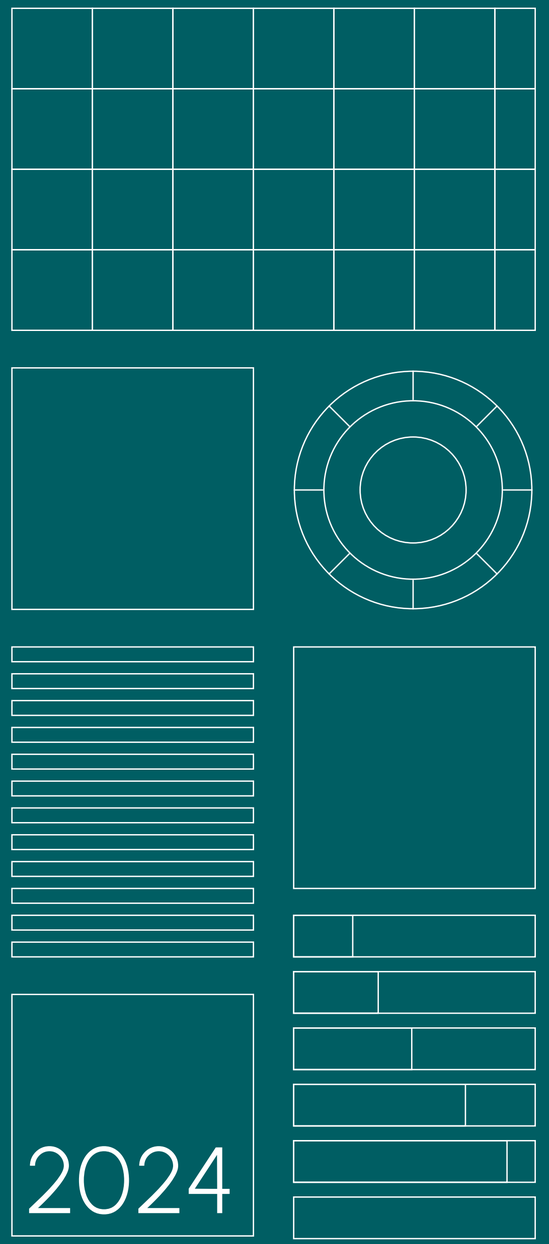
Pela Terra
FARMLAND

Pela Terra Farmland: Impact Report

November 2025



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Foreword from the advisory committee

We are delighted to present the 2025 Impact Report for Pela Terra Farmland – Fundo de Capital de Risco Fechado ('Pela Terra Farmland'). In this report, we give details on the progress made towards creating positive environmental and social impact through the investments over the past year. Our vision has always been to help create a world in which agriculture contributes to restoring our planet, rather than being a factor in its destruction.

When Pela Terra Farmland was set up in 2021 it offered a unique proposition: a golden visa-eligible investment vehicle that allowed investors to give back to both their new home country and the planet as they earned their Portuguese citizenship.

Since the fund was launched, the challenges facing our world have only become more acute. It therefore feels more important than ever that the fund works to ensure the investors' capital supports an environmental and social purpose.

However, we also know that the imperative to give back is not simply a moral one: multiple studies have suggested that funds that pay close attention to Environmental, Social and Governance (ESG) factors perform better than their non-ESG peers. In agriculture, regenerative practices correlate strongly to more resilient and consistent returns.[1] [2] In an increasingly volatile world, investing where ESG risk is low simply makes good financial sense.

The Fund's overall impact strategy, developed with input from experts and partners, was unveiled in last year's report and has not changed. The six impact themes contained in the strategy also remain unchanged. This report gives details of how the work is being done across each of these to create positive outcomes for Portugal and the planet, including providing more information on our theory of change.

Over the past year, the agroecological management strategy for the fund has been further refined, working with advisors including NBI and AgroSystemic. This strategy is founded on research and best practice as well as on detailed, on-the-ground data collection and collaboration with farm managers and ecologists.

In 2024 full capital deployment for Pela Terra Farmland was reached, with the addition of Couto das Ferrarias, a 360-hectare olive farm near the village of Ladoeiro in the Beira Baixa region, to the portfolio.

The acquisition of Couto das Ferrarias has allowed the implementation of new farm-level plans for the transition from conventional to regenerative agriculture. These measures ensure that actions on the ground will drive progress towards delivering impact in the six targeted thematic areas. Excitingly, initial steps from the transition plans have already begun to be implemented on the farms.

Social and environmental impact is hugely important to Pela Terra Farmland. The goal is for the farms under management to become beacons of sustainable and regenerative good practice in Portugal and Europe. We are excited to share the impact journey with readers of this report.

Executive Summary

In the four years since Pela Terra Farmland launched, the challenges facing our planet – a rapidly warming climate, biodiversity collapse, degraded soils and water scarcity - have become ever more acute. Implementing transformative solutions at scale is becoming more and more urgent by the day.

Humans will always need food. However, conventional agriculture continues to be a major contributor to the world's problems, while the rural communities where farms are located still suffer disproportionately from a lack of investment and shortages of quality jobs. In Portugal, as in many Southern European countries, large-scale migration to the cities continues, with residents increasingly being replaced by immigrants working ever more precarious contracts.

At Pela Terra Farmland we believe that the solution to these complex, interlinked problems lies in the ground beneath our feet. We create impact and returns for investors by investing in a uniquely stable asset class - Portuguese farmland. We work with farm managers and other expert partners to protect and regenerate soil, which in turn helps sequester carbon, improve biodiversity, reduce water use, and produce more nutritious food - ensuring that agriculture becomes part of the solution, not part of the problem.

In doing so, we're engaging with farming, environmental, and investment communities to share best practices, create jobs, and develop and grow the market for impact-led investment in Portugal.

This report sets out our progress over the past year, sharing what has been done and what we have learned along the way. It gives more detail on our theory of change – in other words, the mechanisms through which the fund's investments in regenerative agriculture create impact.

The fund targets six thematic areas in which we aim to drive positive impact:

Soil

We work to protect, nurture and regenerate the soils on farms the fund controls to ensure they remain fertile and productive for future generations. Healthy soils are the key to producing impact across all six themes.

Climate

Soil is a natural carbon sink. By improving soil health we promote carbon sequestration, helping to combat climate change; in parallel, we work to reduce greenhouse gas emissions from our operations.

Water

Healthy soils hold more water. Through reducing the use of fertilisers and pesticides, adopting precision irrigation techniques, and carefully protecting watercourses on land we manage, we can maximise water use efficiency and improve water quality.

Biodiversity

Healthy soils are a prerequisite for all biodiversity. In addition to promoting soil biodiversity, we set aside and manage significant areas of each property to protect and nurture a diverse range of plants, insects, birds and animals.

Human health

Healthier soils produce more nutritious food. By producing Portuguese staples – olive oil and nuts – at scale using regenerative practices, we are leading the transformation to food systems which work better for both people and planet.

Society

The fund invests 100 per cent of its capital in Portugal, targeting rural areas where it is most needed. We work carefully across our supply chains to ensure fair conditions for all we interact with. We engage with partners and the wider investment and agriculture communities to push for changes where they are needed.

This year, we also launch the new fund-level KPIs and provide a first report on progress in achieving them. Created with input from partners, farm managers and other experts in Portugal and internationally, these have been designed to incentivise the outcomes the fund wants to achieve and to help track progress towards achieving these goals year-by-year.

To measure the impact of its investments and report against the KPIs, the fund collects data at the farm level, working with experts where needed, both through on-the-ground monitoring and by deploying satellite and drone technology for a top-down view. We use globally-accepted frameworks and reporting systems (the Global Impact Investing Network's IRIS+[3] and the UN's Sustainable Development Goals[4]) to aggregate and present this data, enabling us to benchmark our impact against recognisable international standards and global targets.

We pursue local, regional and global third-party certifications where relevant. As the work of the fund progresses, we are continuing to learn from our experience and collaborate with experts – including through partnering in European and international research projects. This helps us to further adapt and strengthen our impact management and reporting systems, as well as to share what we learn and promote the adoption of best practice across the agriculture and impact investing sectors more widely.

2024 Impact highlights

€35.9M
Total **AUM**

883
Hectares total land under management

20% (175 hectares)
of total land under management is primarily **managed for biodiversity** and nature restoration

6.3% (55.6 hectares)
of our total land under management is classified as **High Natural Value Areas**

2
International **research** projects units of the fund are partners in

100%
of the fund's capital is invested **in rural areas** of Portugal

4 FTE
jobs created in rural areas of Portugal

1 of 2
farms operating with 100% **renewable energy**

100%
farms under management have 5-year **regenerative transition** plans in place

Our KPIs at a glance

By 2030, we will:

Soil

1. Achieve an average **20% improvement** in soil health indicators on all assets.

Water

2. Achieve a **10% decrease** in water wastage through more efficient irrigation.

Climate

3. Reduce synthetic **fertiliser inputs by 30%** on a per-hectare basis.

4. Achieve net negative greenhouse gas emissions on a per hectare level.

Biodiversity

5. Reduce **herbicide use by 30%**.

6. Reduce **pesticide use by 20%**.

7. Achieve net positive biodiversity for all assets (improvement vs. baseline).

8. Set aside at least 20% of the total area of land under our management and manage primarily for biodiversity.

Human health

9. Achieve a **10% increase** in nutrient density levels of all produce at harvest.

10. Reduce pesticide residues on all produce at harvest to **under 50%** of the EU's Maximum Residue Limits (MRLs).

Society

11. Make **100% of our capital investments** in rural areas of Portugal.

12. Create **5 good jobs** in rural areas of Portugal.

- Risk of not achieving / negative progress from baseline.
- On track to achieve.
- Achieved.
- baseline not yet defined or as yet insufficiently defined to allow tracking.

More detail on how we measure KPIs and the baselines we have established is provided in the ‘Our KPIs in detail’ section of this report.

