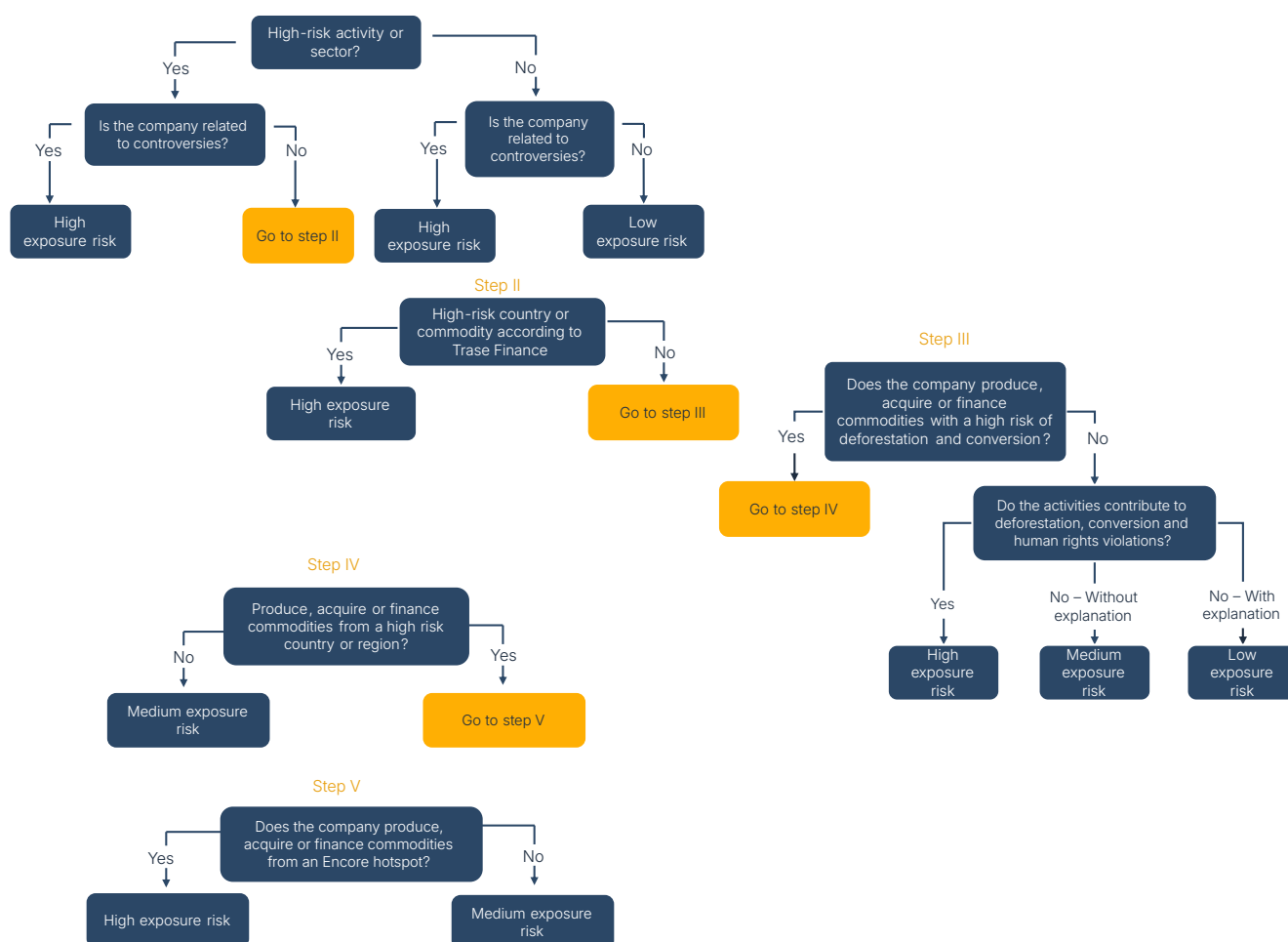


⁴ Deforestation Free Finance: A guide on tools and frameworks for financial institutions, WBCSD.