Our Portfolio

Herdade de Maria Pires and Herdade de Soberanas de Cima

Located in the Alentejo agricultural region, in the districts of Alvito and Alcácer do Sal.

Herdade de Maria Pires / Soberanas de Cima are two separate properties bordering each other that are managed together. They have a total area of 524 hectares.

The primary commercial crops grown are almonds and olives. The orchards were planted in 2023.

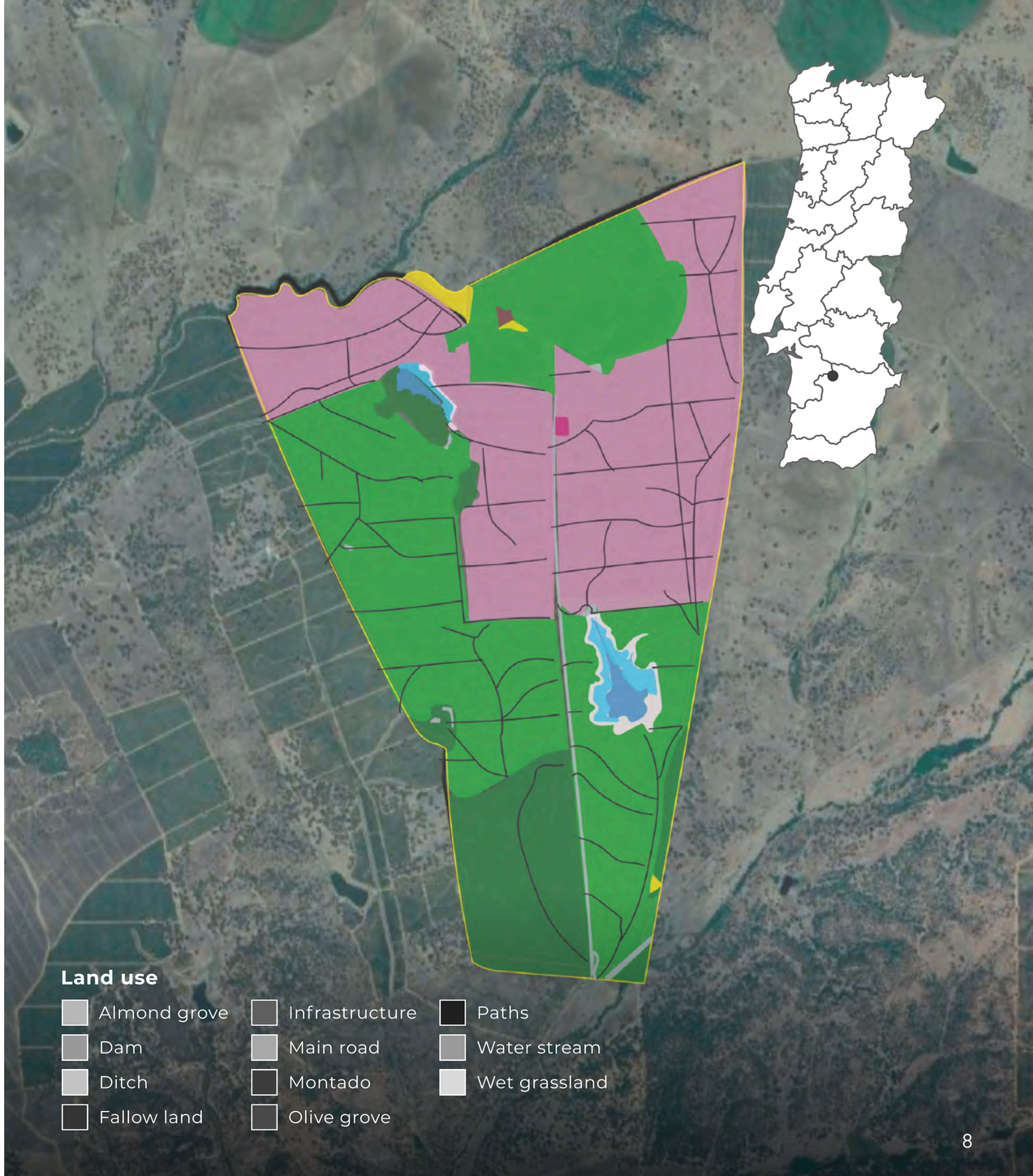
136 hectares, or 26 per cent of the total area of the properties, has been set aside for biodiversity. This area mostly consists of montado and wet grassland.

A detailed assessment carried out by NBI has identified:

13
different habitats.

126
species of flora, of which **16** are of conservation interest.

155
fauna species, of which **22** are of conservation interest.



Couto das Ferrarias

Located in the district of Castelo Branco, in the Beira Baixa region.

Couto das Ferrarias has a total area of 359 hectares, with the main commercial crop grown being olives, planted in super-intensive orchards on 251 hectares of land. The orchards were planted between 2021 and 2024.

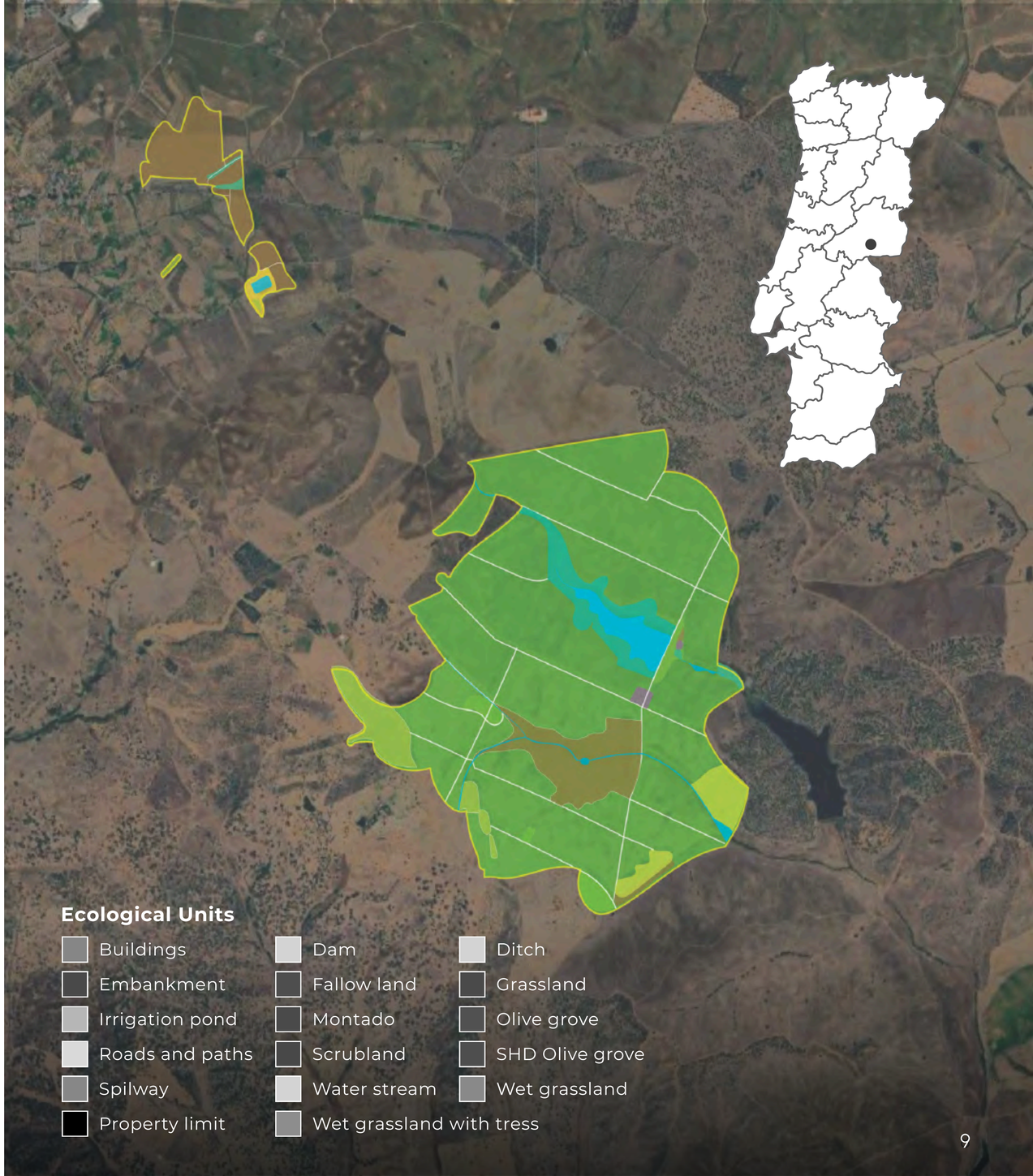
Around 39 hectares of the property (10.8 per cent of the total area) is made up of natural and semi-natural areas (grassland, scrubland, montado, wet grassland, and wet grassland with trees) and has been set aside for biodiversity.

A detailed assessment carried out by NBI has identified:

7
different habitats.

131
species of flora, of which **18** are of conservation interest.

119
fauna species, of which **13** are of conservation interest.



UN Sustainable Development Goals targeted

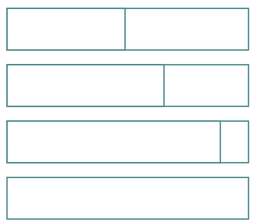
GOAL 2: Zero Hunger

Target 2.1

By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

Target 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



GOAL 3: Good Health and Wellbeing

Target 3.9

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

GOAL 6: Clean Water and Sanitation

Target 6.4

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

GOAL 7: Affordable and Clean Energy

Target 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

GOAL 8: Decent Work and Economic Growth

Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

GOAL 12: Responsible Consumption and Production

Target 12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Target 12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

GOAL 13: Climate Action

Target 13.2

Integrate climate change measures into national policies, strategies and planning.

GOAL 15: Life on Land

Target 15.3

By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

Target 15.5

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Target 15.a

Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

GIIN IRIS+ Categories and themes targeted:

Agriculture
Sustainable Agriculture
Food Security

Biodiversity & Ecosystems
Biodiversity & Ecosystems Conservation

Climate
Climate Change Mitigation

Land
Sustainable Land Management

Water
Sustainable Water Management

Health
Nutrition

Energy
Clean Energy

Employment

How we create impact

The problem

Humans need food. However, the ways we currently grow it make agriculture one of the most significant contributors to the interlinked crises currently facing our planet: a changing climate, biodiversity collapse, degrading soils, and freshwater shortages.

Agriculture accounts for 72 per cent of all freshwater withdrawals globally[5]. The global agrifood system creates over a third of anthropogenic greenhouse gas emissions[6]; the expansion of crop and grazing lands is the single biggest driver of terrestrial biodiversity loss globally[7]. And agriculture is among of the primary drivers of soil degradation[8].

Even as it contributes to the crises facing our planet, agriculture is also among the economic sectors most negatively affected by them, thanks to its heavy reliance on ecosystem services (healthy soils, pollinators), high water consumption, and vulnerability to extreme weather events and abnormal temperatures[9].

All of these factors pose increasing threats to harvests – putting both food security and the financial future of the sector at risk. In countries such as Portugal, where agriculture has traditionally been the economic backbone of rural areas, the effects of these changes on communities have also been severe[10].

Finally, as well as harming the planet, current agricultural practices are not producing the food we need. Although global production of calories has kept pace with population growth in recent decades, the FAO still estimates that 9.2 per cent of the world's population, or around 750 million people, suffered from chronic hunger in 2022[11]. Many more consume low-quality diets leading to micronutrient deficiencies, obesity, and non-communicable diseases. Globally, unhealthy diets pose a greater risk to morbidity than unsafe sex, alcohol, and tobacco use combined[12].

The solution

Research has identified agricultural approaches – some new, some which have existed for generations – that enable farmers to produce higher yields of more nutritious food while addressing the challenges of soil degradation, climate change, biodiversity collapse and water shortages. Taken together, these approaches are widely known as 'regenerative agriculture'.

There is also a large and growing body of research linking regenerative agriculture, healthy soil, nutritious food, and overall human health[13].

WHAT IS REGENERATIVE AGRICULTURE?

Despite a spike in interest in the concept over the last decade, there is still no universally accepted definition of what regenerative agriculture is. Academic literature notes variations in the way it is defined among both researchers and practitioners, with some focussing on specific agricultural practices (for example, no-till farming and cover cropping) and others on outcomes (for example, improvements in soil health and biodiversity metrics).

Other terms ('climate-smart farming' and 'sustainable agriculture') are also used to describe similar approaches, albeit less frequently[14].

The most thoughtful definitions of regenerative agriculture focus on a combination of principles, practices and systems that combine to create positive outcomes for the health of soils, ecosystems, and the climate[15]. Almost all definitions share a common focus on improving soil health, both through keeping soil covered and through replacing synthetic inputs (fertilisers, herbicides, and pesticides) with organic alternatives; as well as protecting and nurturing biodiversity both above and below ground.

Most definitions also note that regenerative agriculture is context specific: what works in one climate, market, and crop type (for example, on row crops in Northern Europe) will not necessarily be effective in another (for example, on intensive tree crop systems in Southern Europe).
Pela Terra Farmland recognises and aligns its work to the defining principles for stewarding regenerative agriculture adopted by the European Alliance for Regenerative Agriculture (EARA)[16]:

Regeneration is a life-enhancing process, rather than a permanent state

A 'regenerative' or 'regenerating' farm system refers to a farm in the 'process of regeneration', not a farm in an assumed final state. Regeneration builds on the fundamental principle of evolution: life compounds into more symbiotic complexity when the conditions are conducive to life.

Regeneration is outcome-oriented regarding social, ecological and economic health

Regenerative agriculture is non-dogmatic. Each farmer chooses, based on a deep analysis of their context, the practices appropriate to that context. Outcomes need to be contextualized to climatic, environmental, economic and other related conditions. The development towards symbiotic interdependence on a bioregional scale is essential. Regenerative agriculture distinguishes itself through its bridging of holistic ecological improvements with highly productive agriculture. Any legitimate verification process of outcomes must demonstrate significant and continuous improvement regarding social, ecological and economic health.

Regeneration is context-specific

Initiating the regeneration process begins with a thorough recognition and understanding of a farm system's unique context, within and beyond the farm. It involves developing a comprehensive (social, ecological and economic) starting point and an evolving vision for the system's health and functional properties, progressing towards key outcomes that guide decision-making. There are no universally applicable or single regenerative practices; instead, there are practices that can guide regeneration within a specific context. Effective farm-level practices must align with and contribute to larger social, ecologic and economic health. Flexibility and adaptability are key in tailoring approaches to unique environmental and socio-economic circumstances.

Regeneration is systemic

Systemic regeneration unfolds as synergies/ symbioses in which more soil biodiversity leads to better ecological functions, to more healthy plants, to more productivity and to other benefits, because regeneration is addressing living systems as wholes. Regeneration is not a zero-sum bargain in which agricultural productivity is traded for better socio-ecological impact of land use. Regeneration is fostered through the whole system in question, not just on the farm.

How we measure our impact

In order to track the impact created through the fund's investments, Pela Terra Farmland adheres to an impact measurement strategy that is built on three major elements:

1. Data collection and expert assessments for each property.
2. High-level reporting frameworks.
3. Third-party certification programmes.

The following section looks at each of these in more detail.

1. Data collection and expert assessments for each property

We collect data on the impact of our work in several ways:

- We collect data on all the inputs we make to the farms we manage - for example, fuel and energy consumption, fertiliser, herbicide and pesticide use, quantity and type of trees planted, number of employees, type of contract, etc.

- We use drone and satellite imagery to give us a 'top down' picture of the properties, helping to identify areas where there are potential issues or areas of particular ecological interest.

- To help us better understand outcomes, we work with external experts who perform detailed assessments of each farm and collect and analyse data on the ground - for example, soil samples to determine soil health and biodiversity, water quality analyses, and habitat surveys to determine what species are present.

2. High-level reporting frameworks

To help us decide which indicators are most important and help us present, analyse and compare the data we collect, we use well-respected, globally recognised frameworks. The two primary frameworks we use are the Global Impact Investing Network's IRIS+ framework and the UN Sustainable Development Goals.

Designed with input from impact investors globally, IRIS+ was developed by the Global Impact Investing Network to be the generally accepted system for impact investors to measure, manage, and optimize their impact. A free, publicly available resource, it offers a thematic taxonomy based on generally accepted impact categories and themes and core metrics sets setting out the most useful indicators in each impact category. IRIS+ is directly aligned to the UN Sustainable Development Goals (including both the top-level Goals and the targets feeding into them) and over 50 other commonly used metrics frameworks, standards and platforms.

IRIS+ Impact Performance Benchmarks, which include a benchmark for investments in sustainable agriculture, allow investors to compare their portfolios to those of their peers and gain a better understanding of their impact.

Using IRIS+ and aligning to the UN Sustainable Development Goals allows us to benchmark the depth and quality of our impact in relation to global standards and link our work to making progress towards the outcomes that the UN has decided are most relevant for the sustainable future of the world.

3. Third-party certification programmes

Where relevant, we work with partner organisations and apply for third-party certifications for processes, properties and produce. These will help us to better measure and benchmark the impact we're creating, and also ensure that we're implementing processes that are in line with global standards and best practices.

Pela Terra Farmland (or, where relevant, entities it owns) are currently targeting the following external certifications:

- Certification through the Olivum (Association of Olive Oil Producers of the South) Programa de Sustentabilidade e Azeite do Alentejo.

- Certification through the Pollinator Partnership's Bee Friendly Farming Programme.

- Setting climate and nature targets through the Science-Based Targets Initiative.

- Forest Stewardship Council (FSC) certification for cork forest (montado) areas.

Our Six Impact Themes in detail

Pela Terra Farmland aims to create impact through its investments in six key thematic areas. The key thread which ties these categories together and enables us to create the majority of our planned impact across each one is soil health. Through improving soil health on our properties, we can unlock a wide range of other positive impacts for both people and planet.

The following sections set out the challenges the fund aims to address in each area. They provide detail on the mechanisms through which we create impact, list some of the key indicators we aim to track to measure this impact, and set out how each theme aligns with UN Sustainable Development Goals.

In some cases, our measuring protocols are still under development. We believe it may not be practical to measure every indicator every year. In some specific cases, for a variety of reasons, we have not yet been able to determine a baseline value. Where this is the case we generally aim to measure the baseline as early as possible during 2025. One example of this is the baseline for greenhouse gas emissions (scope 1 and 2) which we had planned to measure through a partnership with a provided who has since had to withdraw from the market.

Where relevant, this section also gives details on the external certifications we are working towards for each theme.

Impact theme 1: Soil

Life on earth depends on healthy soils: they are the foundation of our food systems and the basis for almost all biodiversity. When well looked after, they sequester carbon to support a resilient climate and retain up to 25 per cent of their mass in water, contributing to water security and disaster risk prevention[17].

Soil is a fragile resource: one centimetre can take hundreds of years to form but be lost in a single rainstorm. It must be protected and nurtured if we are to continue to be able to grow food and benefit from the wide range of ecosystem services and other benefits it provides[18].

However, conventional agriculture, through repeated tilling and heavy use of pesticides and fertilisers, is leading to the rapid degradation of soils across the globe[19], placing future food production at risk, exposing populations to increased flooding, and releasing carbon into the atmosphere that further accelerates the process of climate change.

It's estimated that between 60 and 70 per cent of soils in the European Union are unhealthy, with loss of soil organic carbon and loss of soil biodiversity the top two degradation factors[20]. Regions where intensive agriculture is well established, such as the Alentejo, are among those worst affected[21].

Soils in perennial crop systems such as orchards are often already degraded at the time of planting and tend to deteriorate further under intensive tree crop farming. Major issues include erosion, microbiological health degradation, chemical pollution, and compaction.

How we create impact

To improve soil health on farms in our portfolio, we are working to apply principles such as maintaining year-round soil cover; minimising soil disturbance and maximising the presence of living roots throughout the year; enhancing plant diversity; decreasing reliance on chemical inputs such as herbicides and mineral fertilisers, replacing them with organic matter applications where possible; and limiting tractor operations to reduce soil compaction.

Through applying these techniques we can repair the damage already done to soils, conserve water and mitigate the effects of droughts and flooding, sequester carbon to help combat climate change, support biodiversity, and produce more nutritious food.

KPI | Achieve an average **20% improvement** in soil health indicators on all assets.

Sample Indicators: Soil

- [ ] Level of soil organic matter
- [ ] Physical properties of the soil (bulk density, infiltration, soil structure and macropores, soil depth, and water holding capacity).
- [ ] Chemical properties of the soil (electrical conductivity, reactive carbon, soil nitrate, soil pH, and extractable phosphorus and potassium).
- [ ] Soil microbiology (earthworms, microbial biomass C and N, particulate organic matter, potentially mineralizable N, soil enzymes, soil respiration, and total organic carbon).
- [ ] Soil conservation practices implemented (by type and total area in hectares).
- [ ] Soil health practices (by type and total area in hectares).

SDGs targeted:

GOAL 2: Zero Hunger

Target 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

GOAL 15: Life on Land

Target 15.3

By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

Impact theme 2: Water

Water is essential for life, and is a critical input to any agricultural system. Agriculture is the biggest user of fresh water globally, consuming 72 per cent of all water withdrawals[22]. However, water scarcity is an increasing problem on every continent, with poorer communities worse affected.

The FAO estimated in 2020 that 3.2 billion people - almost half the world's population - lived in agricultural areas with high to very high water shortages or scarcity[23]. Climate change is making the situation worse: water is becoming more unpredictable, and terrestrial water storage (water held in soil, snow and ice) is depleting. Already, one fifth of the world's river basins are experiencing rapid changes in the area covered by surface waters, indicative of flooding and droughts caused by climate change[24].

While the regions worst impacted by water stress are in Northern Africa and Western Asia, Europe is affected too, experiencing its driest summer in 500 years in 2022. In many regions of Portugal droughts are becoming more and more common, with 2022, 2023 and 2024 all bringing warnings from farmers and government of severe drought[25].

However, water scarcity is only one part of the problem, with water quality also an issue. Here, too, agriculture is a contributor. Agricultural inputs such as pesticides and fertilisers often leach into streams, rivers and groundwater, resulting in the eutrophication of water bodies and loss of freshwater biodiversity. As well as being harmful to wildlife, agricultural water pollution can also have negative effects on humans, particularly in communities surrounding farms[26].

How we create impact

To maximise water use efficiency, we are taking steps to minimise erosion while maximising water infiltration and soil storage. All our orchards use modern drip irrigation systems.

We are also working to reduce our use of agrochemicals, and upgrading fertiliser programmes to optimise fertiliser application, allowing us to minimise the risk of leaching. In 2025, we will also begin planting streams and waterlines with native perennial plants, helping to further reduce erosion and create biodiversity corridors.

KPI | Achieve a **10% decrease** in water wastage through more efficient irrigation.

Sample indicators: Water

- [ ] Total water use by tonne of yield
- [ ] Level of water stress
- [ ] Actions taken to improve farm waterlines and ditches (by type and area covered).
- [ ] Implementation of water-saving technologies (by type and by area covered).

SDGs targeted:

GOAL 6: Clean Water and Sanitation

Target 6.4

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

GOAL 12: Responsible Consumption and Production

Target 12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

GOAL 15: Life on Land

Target 15.5

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Impact theme 3: Climate

The Paris Agreement commits governments to holding the increase in the global average temperature to well below 2°C above pre-industrial levels, with a target of limiting the increase to 1.5°C. However, 2024 was the hottest year on record, and the eleventh in a row in which temperatures have equalled or exceeded 1.0°C above the pre-industrial period[27].

Agriculture and the global food system are significant contributors to climate change: over a third of anthropogenic greenhouse gas emissions are produced by the food system, with the largest contribution (71 per cent) coming from agriculture and changes to land use.[28] [29]

Most of the greenhouse gas emissions produced through agriculture itself are attributable to two main factors: the overuse of fertilisers, leading to significant emissions of greenhouse gases including nitrous oxide and methane; and tillage, which leads to carbon sequestered in the soil being converted to atmospheric carbon[30].

How we create impact

Tree crop systems on their own have the potential to sequester significant amounts of carbon in their wood, provided they are managed well throughout their whole lifecycle.

More importantly, however, soil is a natural carbon sink. Globally, soils store three to four times the amount of carbon locked into vegetation and between two and three times the amount in the atmosphere[31]. Research has estimated that soil carbon represents 25 per cent of the potential of natural climate solutions, of which 40 per cent can come from protection of existing soil carbon and 60 per cent from rebuilding depleted stocks[32].

We have begun rolling out practices such as cover cropping and reduced tillage on farms in the portfolio, with the aim of improving soil health and enhancing carbon storage, protecting carbon already sequestered and promoting further sequestration[33].

We are reworking fertilisation protocols across all the farms in line with our farm transition plans, allowing us to significantly reduce our use of nitrogen fertiliser use and manage nitrogen volatalisation – helping us cut our emissions of nitrous oxide and methane.

We are also working to cut greenhouse gas emissions from fossil fuel use (for example, through minimising tractor operations in orchards). We are in the process of installing solar panels and switching to renewables-only electricity contracts on all farms in the portfolio. Currently Couto das Ferrarias is operating on 100% renewable energy. When complete, this will allow us to eliminate all greenhouse gas emissions from electricity use.

KPIs

Reduce synthetic **fertiliser inputs by 30%** on a per-hectare basis.

Achieve **net negative** greenhouse gas emissions on a per hectare level.

Sample indicators: Climate

- [ ] Scope 1, 2 and 3 emissions.
- [ ] Carbon dioxide sequestered.
- [ ] Energy purchased, from renewable and non-renewable sources.
- [ ] Renewable energy generated.
- [ ] Area of trees planted.
- [ ] Decrease in use of artificial fertilisers.

Third-party certifications

We are working towards setting a fund-level climate target in line with the Forestry, Land and Agriculture guidance published by the Science Based Targets Initiative[34].

SDGs targeted:

GOAL 7: Affordable and Clean Energy

Target 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

GOAL 13: Climate Action

Target 13.2

Integrate climate change measures into national policies, strategies and planning.

Impact theme 4: Biodiversity

Biodiversity is essential for healthy ecosystems that provide vital services like food, clean water, fertile soils, climate regulation, and crop pollination. Portugal has a rich biodiversity, with over 3,500 plant species and numerous important animal species. However, agricultural intensification, land abandonment, urbanization, and climate change pose major threats to this biodiversity. Only 26.5 per cent of species and 23.7 per cent of habitats currently have a favourable conservation status in Portugal[35].

Conventional agriculture contributes significantly to biodiversity loss through habitat destruction, pesticide and herbicide use, monocultures, and soil degradation. The expansion of crop and grazing lands is the biggest driver of terrestrial biodiversity loss globally[36]. High levels of pesticide use cause parallel declines in insect, bird and plant biodiversity in areas of high agricultural intensity[37].

How we create impact

Intensive tree crop systems simplify the natural landscape compared to natural and semi-natural ecosystems (such as forests, montados, or natural praries). However, regenerative approaches that integrate a variety of trees, plant species and even livestock on the same land in a sustainable way have been shown to substantially increase biodiversity and environmental benefits compared to conventional intensive systems[38].

Setting aside areas as ecological corridors and biodiversity hotspots is an important aspect of this approach. Restoring native vegetation, hedgerows, ponds and other semi-natural areas has proven benefits for pollinator conservation, pest control, soil health and overall biodiversity.

On our properties we aim to balance agricultural production with biodiversity conservation measures. We are protecting and restoring existing ecological areas (such as montados and riparian zones) – at the fund level we currently set aside 20 per cent of the land we manage (175 hectares) for this purpose. Starting in 2025, we will begin reforestation programmes on some montado areas and plant other areas with native trees, shrubs and herbaceous species to create a connected landscape matrix.

In line with our transition plan for each farm, we are also working to significantly reduce the use of herbicides and pesticides, helping to preserve existing biodiversity.

KPIs

- Reduce herbicide **use by 30%**.
- Reduce pesticide **use by 20%**.
- Achieve **net positive** biodiversity for all assets (improvement vs. baseline).
- Set aside **at least 20% of the total** area of land under our management and manage primarily for biodiversity

Sample indicators: Biodiversity

- [ ] Area set aside and managed for biodiversity, (total area and percentage of total land controlled).
- [ ] Flora species observed (including which are RELAPE – Rare, Endemic, Local, At risk, Protected or Endangered).
- [ ] Fauna observed (including which are of high conservation interest).
- [ ] An assessment of habitat health / condition, to be delivered by an external provider.

Third-party certifications

We are working towards recognition of our biodiversity work through the Science Based Targets Network's emerging targets for nature programme and through the Pollinator Partnership's Bee-Friendly Farming programme, and Olivum Sul's Programa de Sustentabilidade e Azeite do Alentejo.

SDGs targeted:

GOAL 15: Life on Land

Target 15.5

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Target 15.a

Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

Impact theme 5: Human health

Although global production of calories has kept pace with population growth in recent decades, the FAO still estimates that 9.2 per cent of the world's population, or around 750 million people, suffered from chronic hunger in 2022. Many more, up to two billion, are affected by hidden hunger, meaning they consume low-quality diets leading to micronutrient deficiencies, obesity, and non-communicable diseases (NCDs). In Europe, NCDs are responsible for 90 per cent of deaths and 80 per cent of healthcare costs; globally, unhealthy diets pose a greater risk to morbidity than unsafe sex, alcohol, and tobacco use combined[40 41].

Part of the problem is that modern conventional agricultural systems are producing food which is less healthy than ever before. A reliance on crop varieties selected for yield above other factors and a deterioration in soil nutrient levels have resulted in falls in nutrient density of produce of up to 38% since 1950[42 43 44]. The destructive effects of climate change further exacerbate the issue: more carbon dioxide in the atmosphere also makes food less nutritious by increasing the synthesis of carbohydrates and decreasing the concentration of proteins and micronutrients[45].

In short, our current food systems are not only damaging the planet; they are damaging the people they feed. It is therefore imperative that we reorient them towards providing sustainable, healthy diets – focussing on producing high quality, nutritious food with a low environmental impact.

How we create impact

A growing evidence base connects regenerative agriculture with improved human health outcomes. This linkage has two main mechanisms: first, healthier soil can lead to more nutrient-dense produce[46 47]. Secondly, lower use of chemical inputs means less potentially harmful residues remain on the produce – as well as fewer risks for those who work on the land and the communities which surround farms[48].

In line with our transition plans, we have begun rolling out practices on the farms aimed at improving soil health, which we expect to lead to an improvement in the nutrient density of the produce we produce. We are also working to cut down on chemical inputs and replace them with biological inputs, which should result in fewer pesticide residues on produce.

Through our involvement in the Arbo-Innova research project in partnership with AgroSystemic and RHEA, we have baselined levels of chemical residues on both farms and will monitor them annually.

KPIs

Achieve a **10% increase** in nutrient density levels of all produce at harvest.

Reduce pesticide residues on all produce at harvest to **under 50%** of the EU's Maximum Residue Limits (MRLs)

Sample indicators: Human Health

- [ ] Nutrient density of produce grown on farms
- [ ] Level of chemical residues on produce at harvest.
- [ ] Partnerships for research and dissemination of new methods for regenerative and/or sustainable farming.

SDGs targeted:

GOAL 2: Zero Hunger

Target 2.1

By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

GOAL 3: Good Health and Wellbeing

Target 3.9

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

GOAL 12: Responsible Consumption and Production

Target 12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Impact theme 6: Society

Across Portugal, rural areas are often those which are most disadvantaged. For several decades, young people have left rural areas looking for better paid work in urban centres, resulting in challenges for those who remain, including withdrawal of basic services[49]. Agricultural work, once a source of employment for many, is increasingly carried out by immigrants who are often poorly integrated into communities and vulnerable to exploitation[50].

While multiple government programmes have targeted funds at areas of low population density, private investment has historically been concentrated in the large cities and along the coast, meaning the development of Portugal's interior has often lagged behind that of other areas.

How we create impact

The fund is committed to ensuring good working conditions free from exploitation for all those we come into contact with across our supply chain. Through channelling international investment to rural areas of the country where it is most needed, our approach helps to support the regeneration of rural communities through supply chain investments and job creation.

The farmers and land managers we work with have many years of experience but are often unfamiliar with the latest international best practice in sustainable and regenerative farming techniques. By bringing on board consultants and partners (both Portuguese and international) we support them to integrate new methodologies and practices into their work, which in turn can be rolled out across other properties they work on.

We also work to build partnerships with universities and research organisations in Portugal and across Europe to support further innovation and investment into the economies of rural areas.

KPIs

Make 100% of our capital investments in rural areas of Portugal.

Create 5 good jobs in rural areas of Portugal.

Sample indicators: Society

- [ ] Percentage of capital invested in areas of low population density.
- [ ] Number and type of jobs created.
- [ ] Total investment in community and other social programmes.
- [ ] Training / behaviour change for partners / farm managers.
- [ ] Actions taken to promote impact investing in Portugal.

SDGs targeted:

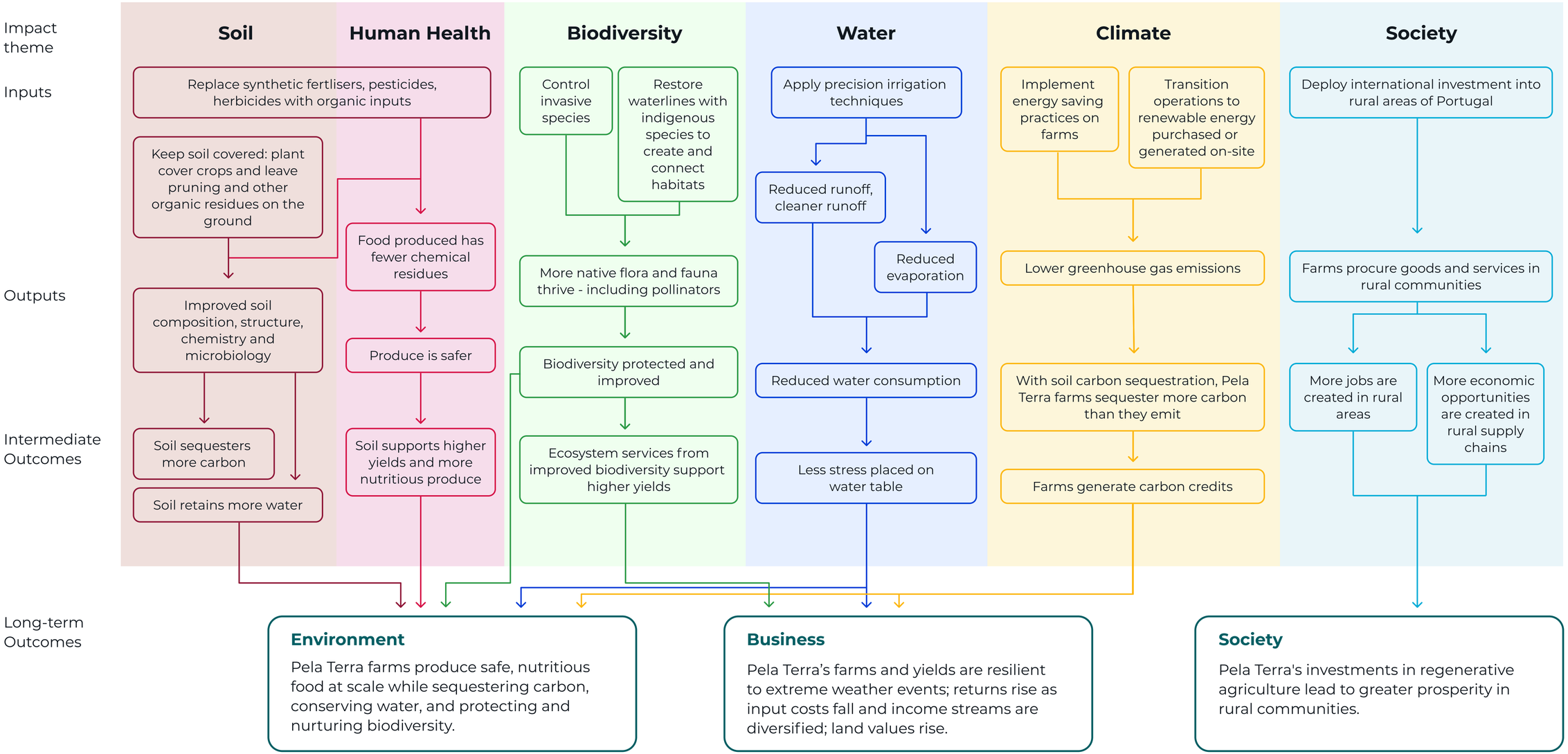
GOAL 8: Decent Work and Economic Growth

Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Theory of change

Due to over-reliance on synthetic fertilisers, herbicides and pesticides and wasteful irrigation practices, agriculture is among the biggest contributors to degraded soils, climate change, biodiversity collapse and water scarcity globally. It's also among the sectors most negatively affected by these phenomena, with yields and financial stability increasingly at risk, resulting in damage to rural communities.



Fund-level agroeconomic strategy

Since the publication of our first impact report last year, the fund has worked closely with our partners, AgroSystemic and NBI, to refine our detailed fund-level strategy for Pela Terra Farmland.

This strategy sets out on the fund level the overall approaches that will ensure companies owned by the fund contribute to creating positive impact in each of the six thematic areas identified.

In order to ensure alignment and compliance with the main international reference sustainability frameworks and to ensure a successful transition to regenerative systems, the strategy is based around the following principles:

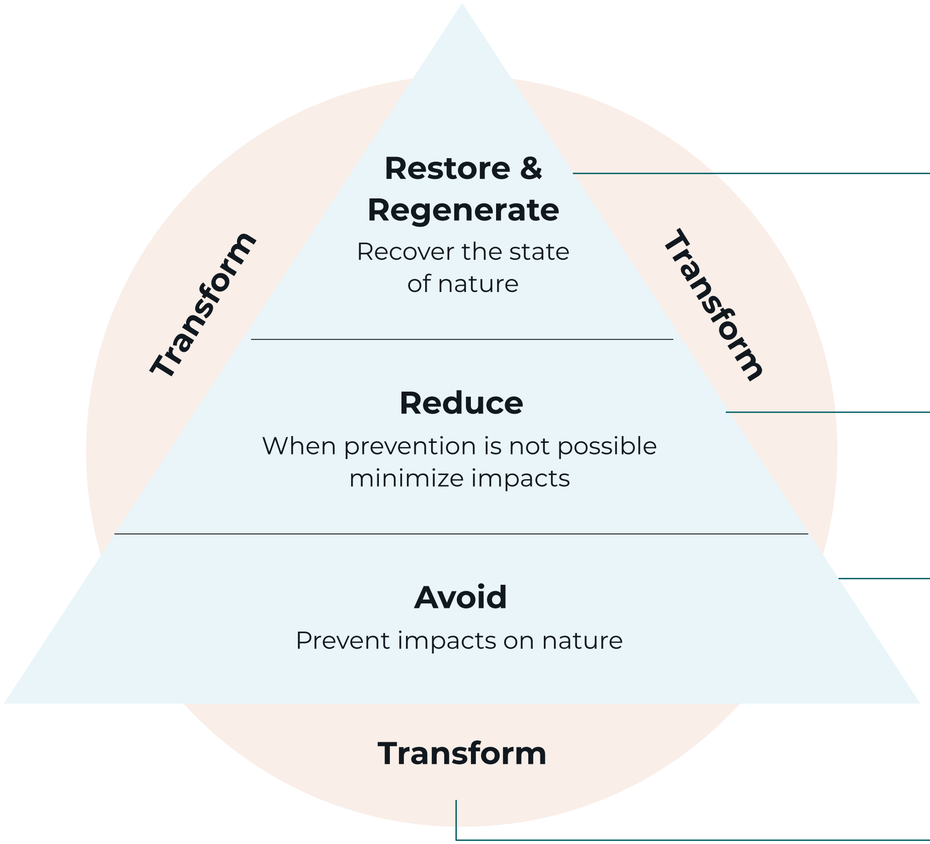
- Align with the mitigation hierarchy:

  Avoid > **Minimise** > **Restore / Regenerate**

- Align with the EARA principles for principles for stewarding regenerative agriculture:
  - Regeneration is a life-enhancing process, rather than a permanent state
  - Regeneration is outcome-oriented regarding social, ecological and economic health
  - Regeneration is context-specific
  - Regeneration is systemic

- Integrate an action framework covering all five key areas of biodiversity loss:
  - Land/water use change
  - Natural resources use / exploitation
  - Climate change
  - Pollution
  - Invasive alien species

Applying the mitigation hierarchy as a transversal aproach



- Regenerative agriculture and building/project design.
- Embed circularity principles in business models and partnerships.
- High Natural Value Areas restoration (e.g, wetlands, peatlands, grasslands.)
- Reforestation & afforestation with native species.

- GHG emissions (in operations and land-use).
- Water use, especially in high water stress areas.
- Pollution & solid waste.

- Ecosystem conversion, including deforestation.
- Project siting in high-integrity ecosystems (HCV, KBAs, high water stress).
- Use of hazardous substances.
- Introduction of non-native species.

- Contribute to system-wide change.
- Engage with stakeholders and promote partnerships.
- Share knowledge.
- Influence towards sectoral nature positive policies.

Source: adapted from SBTN

Based on the principles above, we have developed an overall agricultural and land management strategy which is specifically adapted to the context of intensive tree crop systems in Portugal. This strategy guides our management of all the assets in our portfolio, and is based around the following key elements:

1. Follow the 5 soil health principles

Soil is capable of regenerating when the following principles are applied:

1. Maximise soil cover.
2. Minimise soil disturbance.
3. Integrate plant diversity.
4. Maximise live plant roots.
5. Where feasible, integrate livestock.

2. Ensure efficient and responsible input use

Inputs are essential in intensive systems but come with economic and ecological challenges. Optimise their use through precision agriculture, comprehensive soil and plant analyses, and economic thresholds for interventions while exploring alternatives to reduce dependency on synthetic inputs.

3. Manage tree health through nutrition

Proper tree nutrition is a cornerstone of ecosystem health. Proper nutrition is achieved through a sound fertilisation program and, most importantly, a healthy, microbiologically active soil.

4. Enhance functional biodiversity

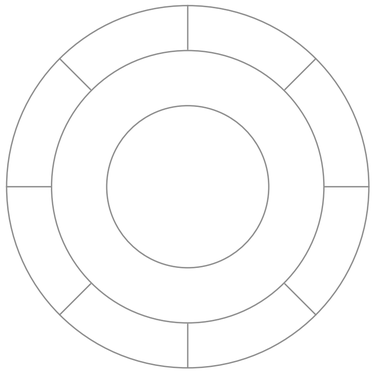
Functional biodiversity supports functions such as pest control and pollination. Encouraging beneficial species aligns with a holistic approach to system health and resilience.

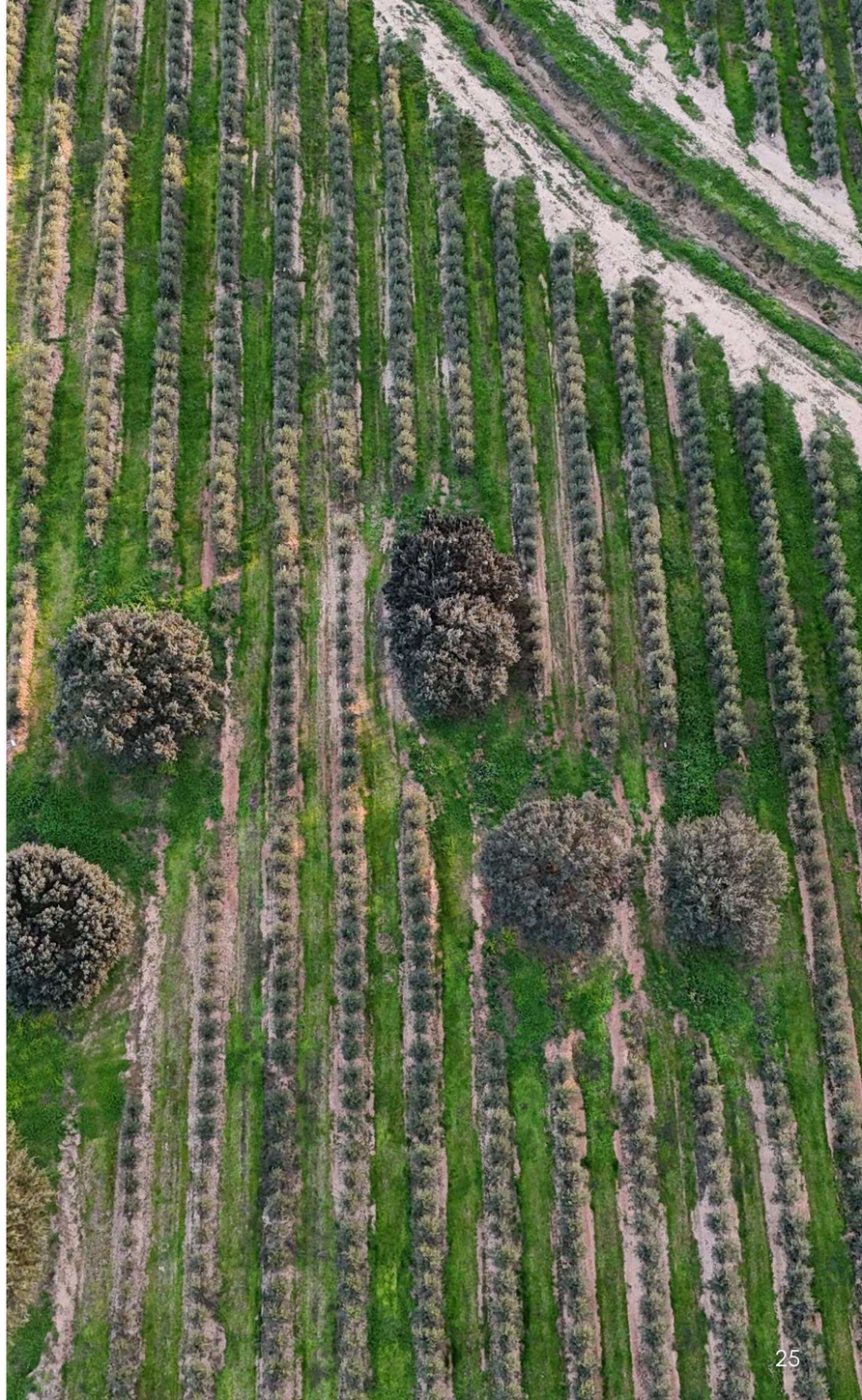
5. Adaptive management

Tailor practices to the farm's unique and evolving conditions, including soil health, climate, and operational capacity. By monitoring outcomes and adjusting methods as needed, adaptive management minimises risks and maximises the success of regenerative practices. This approach enables continuous learning and improvement.

6. The whole is greater than its parts

A regenerative agriculture approach relies on the interconnection of the system where practices work synergistically. The effectiveness of the system comes from synergy, not from treating practices as isolated options.





Farm-level management plans

For each farm in the fund's portfolio, a tailored five-year transition plan has been developed, working with our advisors AgroSystemic and NBI. Each plan is anchored in the fund-level strategy and based on a thorough diagnostic of the farm itself and historical management practices. Each plan focusses on managing the orchards for maximum yield and maximum impact in line with regenerative best practices.

However, in line with the strategy, each plan also looks at the farm as a whole, in the context of the landscape it is situated in, and aims at improving and maintaining the non-orchard areas to maximise functional biodiversity and ecosystem services provided.

The plans have the following strategic objectives:

1. Increase soil organic matter
2. Optimise water use efficiency
3. Optimise input use and diversify input sources
4. Develop herbicide alternatives
5. Enhance system health with integrated nutrient management

The plans include recommended management practices to ensure the achievement of each strategic objective over the five-year horizon. These include:

- Planting cover crops and leaving pruning residues on the soil
- Mechanical soil interventions where necessary to combat erosion and soil compaction
- Making use of integrated nutrient and pest management techniques to consistently reduce the volume of synthetic inputs used on the farms
- Targeted use of soil biostimulants and inoculants
- Mulching, including living mulch
- Controlling and removing invasive species
- Creating of biodiverse perennial plantations in areas including the edges of dams, waterlines and hedges and flower strips
- Installing solar panels on both farms to cut GHG emissions from electricity
- Working to reduce our fossil fuel use (for example, through making fewer passes with tractors and machinery)

The plans involve the use of a phased strategy to minimise transition risks while maximising opportunities for on-farm learning and adaptation.

We believe that they have the potential to significantly improve orchard performance while contributing to our impact goals in the short, medium and long term through regenerating the soil and the ecosystem as a whole.

Deep dive: Our research programme

Pela Terra Farmland places great importance on research and development activities – both to allow us to improve the management of farms controlled by the fund, from the point of view of profitability and environmental and social impact; but also because we believe that funds such as ours have a role to play in leading the development of new, better ways of farming.

Companies and farms under the control of Pela Terra Farmland are currently involved in two European-level research projects.

EIT Food Test Farms programme

Starting in October 2024, Pela Terra has partnered with Spanish startup Proplantae in a project funded by EIT food to develop and trial a native strain of Trichoderma fungus grown from specimens sampled from olive and almond orchards on Herdade de Maria Pires / Soberanas de Cima.

Trichoderma is a genus of fungi ubiquitous in soils and within healthy plants, where it lives as an endophyte. Research has shown that it can provide a number of useful functions, including improving plant growth and productivity, increasing the resistance of crops to water stress, and even acting as a bioremediator, helping to decontaminate soils affected by agrochemicals and herbicides.

However, its effectiveness depends greatly on environmental conditions and plant varieties, making it important to understand the characteristics of local strains when looking to address the specific challenges of a given region.

This research project will develop and test a custom strain of Trichoderma with the aim of enhancing plant health and disease resistance and optimising water use efficiency.

The project will include comparison trials with both control plots and commercially-available (generic) strains of Trichoderma to validate the field effectiveness of the native Trichoderma strains to be developed.

eit Food

Co-funded by the European Union

Arbo-Innova Project

The Arbo-Innova research project, led by AgroSystemic and funded by the Avina Foundation, brings together a collaborative multi-stakeholder consortium of farmers, agronomists, universities, researchers, and organizations conducting on-farm research, to investigate and trial scalable regenerative agriculture solutions (such as cover cropping, integrated pest and disease management, integrated nutrient management, herbicide alternatives, biodiversity infrastructure, and mulching and biomass management) in intensive and super-intensive irrigated olive and almond orchards.

The project is an on-farm and agronomy-led experiment that compares regenerative agriculture treatments with control plots. It was launched in response to industry demand, recognising the current scarcity of tested solutions and data on the effectiveness of regenerative agricultural practices in super-intensive irrigated olive and almond orchards. It has three main objectives:

- To develop scientifically proven and innovative agronomic solutions
- To empower farmers and accelerate the industry's transition
- To scale regenerative agriculture across the mediterranean region

The project works on real farms, collaboratively managed with farmers, to ensure the scalability and industry relevance of applied techniques. The project team consists of an international consortium of regenerative agriculture and tree crop experts.

Pela Terra joined the project in late 2024. We are both contributing samples and data and, through our work with AgroSystemic, we are directly benefiting from the innovation and learning resulting from the project.

We are currently working with the project partners to scale up the project in 2025 and beyond through securing further funding.

> "*We are delighted to be partnering with Pela Terra to advance our research and understanding of how regenerative agriculture impacts soil health and leads to healthier food and healthier people*"
>
> Raiza Rezende, Co-Founder, Regenerative Healthcare European Association

Our KPIs in detail

To track the fund's progress towards creating impact, we have adopted a set of long-term KPIs. These have been developed following extensive research and consultation with partners.

They are based on our Theory of Change, our own experience over the first three years of the fund's existence, the experience of the partners and farm operators we work with, and the widest possible range of relevant expert sources and comparators.

We have selected at least one KPI in each of our six impact areas, and have chosen a mix of input indicators (which are directly under our control) and outcome indicators (longer term, less directly under our control but which can still be attributed to the fund's work).

It's important that these KPIs are realistic and proportionate. In developing each one, we asked ourselves the following questions:

- Can the fund make a significant change in its operational lifetime?
- Can it afford to make that change?
- Is it feasible to measure the change we want to make?
- Are the KPIs creating the right incentives for the fund and the farm operators?

Some of these KPIs measure change against a baseline. In some cases we do not yet have this baseline (for example, for KPIs measuring produce at harvest when we have not yet had the first harvest from the fund's assets), or we have a partial baseline and need more sampling to define it.

We may in future refine and add to our KPIs as a result of our ongoing research and development activities. For example, we are working with partners on a methodology to more accurately assess water efficiency in almond orchards, accounting for variations in precipitation. All changes will work on the principle that the KPIs should become more – not less – robust.

To assist us in establishing baselines and measuring progress we are working with a number of partners, including Terra Madre, who have worked with Climate Farmers to develop a regenerative agriculture Monitoring, Reporting and Verification (MRV) system tailored to tree crops in the Iberian region; the Regenerative Healthcare European Association (RHEA), with whom we also collaborate on the Arbo-Innova project; and NBI, with who we're working to measure biodiversity outcomes. As the fund's work develops, we will also look to build new partnerships to help us track our progress towards our impact goals.

The section on the next page gives more detail on the measurements that underpin each KPI, as well as details on the baselines and 2024 result, where available.

Impact theme	KPI	Sub-indicators	Baseline year	2024 result			Change vs 2023 (where data available)
				Herdade de Maria Pires & Herdade de Soberenas de Cima	Couto das Ferrarias	Overall	
Soil	Achieve an average 20% improvement in soil health indicators on all assets	1.1. Soil Organic Carbon	2024	0.57	0.35	0.48	not measured in 2023
		1.2. Soil Aggregate Stability	2025	not measured in 2024	not measured in 2024	not measured in 2024	n/a
		1.3. Soil Microbial Biomass	2025	not measured in 2024	not measured in 2024	not measured in 2024	n/a
		1.4. Soil Cation Exchange Capacity	2025	not measured in 2024	not measured in 2024	not measured in 2024	n/a
Water	Achieve a 10% decrease in water wastage through more efficient irrigation	2.1. Operator assessment of water wastage	2024	2024 baseline year	2024 baseline year	2024 baseline year	n/a
Climate	Reduce synthetic fertiliser inputs by 30% on a per-hectare basis	3.1. Synthetic fertiliser applied per hectare (kg)	2023	941	437	729.81	+236%
	Achieve net negative greenhouse gas emissions on a per hectare level	4.1. Production of 100% of energy needs on farms using renewable sources	2023	0	100%	42%	+42%
		4.2. Reduce Scope 1, 2, and 3 GHG emissions by 30% on a per-hectare basis	2025	not measured in 2024	not measured in 2024	not measured in 2024	n/a
		4.3. Sequester 10 tonnes of CO_2 per orchard hectare	2023	not measured in 2024	not measured in 2024	not measured in 2024	n/a
Biodiversity	Reduce herbicide use by 30%	5.1. Herbicide applied per hectare (kg of active ingredient)	2024	6.48	4.81	5.78	not measured in 2023
	Reduce pesticide use by 20%	6.1. Pesticide applied per hectare (kg of active ingredient)	2024	1.99	3.37	2.57	not measured in 2023
	Achieve net positive biodiversity for all assets	7.1. Detailed habitat assessments by NBI or equivalent external provider	2023-4	2.86	2.43	2.68	Only 1 farm measured in 2023
		7.2. Grassland butterfly index	2025	not measured in 2024	not measured in 2024	not measured in 2024	N/A
		7.3. Farmland bird index	2025	not measured in 2024	not measured in 2024	not measured in 2024	N/A
	Set aside at least 20% of the total area of land under our management and manage primarily for biodiversity	8.1. Total area of land managed primarily for biodiversity / total area of land managed	N/A	136 ha, 26%	39 ha, 10.8%	175 ha (20%)	-6%
Human Health	Achieve a 10% increase in nutrient density levels of all produce at harvest	9.1 Minerals and metals	First harvest	n/a	n/a	n/a	n/a
		9.2. Fatty Acid Profile Determination	First harvest	n/a	n/a	n/a	n/a
		9.3. Polyphenols	First harvest	n/a	n/a	n/a	n/a
		9.4. Vitamins	First harvest	n/a	n/a	n/a	n/a
	Reduce pesticide residues on all produce at harvest to under 50% of the EU's Maximum Residue Limits (MRLs)	10.1. Insecticides	First harvest	n/a	n/a	n/a	n/a
		10.2. Fungicides	First harvest	n/a	n/a	n/a	n/a
		10.3. Herbicides	First harvest	n/a	n/a	n/a	n/a
Society	Make 100% of our capital investments in rural areas of Portugal	11.1. Total capital investments in rural areas of Portugal / total capital investments	N/A	100%	100%	100%	No change
	Create 5 good jobs in rural areas of Portugal	12.1. Total FTE jobs created directly as a result of Pela Terra Farmland investments	N/A	2	2	4	+2.5

Impact indicators

The following section sets out the detailed indicators we are tracking to measure progress against our impact goals. They are the same indicators as were used on the baseline assessment of Herdade de Maria Pires / Soberanas de Cima in the 2024 Impact Report, with some new additions.

These cover all six impact themes and all eight UN SDGs that we are targeting. They are derived from the IRIS+ core metrics set for those themes, with some additional indicators added to reflect the specific nature of the impact our strategy aims to achieve.

The nature of these indicators is that it will not be practical to measure every indicator every year. Some will be measured on two- or three-year cycles. In one or two cases this year, we have been unable to measure an indicator we planned to measure. The reasons for this are given in the comments section.

Future impact reports will continue to give details of progress against the same set of indicators, enabling us to obtain a clear picture of the impact the fund is achieving through its investments and management strategy.

Impact theme	**IRIS+ reference** (where relevant)	**Indicator**	**2024 result - Pela Terra Farmland**		**Comments** (Where relevant)
			Herdade de Maria Pires and Herdade de Soberenas de Cima	Couto das Ferrarias	
Cross-category and overall metrics	ID9608	Assets under Management: Total	€35.9m		
	OD4108	Environmental Impact objectives	Environmental Impact Objectives according to IRIS+ are: **Agriculture — Sustainable Agriculture** - Mitigating Climate Change through Sustainable Agriculture. **Biodiversity and ecosystems** - Improving Biodiversity through Nature-Based Solutions and Green Infrastructure. - Improving Biodiversity through Terrestrial Ecosystem Protection and Restoration. **Climate—Climate Change Mitigation** - Mitigating Carbon Emissions from Forestry and Land Use. - Mitigating Climate Change through Carbon Capture and Sequestration. - Mitigating Climate Change through Clean Electricity and Heat Production. **Water — Sustainable Water Management** - Improving Agricultural Water Use Practices.		
	OD6247	Social Impact objectives	Social Impact Objectives according to IRIS+ are: Employment - Other - Creation of jobs in rural / disadvantaged areas Health - Nutrition		
	OD4091	Social and environmental targets	Yes, across 6 themes: soil, water, climate, biodiversity, health and society		
	OI4732	Social and environmental performance reporting	Yes, disclosed through public reports at least annually		
	OI9106	Social and Environmental Performance Risk Assessment	Yes		
	OI5408	Land directly controlled: total (ha)	883 ha		
	OI1674	Land directly controlled: cultivated (ha)	389 ha	251 ha	
	OI6912	Land directly controlled: sustainably managed (ha)	136 ha	39 ha	At present this area consists only of the natural and semi-natural areas surrounding the orchards, which are managed for biodiversity.
	OI2569	Land directly controlled: treated with pesticides (ha)	389 ha	251 ha	All the orchard areas are treated with pesticides.
	PD1620	Crop type	Permanent crops: olives, almonds		
	OI1120	Operational certifications	1	1	Integrated Production
	PD2756	Product / service certifications	0		

Impact theme	IRIS+ reference (where relevant)	Indicator	2024 result - Pela Terra Farmland		Comments (Where relevant)
			Herdade de Maria Pires and Herdade de Soberenas de Cima	Couto das Ferrarias	
Theme 1: Soil		Level of Soil Organic Matter (%)	0.985	0.6	Limited soil sampling was undertaken on each farm to provide a simple baseline. The fund aims to work with its companies and farm managers to increase the density and frequency of sampling in future years.
		Soil Organic Carbon (%)	0.57	0.35	
		Soil PH (H20)	5.65	6.7	
		Extractable Phosphorus (mg/kg)	47.65	25.2	
		Extractable Potassium (mg/kg)	146.5	70	
		Electrical conductivity (mS/m)	8	5.8	
		Soil Microbiology	Not measured	Not measured	
		Physical properties of the soil	Not measured	Not measured	
	OI6381	Soil conservation practices implemented (by type and total area in hectares)	Cover crops, artificially seeded, trial plantation, 4 ha. Cover crops, naturally seeded, 385 ha.	Cover crops, naturally seeded, 120 ha	
	OI1047	Soil health practices (by type and total area in hectares)	Cover crops, artificially seeded, trial plantation, 4 ha. Cover crops, naturally seeded, 385 ha.	Cover crops, naturally seeded, 120 ha	
Theme 2: Water		Total water use by tonne of yield	N/A	N/A	Not yet measured, to be reported on with first harvest
		Implementation of water saving technologies (by type and area covered).	Drip irrigation (manual control), 389 ha	Drip irrigation (manual control), 251 ha	
	OI9326	Water conservation strategy	Yes	Yes	
	OI2799	Level of water stress	High	Low	Source: https://www.wri.org/aqueduct
	OD7536	Water type	Irrigation system, surface water	Irrigation system, surface water	
		Actions taken to improve farm waterlines and ditches (by type and area covered)	None	None	A plan has been developed in collaboration with NBI and the aim is to commence these actions in 2025.
Theme 3: Climate	OI2092	Climate resilience strategy	Yes		
	OI8237	Greenhouse gas emissions strategy	Yes		
	OI1479	Total greenhouse gas emissions (Scope 1, 2 and 3)	Not measured	Not measured	Our GHG emissions measurement and Carbon Credits partner entered liquidation in autumn 2024. We are currently selecting another. This has delayed our planned measurement of GHG emissions.
	PI9878	Greenhouse gas emissions sequestered (tonnes)	0	0	Target to measure GHG sequestered through land use, land use change, and forestry once we have a GHG measurement and carbon credits partner.
	OI2622	Forest management plan	Under development	N/A	Forest management plan for Herdade de Maria Pires and Soberanas de Cima will be created in 2025
	PD3922	Type of land area	Agricultural land, forest land, rangeland	Agricultural land, forest land, rangeland	

Impact theme	IRIS+ reference (where relevant)	Indicator	2024 result - Pela Terra Farmland		Comments (Where relevant)
			Herdade de Maria Pires and Herdade de Soberenas de Cima	Couto das Ferrarias	
Theme 3: Climate	PI4127	Area of trees planted: total (ha)	0 ha	18.5 ha	18.5 ha of olive trees (36,000 trees) were planted on Couto das Ferrarias.
	PI3848	Area of trees planted: native species (ha)	0 ha	0 ha	
	OI2496	Renewable energy generated for use (kWh)	0 kWh	0 kWh	Target is to install c. 450 kWp of solar panels on PTF farms in 2025 to power irrigation pumps and mixers.
	OI1496 OI3324	Energy purchased, from renewable and non-renewable sources (kWh)	N/A	N/A	Energy supply on Maria Pires for 2024 came from generators and a figure for kwH purchased is not available. Energy on Couto das Ferrarias was provided under an agreement with the previous owners, meaning data is not yet available.
		Decrease in use of artificial fertilisers (per cent)	-236%	None (baseline year)	Maria Pires saw a significant increase in artificial fertiliser use in 2024 as compared to 2023, due to the age of the trees and resulting requirement for higher levels of fertilisation.
Theme 4: Biodiversity		Area set aside and managed for biodiversity (ha, per cent of total area controlled)	136 ha, 26%	39 ha, 10.8%	Total of 175 ha (20%) identified as habitat for ecological restoration management.
	OI5929	Biodiversity assessment	Yes	Yes	Assessments carried out by NBI in 2024. Herdade de Maria Pires and Herdade de Soberanas de Cima were assessed in Spring 2024; Couto das Ferrarias in Autumn 2024).
	PI9151	Plant species observed (of which RELAPE)	126 (16)	131 (18)	
	PI9151	Animal species (of which of high conservation interest)	97 (23)	78 (13)	
	OI5929	Animal species (of which of high conservation interest)	97 (23)	78 (13)	
	PI6887	Biodiversity footprint (an assessment of habitat health and condition, to be delivered by an external provider).	2.86	2.43	Biodiversity Footprint assessed according to NBI's methodology.
	OI9891	Pesticide use (kg of active ingredient per orchard hectare)	Insecticides: 0.09 - Fungicides: 1.90 Herbicides: 6.48 Total: 8.47	Insecticides: 0.03 - Fungicides: 3.34 Herbicides: 4.81 Total: 8.18	The values for Couto das Ferrarias are since the fund took over the farm (from May - December).
	PD8494	Ecosystem services provided	The following ecosystem services are currently provided: **Regulating Values/Services** - Regulation of Climate - Erosion control - Maintenance of soil quality **Supporting Values/Services** - Habitat	The following ecosystem services are currently provided: **Regulating Values/Services** - Regulation of Climate - Erosion control - Maintenance of soil quality **Supporting Values/Services** - Habitat	Target is to strengthen provision of the existing services provided and add the following services: **Provisioning Values/Services** - Food **Cultural Values/Services** - Recreation and ecotourism
Theme 5: Human Health		Partnerships for research and dissemination of new methods for regenerative and/or sustainable farming (number of partnerships)	2		EIT Food, through the Test Farms programme; Arbo-Innova, in collaboration with AgroSystemic and RHEA
		Level of chemical residues on produce	<0.01mg/kg	<0.01mg/kg	Although there was no harvest this year, there was sufficient fruit on trees to test for pesticide residues.
		Nutrient density of produce grown on farms	N/A	N/A	Not yet measured, to be reported on with first harvest.

Impact theme	IRIS+ reference (where relevant)	Indicator	2024 result - Pela Terra Farmland		Comments (Where relevant)
			Herdade de Maria Pires and Herdade de Soberenas de Cima	Couto das Ferrarias	
Theme 6: Society		Percentage of deployed capital invested in areas of low population density (per cent)	100		
	PI4874	Jobs in directly supported / financed enterprises	1 * Full time position 4 * 25% FTE positions 14 * hourly-paid positions through subcontractors	1 * Full time position 4 * 25% FTE positions 18 * hourly-paid roles created through subcontractors	
		Total investment in community and other social programmes (€)	0		Community investment programmes are currently under development.
	PI2998	Individuals receiving training / advice on more regenerative or sustainable farming methods	5, through on-site participatory learning visits.		3 employees of the farm operator company; two employees of associated companies.
		Actions taken to promote impact investing in Portugal (type, number)	4		1 publication; Alex (MD) attended 2 conferences to promote sustainable investments in Portugal through Pela Terra; published 1 resource centre with on impact investing on the Pela Terra website.

Roadmap for the future

As the fund continues towards generating positive impact through transitioning farms to regenerative agriculture in line with the strategy laid out in this report, we anticipate taking the following actions on our farms in 2025:

1. Further test, develop and refine our on-the-ground farm management plans, working with our farm operators, AgroSystemic, and NBI.
2. Expand our existing trials of cover crops on Herdade de Maria Pires / Soberanas de Cima, moving towards a state where perennial cover crops are established across 100 per cent of orchard areas on all farms.
3. Begin reforestation activity on montado areas in line with detailed forestry management plans.
4. Plant hedgerows of native plants along waterways.
5. Grow our involvement in relevant research projects, applying as members of consortia to European and international research funding opportunities.
6. Continue to pursue further relevant third-party certifications across all areas of our activity.

In parallel, we will continue to refine our impact measurement and reporting strategy, sharing and adapting emerging best practice where applicable and aiming to make a contribution through our research work to developing the knowledge base around regenerative agriculture in the context of Iberian tree crops.

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Disclaimer

The Advisory Committee/Holders of Class A participation units of Pela Terra Farmland – Fundo de Capital de Risco Fechado have prepared the Impact Statement and Initial Report with the assistance of the advisors mentioned in the report.

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As the fund is not subject to Article 8 or to Article 9 of Regulation (EU) 2019/2088 of November 27th, 2019, the fund's investments do not take into account the EU criteria for environmentally sustainable economic activities.

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