Risk classification

To classify the level of risk of deforestation and conversion of companies, we rely on the following Deforestation Free Finance⁵ decision tree:



⁵ [Due Diligence towards Deforestation-Free Finance: Guidance for Financial Institutions, 2023.](#)



10. Monitoring

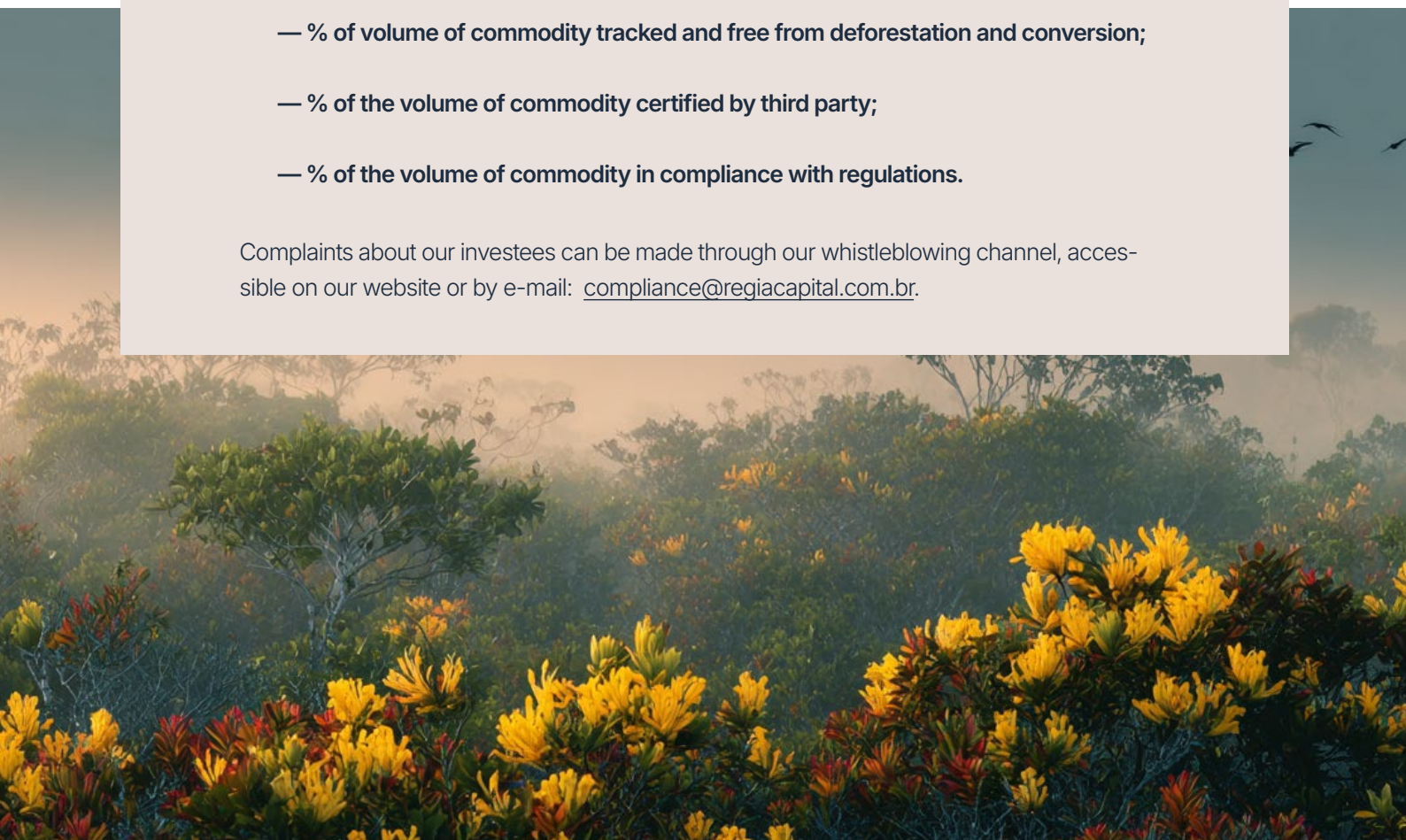
The monitoring of investee companies is carried out constantly and based on evidence, with the evaluation of ESG criteria being conducted annually, or with a shorter periodicity if necessary.

Asset-level monitoring is carried out every six months, in January and July, while macro monitoring of the portfolio occurs annually.

For companies at high risk of deforestation and conversion, we check a series of indicators pertinent to their business model, with specific indicators depending on whether the company is upstream or downstream of the value chain, **such as:**

- % of direct and indirect suppliers monitored;
- % of the volume of certified commodity;
- % of volume of commodity tracked and free from deforestation and conversion;
- % of the volume of commodity certified by third party;
- % of the volume of commodity in compliance with regulations.

Complaints about our investees can be made through our whistleblowing channel, accessible on our website or by e-mail: compliance@regiacapital.com.br.





Corporate engagement and advocacy

As part of our fiduciary duty and stewardship activities, corporate engagement is a core element of our investment process. We seek to interact annually with high-risk companies to discuss ESG aspects, prioritizing the topic of deforestation, conversion, and associated human rights abuses for companies with material exposure to agricultural and forestry commodities at high risk of deforestation and conversion.

Conducting engagement on related issues is the responsibility of the ESG area. These engagements can take place individually, conducted by the Régia team, or collaboratively with other investors, through initiatives to which we are signatories, such as the Finance Sector Deforestation Action Initiative (FSDA), Investor Policy Dialogue on Deforestation (IPDD), FAIRR and Principles for Responsible Investment (PRI).

In addition to direct dialogue with companies, engagement can involve other relevant stakeholders, such as NGOs, industry and sector associations, or government agencies. The format of interactions is adapted according to the best approach for each case, and may include letters, email exchanges, virtual meetings, face-to-face meetings or calls.

If the engagement is not being effective and if any non-compliance with the ESG commitments that evaluated for the investment are detected, we enact our escalation policy. Under this policy, an asset review committee must be convened to evaluate the continuity of the investment and any actions to be taken. The actions may take the form of demonstrations in assemblies, voting against management proposals, and, as a last option, divestment and investment restriction.

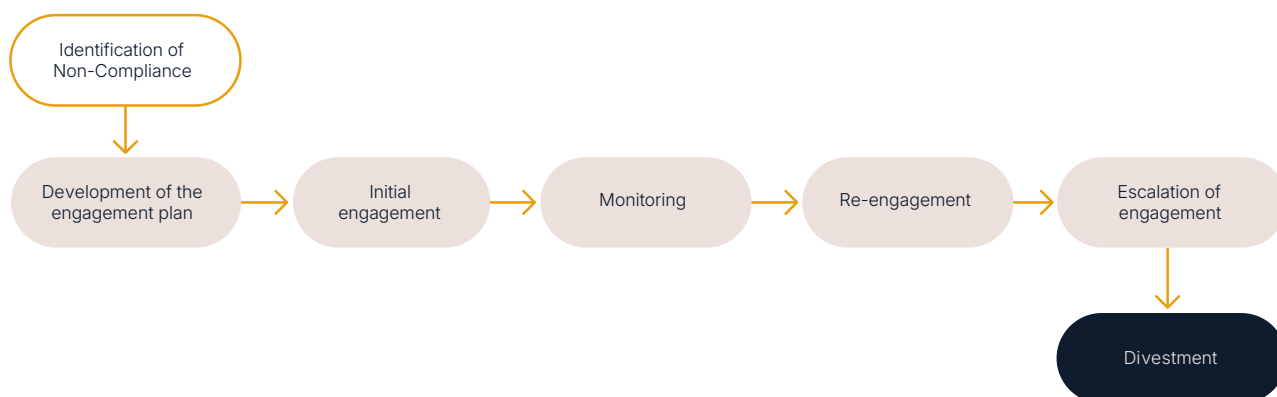


12. Non-compliance

In cases of non-compliance with the proposed criteria, we adopt a structured procedure to mitigate risks and drive change. Initially, after signaling non-compliance, we immediately develop an engagement plan, establishing a dialogue with the company to understand the challenges and define corrective measures. We closely monitor the implementation of these actions through continuous monitoring, evaluating progress against

established goals. If a significant improvement is not observed within a reasonable and case-specific time frame, we reinforce the engagement with new interactions and stricter requirements. If, even after these attempts, the company continues without concrete progress, we adopt more restrictive measures, with divestment as a last resort, ensuring that our portfolio remains aligned with our sustainability commitments.

Procedure in cases of non-compliance





10. Transparency

Our assessment, initiatives and progress in combating deforestation, conversion of native vegetation and human rights abuses will be made public annually through a specific report that follows the TNFD recommendations, the first of which being published in 2025.

In our report, we will detail the KPIs mentioned in this Policy and the milestones of our progress.





Revision

This Policy shall be reviewed at least annually, and consider regulatory changes or any improvements that may be deemed necessary.

This is the first version of the Policy (June 2025).

Glossary

Conversion: Change from a natural ecosystem to another land use or profound change in the species composition, structure, or function of the natural ecosystem.

Critical biomes: Defined as those that, historically, have high rates of deforestation and conversion of their areas, in addition to being subject to strong deforestation pressure.

Cut-off date: The date after which deforestation or conversion makes a particular area or production unit non-compliant with non-deforestation or non-conversion commitments, policies, objectives, targets, or other obligations.

Deforestation: The loss of natural forest as a result of conversion to agriculture or other non-forest land use, conversion to a plantation, or severe degradation.

Environmental and human rights defenders: Individuals or groups who, in their personal or professional capacities and in a peaceful manner, act to protect and promote human rights, eliminate human rights violations, or protect the environment, including water, air, land, flora, and fauna.

Forest: Land comprising more than 0.5 hectares with trees larger than 5 meters and canopy (canopy cover) of more than 10%, or with trees capable of reaching these limits. It does not include land that is predominantly under agricultural or other land use.

Free, Prior and Informed Consent: The collective human right of Indigenous Peoples and other traditional communities to give and withhold their consent before the commencement of any activity that may affect their rights, land, resources, territories, ways of life and food security. It is a right exercised through representatives of their own choice and in a manner consistent with their own customs, values and norms.

High-risk agricultural and forestry commodities: Cattle, soybeans, palm oil, wood, pulp and paper, which have greater relevance in the Brazilian context due to the associated socio-environmental impacts.

Land use change: It involves the changes caused by human activities, such as urbanization, intensive agriculture, forestry, and tourism, in landscapes and ecosystems.

Natural ecosystem: An ecosystem that substantially resembles – in terms of species composition and ecological composition, structure and function – one that is or would be found in a given area, in the absence of major human impacts. This includes human-managed ecosystems where much of their species composition, structure, and natural ecological functions are present.

Nature-based solutions (NBS): Solutions that are inspired and supported by nature, are cost-effective, offer environmental, social, and economic benefits simultaneously, and

help build resilience. These solutions bring more nature and diverse natural features to cities, landscapes, and marine areas, through locally adapted, resource-efficient, and systemic interventions.

Traceability: The ability to follow a product or its components through different stages of the supply chain (e.g., production, processing, manufacturing, and distribution).

Zero deforestation and conversion: Prohibition of any form of deforestation and conversion by December 31, 2020, both legal and illegal.





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Grievance channel

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Signatory of:

