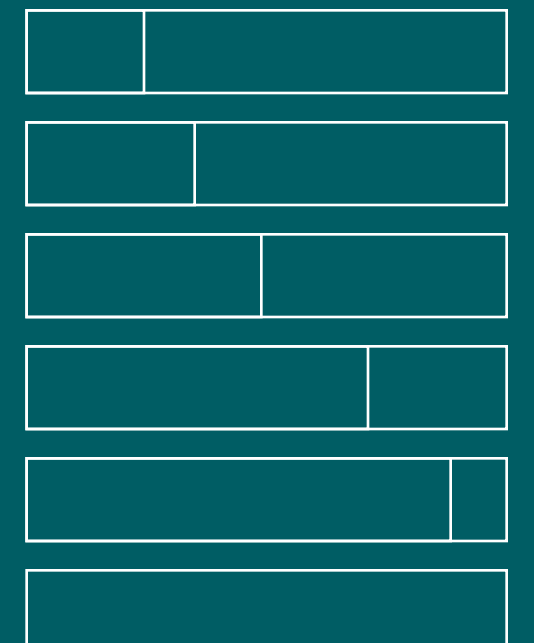
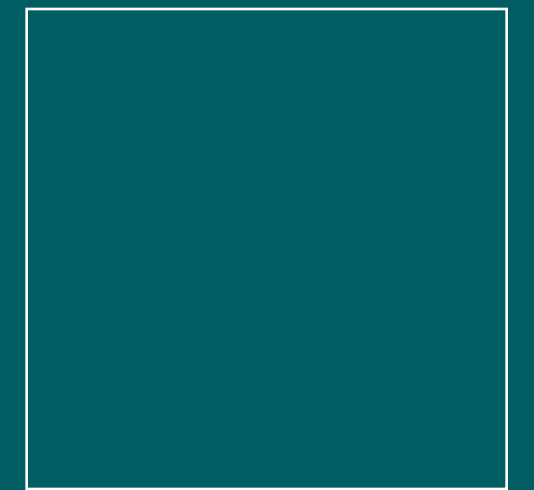
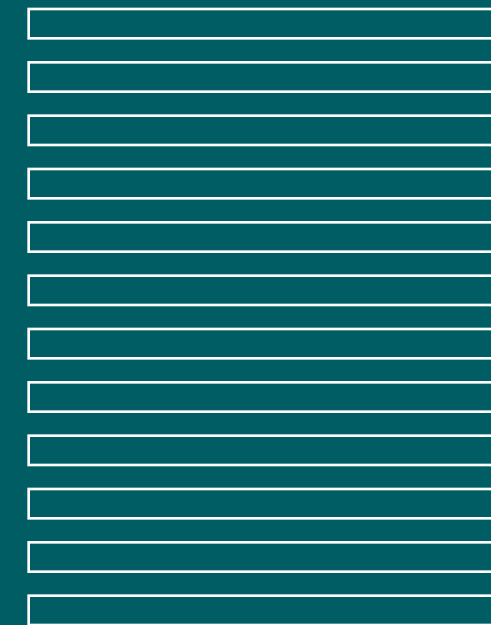
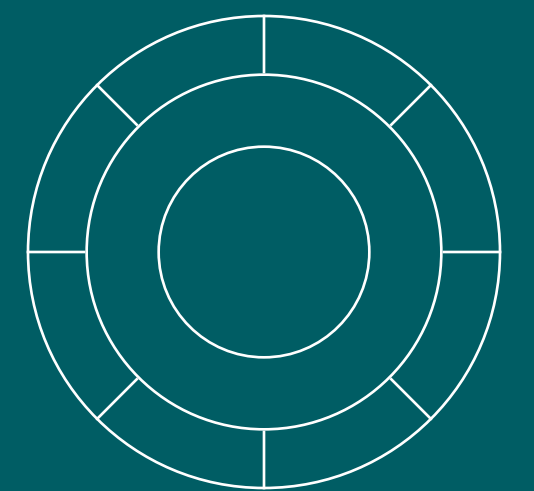
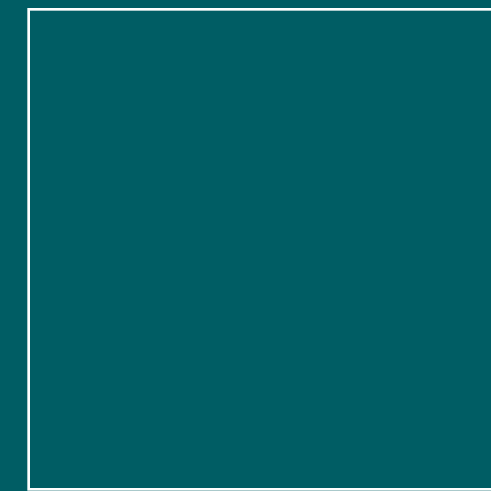
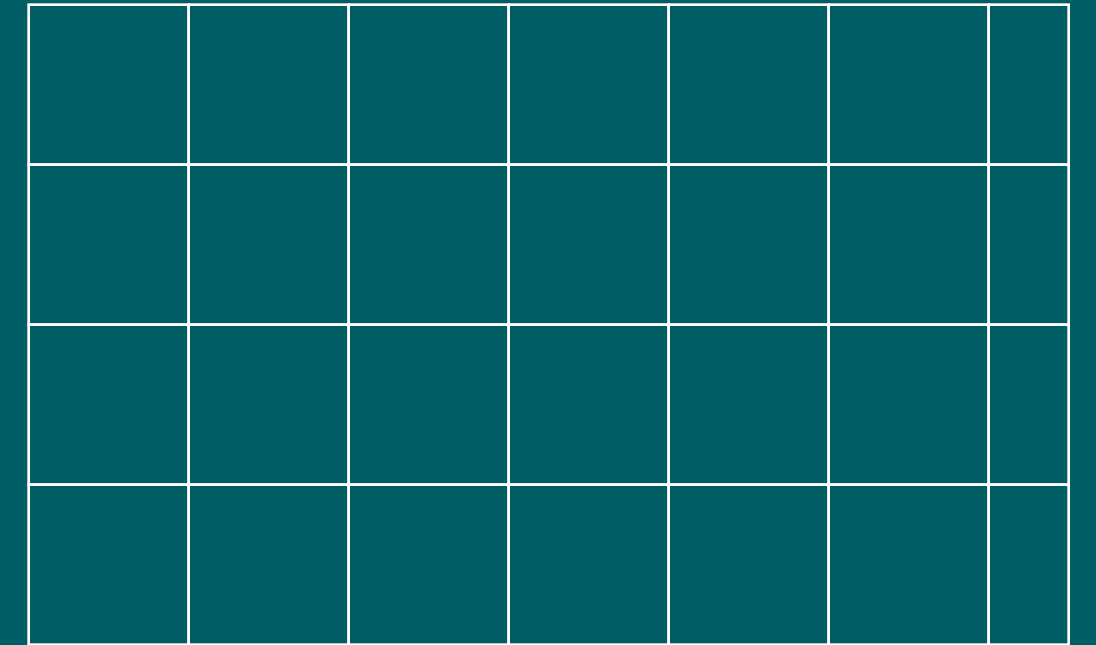


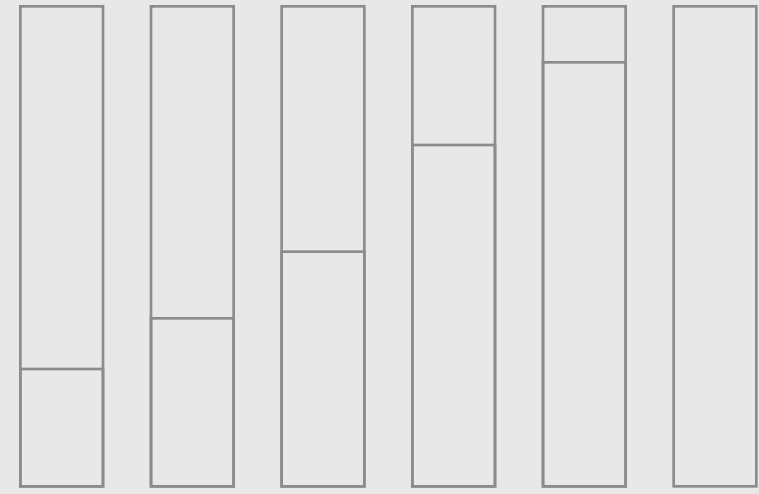


Pela Terra II
REGENERATE

Pela Terra II: Regenerate Impact Report

November 2025





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Foreword from the advisory committee

We are delighted to present this initial Impact Statement and Report for Pela Terra II: Regenerate – Fundo de Capital de Risco Fechado ('Pela Terra II').

Pela Terra II launched in 2023, building on the successful approaches pioneered by our first fund, Pela Terra Farmland. 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.

The funds offer a unique proposition: golden visa-eligible investment vehicles that allow investors to give back to both their new home country and the planet as they earn their Portuguese citizenship.

In the short period since Pela Terra II 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 investors' capital supports an environmental and social purpose.

However, we are also very aware 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.

This initial impact report has three goals: first, to lay out the detailed overall impact strategy for Pela Terra II, along with the indicators by which performance will be measured. This ambitious approach has been developed with extensive

expert input from agronomic consultants, ecologists, and farm managers - and leverages internationally-recognised reporting frameworks to aggregate and present the data, giving us a robust, globally comparable benchmark by which to measure the fund's impact.

The impact strategy acts as a guiding framework to ensure investment and management decisions prioritise both return on investment and environmental and social impact over the lifetime of the fund.

Secondly, the report establishes an initial baseline for the assets currently managed by the fund. This serves as the starting point for all impact measurement and action taken to protect and regenerate the fund's holdings. As the fund adds assets, the baseline exercise will be repeated for each new asset.

Finally, it sets out an overview of how the fund will build from that baseline to manage assets in line with international best practice, restoring soils, protecting and increasing biodiversity, conserving water, and sequestering carbon.

Social and environmental impact is hugely important to Pela Terra II. The goal is for the assets managed by the fund to serve as beacons of sustainable and regenerative good practice in Portugal and Europe more widely. We are excited to share this impact journey with readers of this report.



Nathan Hadlock

Alex Lawry-White

Executive Summary

Our planet faces huge challenges: degraded soils, biodiversity collapse, water shortages and a rapidly warming climate. The world needs food - but conventional farming is a major contributor to its problems.

At the same time, and in common with many European countries, rural areas in Portugal are facing a crisis as farming communities age and young people migrate to the cities. Increasingly, long-term residents are being replaced in agricultural work by immigrants who are vulnerable to exploitation and abuse.

Pela Terra II was created with the goal of offering investors looking at Portugal's renowned golden visa programme the opportunity to become a part of the solution to these challenges and give back to their new home country while earning their European citizenship.

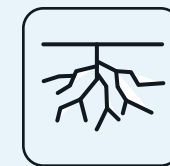
We believe the solution is in the ground beneath our feet. We create impact and return for investors by investing in a uniquely stable asset class - Portuguese farmland. We work with farm operators and other expert partners to protect and regenerate soil, which in turn helps sequester carbon, improve 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.

The purpose of this initial report, the first in a regular series, is threefold:

- 1 To set out the fund's approach to creating and measuring impact and the long-term KPIs that will be tracked.
- 2 To establish a baseline for the assets under management.
- 3 To give details of our fund-level agroecological strategy, which guides our approach to managing individual farms in the portfolio.

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



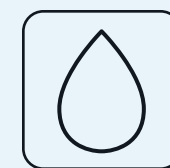
Soil

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.



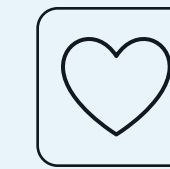
Water

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

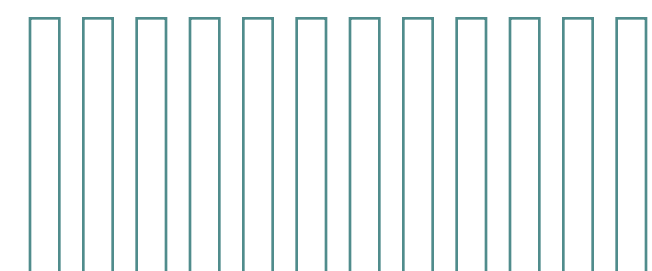
The fund invests 100 per cent of its capital in Portugal, targeting rural areas where it is most needed. We work carefully across our supply chains to ensure fair conditions for all we interact with. We engage with partners and the wider investment and agriculture communities to push for changes where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

To create impact, we are working with land managers, agronomists and ecologists to develop tailored management plans for each property in the portfolio.

These management plans transition the farms we are responsible for away from conventional agriculture, characterised by heavy fertiliser and pesticide use and a predominance of monocultures, and towards more organic and regenerative agriculture, focussed on promoting soil health and reaping its benefits.

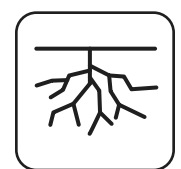
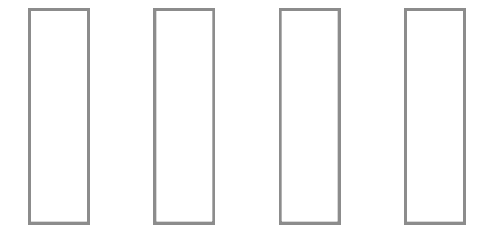
To measure the impact of its investments, the fund collects data at the farm level, working with experts where needed, both through on-the-ground monitoring and by deploying satellite and drone technology for a top-down view. We use globally-accepted frameworks and reporting systems (the Global Impact Investing Network's IRIS+³ and the UN's Sustainable Development Goals⁴) 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.



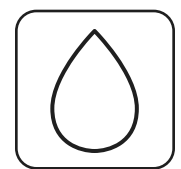
Our KPIs at a glance

By 2031, 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 5% 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.

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

Quinta de São Vicente and Palmeira

Located in the Alentejo agricultural region, in the district of Ferreira do Alentejo.

Quinta de São Vicente and Palmeira are two separate properties located in the same area that are managed together. They have a total area of 285 hectares.

The main commercial crop grown is olives. Quinta de São Vicente consists of 214 hectares of mature high-density olive orchards, which are around 25 years old. Palmeira has 70 hectares of super-high-density olive orchards, planted in 2022.

In its current layout, almost 100% of the land is orchards, with very small areas classified as wet grassland and montado.

A detailed assessment carried out by NBI has identified:

7
different habitats.

125
species of flora, of which **8** are RELAPE (Rare, Endemic, Local, At risk, Protected or Endangered).

82
fauna species, of which **15** 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

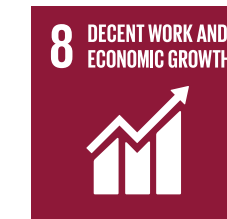
By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.



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 globally⁵. The global agrifood system creates over a third of anthropogenic greenhouse gas emissions⁶; the expansion of crop and grazing lands is the single biggest driver of terrestrial biodiversity loss globally⁷. And agriculture is among the primary drivers of soil degradation⁸.

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 temperatures⁹.

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 severe¹⁰.

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 2022¹¹. 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 combined¹².

The solution: impact for the planet

We believe that things can be done differently. There is a growing body of scientific evidence demonstrating that with the right farming techniques, agriculture can restore soil health, sequestering carbon in the ground; it can also preserve water and restore and nurture biodiversity. Best of all, we can do all this while scaling up production of the nutritious, high-quality food we need to feed the planet's growing population. We call this approach 'regenerative agriculture.'

Our theory of change is simple: we address the damage our food systems do to people and the planet by applying techniques and technologies that promote soil health. They allow us to sequester carbon, conserve water, and protect and nurture biodiversity while producing nutritious, high-quality food at scale.

In doing so, we direct investment towards rural areas of Portugal where it is most needed. We partner with other leading organisations in Portugal and internationally to share and scale up our approaches, learn from best practice, and drive further impact.

The Solution: Supporting Inclusive, sustainable development in Portugal

Portugal's residency through investment ('golden visa') programme launched in October 2012, initially offering investors three routes to obtaining residency: investing in real estate, investing in funds, and creating ten or more jobs in Portugal.

In the first eight years of the programme's existence, 94 per cent of investors acquired real estate; less than two tenths of a per cent of participants created ten or more jobs through their investment¹³. A rise in the cost of living, in part fuelled by growing housing costs, led the Government of Portugal to reform the programme in 2023, removing real estate from the list of eligible investment categories.

Investors in Pela Terra II know that they are making a positive contribution to their new home country. Rather than fuelling a real estate bubble or investing in stocks which bring no benefit to Portuguese people, our investors are supporting the creation of a greener and more equitable future for Portugal and the planet.

Pela Terra II builds on the model successfully pioneered by our first fund. We are proud of the fact that we were well ahead of the curve in anticipating the changes to the golden visa programme made by the Portuguese government in 2023, and that we can offer a more impactful alternative to other funds.

We invest one hundred per cent of our capital in Portugal. We collaborate closely with Portuguese farm managers, agronomists and ecologists to draw up our impact strategy and asset management plans.

We work hard to ensure good employment conditions throughout our supply chain. We continue to advocate for more impact investment in the Portuguese market.

Many rural areas of Portugal, in common with similar areas across Europe, face a population crisis, as farming communities grow older and many young people leave rural areas for the cities. Some rural areas of Alentejo lost as much as forty per cent of their population over the 30 years to 2019 - with corresponding effects on the region's economic development¹⁴.

Through ensuring investment flows to rural areas of Portugal where it is needed most and through demonstrating that a different approach to agriculture is possible, we make sure that an investment in Pela Terra II has a positive impact on Portugal and the planet.



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 frequently¹⁵.

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 climate¹⁶. 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 II recognises and aligns its work to the defining principles for stewarding regenerative agriculture adopted by the European Alliance for Regenerative Agriculture (EARA)¹⁷:

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, ecological 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 II 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.

The exact third-party certifications to be pursued by the fund (or, where relevant, entities that it owns) are currently being determined in line with the overall strategy and working closely with our farm operators. More details will be given in future reports.

Examples of certifications we believe are relevant are:

- Integrated Production.
- Certification through the Olivum (Association of Olive Oil Producers of the South) Programa de Sustentabilidade e Azeite do Alentejo.
- Setting climate and nature targets through the Science-Based Targets Initiative.

Our Six Impact Themes in detail

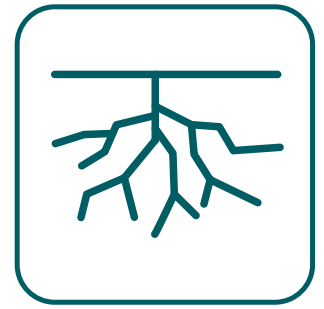
Pela Terra II aims to create impact through its investments in six key thematic areas. The key thread which ties these categories together and enables us to create the majority of our planned impact across each one is soil health. Through improving soil health on our properties, we can unlock a wide 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 GHG emissions (Scope 1 and 2) which we had planned to measure through a partnership with a provider 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 prevention¹⁸.

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 provides¹⁹.

However, conventional agriculture, through repeated tilling and heavy use of pesticides and fertilisers, is leading to the rapid degradation of soils across the globe²⁰, 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 factors²¹. Regions where intensive agriculture is well established, such as the Alentejo, are among those worst affected²².

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 will create impact

To improve soil health on farms in our portfolio, we will 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

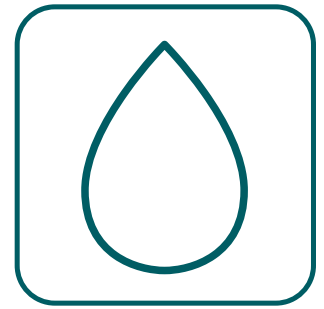
By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively 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 withdrawals²³. 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 scarcity²⁴. 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 change²⁵.

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 drought²⁶.

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 farms²⁷.

How we will 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 period²⁸.

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.^{29 30}

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 carbon³¹.

How we will 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 atmosphere³². 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 stocks³³.

Regenerative agriculture techniques such as cover cropping, reducing tillage over the long term, and changes to fertiliser use can protect and improve soil health, preventing erosion, protecting carbon already sequestered and promoting further sequestration³⁴.

We are reworking the fertilisation protocols we inherited on Quinta de São Vicente and Palmeira with the aim of significantly reducing our use of nitrogen fertiliser and managing nitrogen volatilisation – helping us cut our emissions of nitrous oxide and methane.

Farm-level management plans will include measures to cut greenhouse gas emissions from fossil fuel use (for example, through minimising tractor operations in orchards). We also aim to install solar panels and switch to renewables-only electricity contracts on all farms managed by the fund, allowing 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 Initiative³⁴.

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 Portugal³⁵.

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 globally³⁶. High levels of pesticide use cause parallel declines in insect, bird and plant biodiversity in areas of high agricultural intensity³⁷.

How we will 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 systems³⁸.

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. Starting in 2025, we will begin planting non-productive areas with native trees, shrubs and herbaceous species to create a connected landscape matrix. The planned redevelopment of the Quinta de São Vicente orchard will allow us to incorporate natural areas in the new design.

In line with our transition plan for each farm, we are also working to 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 5%** of the total area of land under our management and manage primarily for biodiversity.

Sample indicators: Biodiversity

- Area set aside and managed for biodiversity.
- 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 2022³⁹. 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 micronutrients⁴⁵.

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 positive environmental impact.

How we will 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 farms⁴⁸.

Our farm management plans will focus on 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 will result in fewer pesticide residues on produce.

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: Biodiversity

- 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 services⁴⁹. 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 exploitation⁵⁰.

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 will 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 farm operators 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

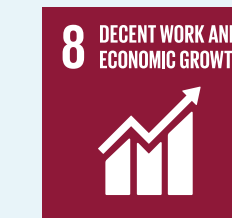
Make 100% of our capital investments in rural areas of Portugal.

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.
- Individuals receiving training / advice on more regenerative or sustainable farming methods.
- Actions taken to promote impact investing in Portugal (type, number).

SDGs targeted:



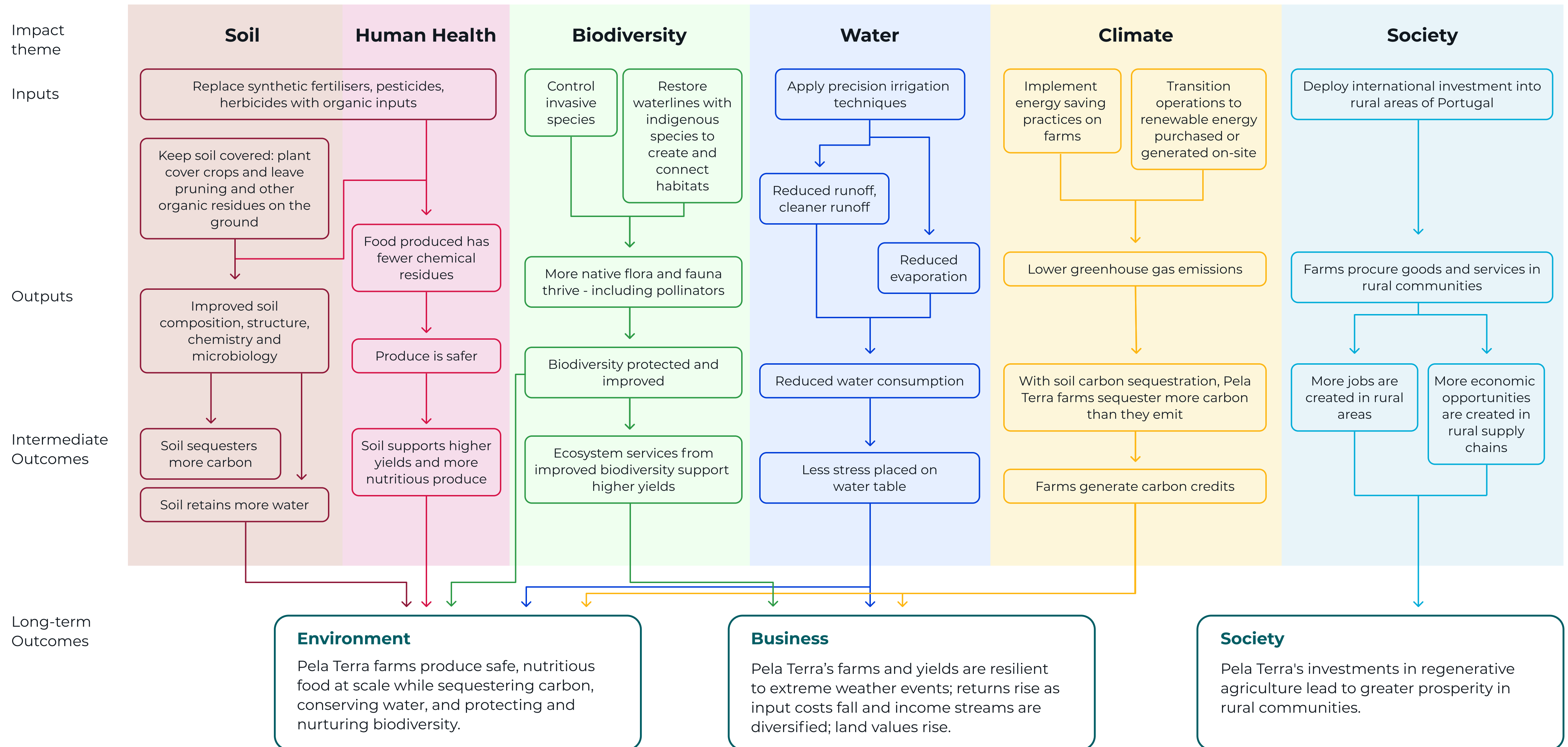
GOAL 8:
**Decent Work
and Economic
Growth**

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 agro-economic strategy

Pela Terra II has worked closely with our partners, AgroSystemic and NBI, to develop and refine a detailed fund-level strategy for the fund.

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 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 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

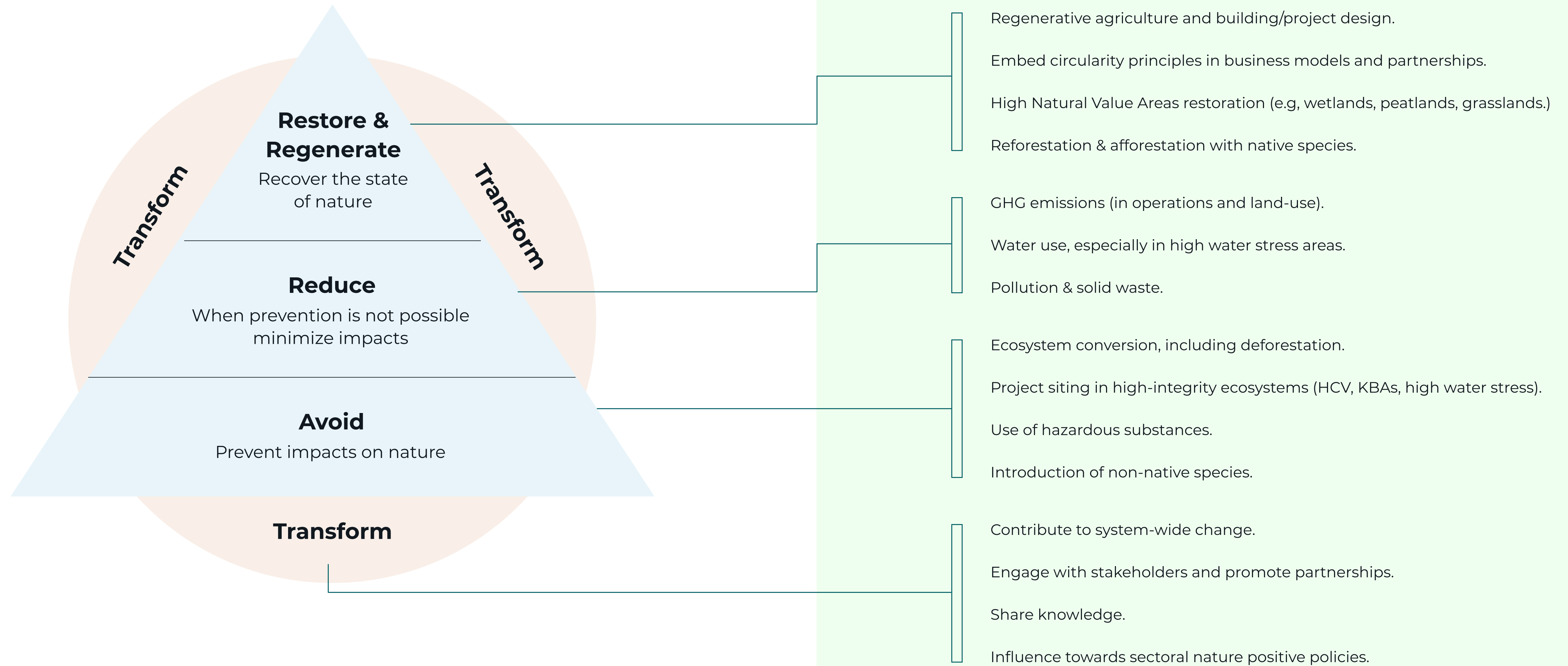
Natural resources use / exploitation

Climate change

Pollution

Invasive alien species

Applying the mitigation hierarchy as a transversal approach



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 will guide 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

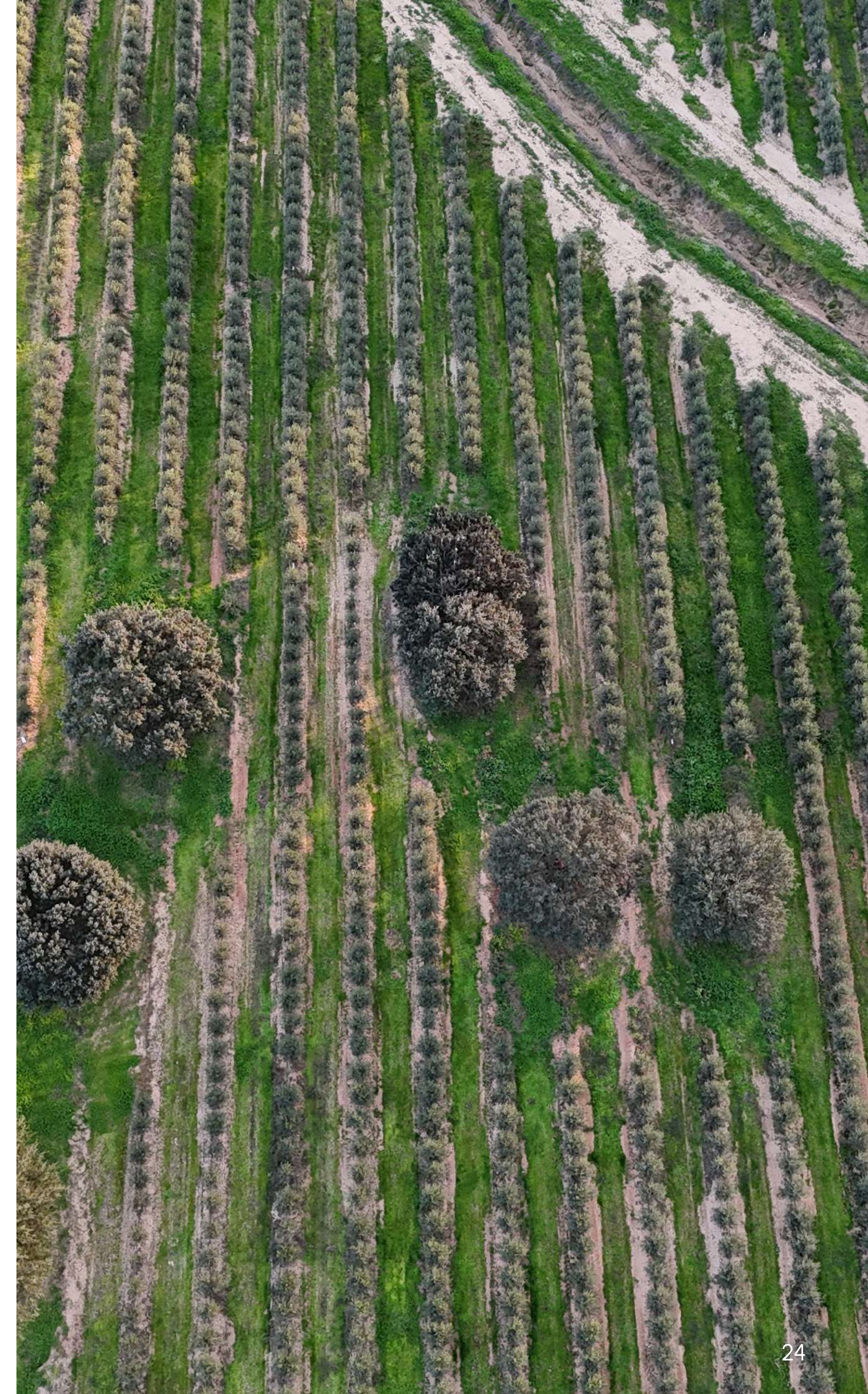
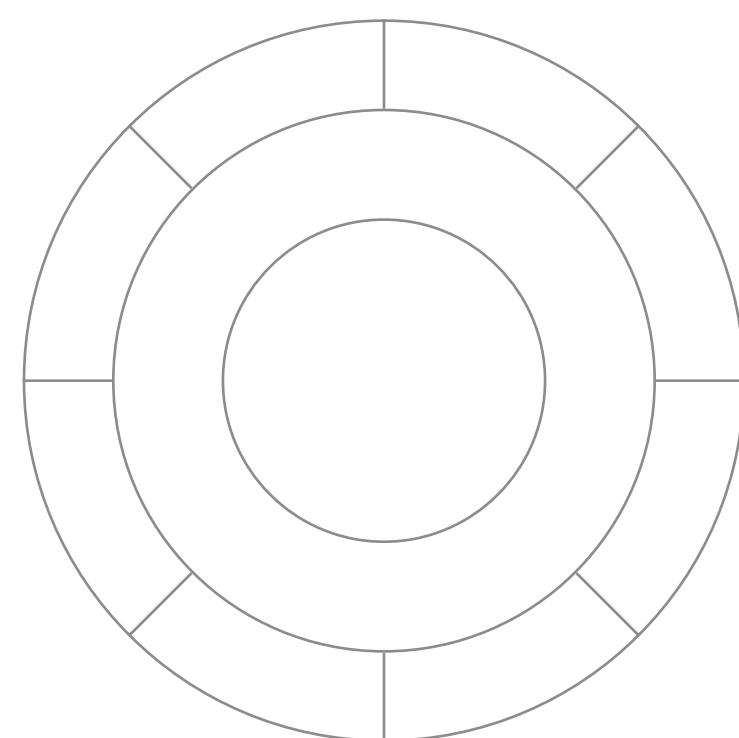
Functional biodiversity supports functions such as pest control and pollination. Encouraging beneficial species aligns with a holistic approach to system health and resilience.

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.



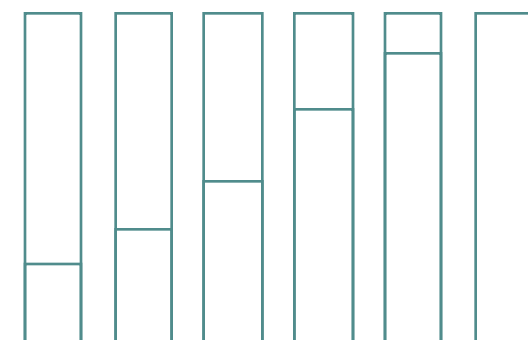
Farm-level management plans

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

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

It is likely that the plans will have the following strategic objectives, varying from farm to farm:

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



Based on the diagnostic and the strategic objectives, the plans will include management practices that will ensure the achievement of each strategic objective over the five-year horizon. Sample management practices, which have been proven on other, similar farms, include

Planting cover crops and leaving pruning residues on the soil

Making use of integrated nutrient and pest management techniques to consistently reduce the volume of synthetic inputs

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

Reducing fossil fuel use (for example, through making fewer passes with tractors and machinery)

The plan for Quinta de São Vicente and Palmeira is currently being developed and will be finalised in early 2025. By creating and implementing a detailed, step-by-step management plan on each farm managed by the fund, we aim to maximise improvements in 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.

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, 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, 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

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



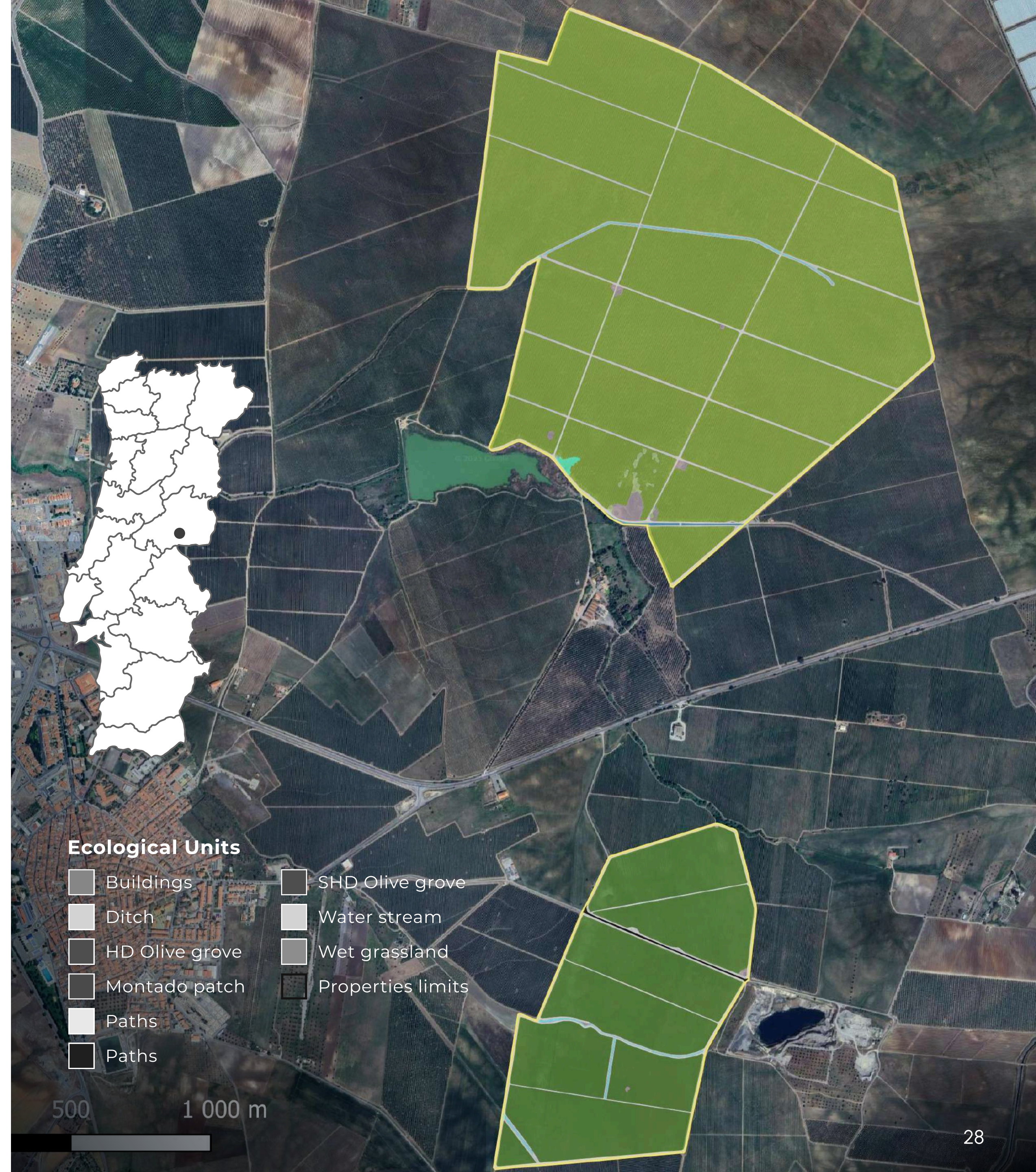
Impact theme	KPI	Sub-indicators	Baseline year	2024 result
				Calendário Verde
Soil	Achieve an average 20% improvement in soil health indicators on all assets	1.1. Soil Organic Carbon	2024	0.34
		1.2. Soil Aggregate Stability	2025	not measured in 2024
		1.3. Soil Microbial Biomass	2025	not measured in 2024
		1.4. Soil Cation Exchange Capacity	2025	not measured in 2024
Water	Achieve a 10% decrease in water wastage through more efficient irrigation	2.1. Operator assessment of water wastage	2024	2024 baseline year
Climate	Reduce synthetic fertiliser inputs by 30% on a per-hectare basis	3.1. Synthetic fertiliser applied per hectare (kg)	2024	75.16
	Achieve net negative greenhouse gas emissions on a per hectare level	4.1. Production of 100% of energy needs on farms using renewable sources	2025	0
		4.2. Reduce Scope 1, 2, and 3 GHG emissions by 30% on a per-hectare basis	2025	not yet measured
Biodiversity	Achieve net positive biodiversity for all assets	4.3. Sequester 10 tonnes of carbon per orchard hectare	2024	not yet measured
		5.1. Herbicide applied per hectare (kg of active ingredient)	2024	12.43
		6.1. Pesticide applied per hectare (kg of active ingredient)	2024	3.61
	Set aside at least 5% of the total area of land under our management and manage primarily for biodiversity	7.1. Detailed habitat assessments by NBI or equivalent external provider	2024	2.86
		7.2. Grassland butterfly index	2025	not measured in 2024
7.3. Farmland bird index	2025	not measured in 2024		
Human Health	Achieve a 10% increase in nutrient density levels of all produce at harvest	8.1. Total area of land managed primarily for biodiversity / total area of land managed	N/A	0
		9.1. Minerals and metals	2025	not measured in 2024
		9.2. Fatty Acid Profile Determination	2025	not measured in 2024
		9.3. Polyphenols	2025	not measured in 2024
	Reduce pesticide residues on all produce at harvest to under 50% of the EU's Maximum Residue Limits (MRLs)	9.4. Vitamins	2025	not measured in 2024
		10.1. Insecticides	2025	not measured in 2024
		10.2. Fungicides	2025	not measured in 2024
10.3. Herbicides	2025	not measured in 2024		
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%
	Create 5 good jobs in rural areas of Portugal	12.1. Total FTE jobs created directly as a result of Pela Terra II investments	N/A	2

Baseline for assets currently owned

Companies owned by Pela Terra II currently operate one property, consisting of two separate areas, Quinta de São Vicente and Palmeira. They are located within a kilometre of each other, in the district of Ferreira do Alentejo in the Alentejo agricultural region. They have a total area of 285 hectares and are managed together.

Quinta de São Vicente consists of 214 hectares of mature high density olive orchards, which are around 25 years old. Palmeira has 70 hectares of super-high-density olive orchards, planted in 2022.

In its current layout, almost 100% of the land is planted as orchards, with very small areas classified as wet grassland and montado.



Impact indicators

This table sets out the main indicators we have used for the baseline assessment of Quinta de São Vicente and Palmeira. 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.

Future impact reports will 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	Baseline result - Pela Terra II: Regenerate	Comments (Where relevant)
			Calendário Verde	
Cross-category and overall metrics	ID9608	Assets under Management: Total		
	OD4108	Environmental Impact objectives	<p>Environmental Impact Objectives according to IRIS+ are:</p> <p>Agriculture — Sustainable Agriculture - Mitigating Climate Change through Sustainable Agriculture.</p> <p>Biodiversity and ecosystems - Improving Biodiversity through Nature-Based Solutions and Green Infrastructure. - Improving Biodiversity through Terrestrial Ecosystem Protection and Restoration.</p> <p>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.</p> <p>Water — Sustainable Water Management - Improving Agricultural Water Use Practices.</p>	
	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)	285 ha	
	OI1674	Land directly controlled: cultivated (ha)	285 ha	
	OI6912	Land directly controlled: sustainably managed (ha)	0 ha	
	OI2569	Land directly controlled: treated with pesticides (ha)	285 ha	All the orchard areas are treated with pesticides.
	PD1620	Crop type	Permanent crops: olives	
	OI1120	Operational certifications	1	Integrated Production
	PD2756	Product / service certifications	0	












Impact theme	IRIS+ reference (where relevant)	Indicator	Baseline result - Pela Terra II: Regenerate	Comments (Where relevant)
			Calendário Verde	
Theme 1: Soil		Level of Soil Organic Matter (%)	0.58	Soil sampling was undertaken prior to the fund's purchase of the farm and will be conducted again in 2025 to develop a more robust baseline.
		Soil Organic Carbon (%)	0.34	
		Soil PH (H2O)	7.25	
		Extractable Phosphorus (mg/kg)	102.2	
		Extractable Potassium (mg/kg)	134.5	
		Electrical conductivity (mS/m)	Not measured	
		Soil Microbiology	Not measured	
	Physical properties of the soil	Not measured		
	OI6381	Soil conservation practices implemented (by type and total area in hectares)	Cover crops, naturally seeded, 252 ha	
OI1047	Soil health practices (by type and total area in hectares)	Cover crops, naturally seeded, 252 ha		
Theme 2: Water		Total water use by tonne of yield	N/A	Because the farm was taken over in Q3 2024 it has not been possible to calculate the total water use for the 2024 harvest.
		Implementation of water saving technologies (by type and area covered)	None currently	
	OI9326	Water conservation strategy	Yes	
	OI2799	Level of water stress	High	Source: https://www.wri.org/aqueduct
	OD7536	Water type	Irrigation system	
		Actions taken to improve farm waterlines and ditches (by type and area covered)	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, tonnes)	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	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	N/A	Current portfolio does not contain forest areas.
	PD3922	Type of land area	Agricultural Land	See the biodiversity deep dive section for an in-depth assessment of the habitats present on our current portfolio.

Impact theme	IRIS+ reference (where relevant)	Indicator	Baseline result - Pela Terra II: Regenerate	Comments (Where relevant)
			Calendário Verde	
Theme 3: Climate	PI4127	Area of trees planted: total (ha)	0 ha	
	PI3848	Area of trees planted: native species (ha)	0 ha	
	OI2496	Renewable energy generated for use (kWh)	0	
	OI1496 OI3324	Energy purchased, from renewable and non-renewable sources (kWh)	Renewable energy purchased: 10219.5 kWh Energy from non-renewable sources purchased: 6276.5 kWh Total energy purchased: 16496 kWh	
		Decrease in use of artificial fertilisers (per cent)	None (baseline year)	
Theme 4: Biodiversity		Area set aside and managed for biodiversity (ha, per cent of total area controlled)	0 ha	
	OI5929	Biodiversity assessment	Yes	Assessment carried out by NBI; details in biodiversity deep dive section of this report.
	PI9151	Flora species observed (of which RELAPE)	125 (8)	
	PI9151	Fauna species (of which of high conservation interest)	82 (10)	
	OI5929	Biodiversity assessment	Yes	Assessment carried out by NBI in March 2025; details in biodiversity deep dive section of this report.
	PI6887	Biodiversity footprint (an assessment of habitat health and condition, to be delivered by an external provider)	1.57	Biodiversity Footprint assessed according to NBI's methodology; see biodiversity deep dive section of the report for more details.
	OI9891	Pesticide use (kg of active ingredient per orchard hectare)	Insecticides: 0.27 - Fungicides: 0.67 - Herbicides: 1.39 Total: 2.33	The values are for the period since the fund took over management of the farm (from September - 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	
Theme 5: Human Health		Partnerships for research and dissemination of new methods for regenerative and/or sustainable farming (number of partnerships)	0	
		Nutrient density of produce grown on farms	N/A	Not yet measured.
		Level of chemical residues on produce at harvest	N/A	Not yet measured.

Impact theme	IRIS+ reference (where relevant)	Indicator	Baseline result - Pela Terra II: Regenerate	Comments (Where relevant)
			Calendário Verde	
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 49 * hourly-paid roles created through subcontractors	
		Total investment in community and other social programmes (€)	0	
	PI2998	Individuals receiving training / advice on more regenerative or sustainable farming methods	0	
		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.

Baseline Deep Dive – Biodiversity on Quinta de São Vicente and Palmeira

During the course of the initial baseline assessment, ecologists visited Quinta de São Vicente and Palmeira to develop a clear picture of the existing state of biodiversity and overall agroecological value on the properties. The following section presents a summary of their most important findings.

Category		Value
Habitats & Landscape	 Percentage of semi-natural area	0.4%
	 Percentage of semi-natural area that corresponds to HNVA	0
	 Number of 2000 nature network habitats present	0
Flora	 Number of flora species	125
	 Percentage of flora species of conservation interest	7.1%
Fauna	 Number of bird species	55
	 Number of mammal species	7
	 Number of reptile species	1
	 Number of insect species	17
	 Number of amphibian species	2
	 Percentage of fauna species of conservation interest	12.2%



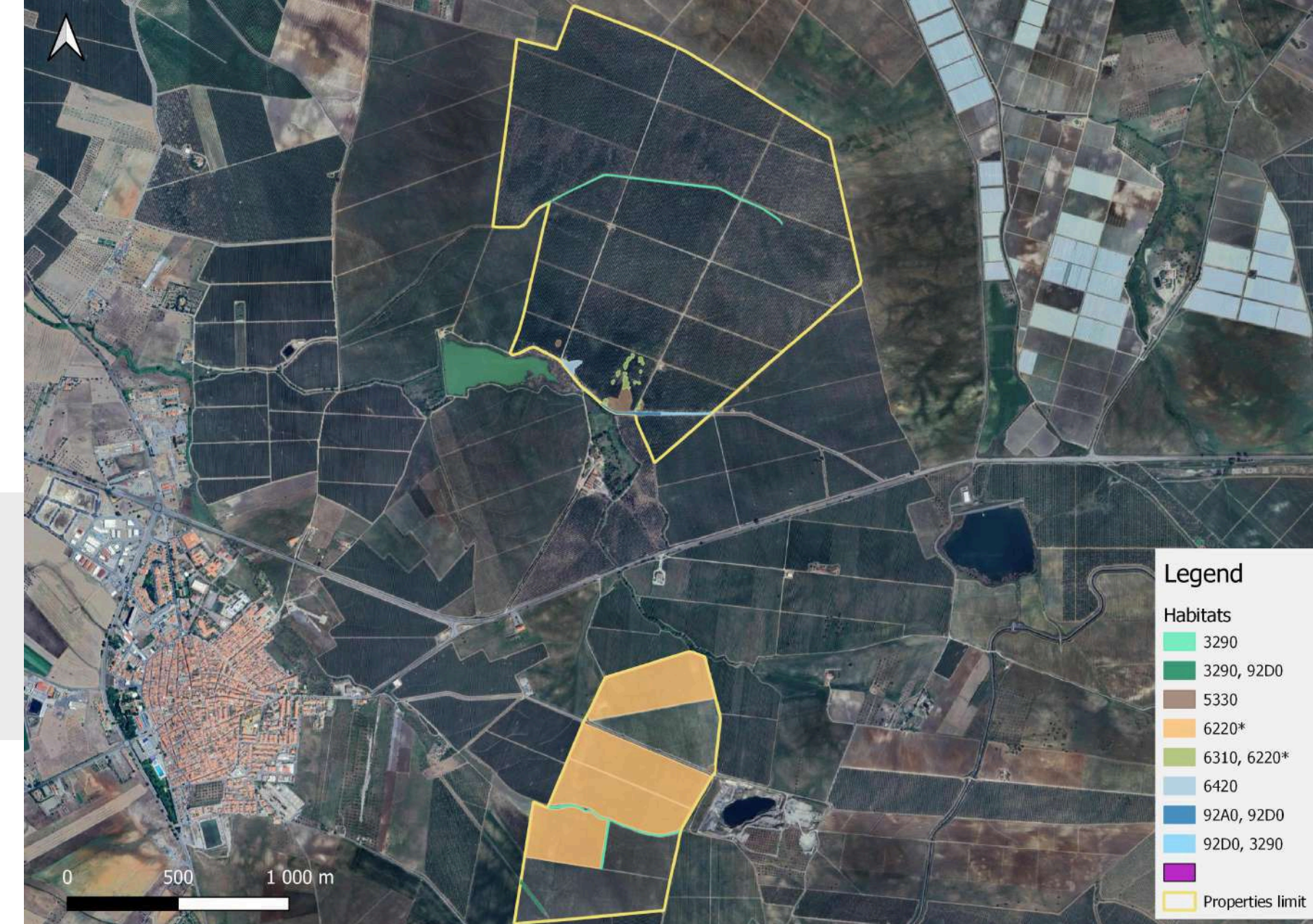
Common Kingfisher (*Alcedo atthis*)

Habitats

The habitats on the properties were assessed based on observations during a site visit in February 2025, knowledge of the region, and bibliographic analyses. Prior to the acquisition by companies owned by Pela Terra II of the rights to operate the land, little attention had been paid to nurturing or improving biodiversity. As a result, the overall level of conservation is low: only 0.4 percent of the land is made up of semi-natural areas.

A total of seven habitats were identified; however, all are vestigial.

The map shows the distribution of the habitats on the properties, along with management actions for each.



The following table gives details of the types of habitat on the properties along with their classification according to the Natura 2000 protected areas network⁵¹ and their current state of conservation.

Element	Habitat	Common Name	RN2000 Code	Relevance	Conservation Status	Area		Tendency from 3 to 5 years		Management actions
						Quinta de São Vicente	Palmeira	Without restoration or conservation measures	With restoration and conservation measures	
Water	Temporary mediterranean water streams from Paspalo-Agrostidion	Temporary stream	3290	Vestigial	✗	●	●	Decreasing to disappearing	Improvement of habitat	Restoring of river gallery vegetation.
Water habitat	Salix alba and Populus alba galleries	Riparian woodland	92A0	Vestigial	✗	●	●	Decreasing to disappearing	Improvement of ecosystem services	Afforestation with riparian gallery elements.
	Meridional river intermitente galleries (Nerio-Tamaricetea e Securinegion tinctoriae)	“Barranco”	92D0	Vestigial	✗	●	●	Decreasing to disappearing	Improvement of ecosystem services	Afforestation with riparian gallery elements.
	Mediterranean tall humid grasslands	Wet grassland	6420	Vestigial	✗	●		Decreasing to disappearing	Improvement of ecosystem services	Mitigate disturbances caused by harrowing. Implement water features protection and other ecological restoration measures.
Fire Shrubland habitat	Thermo-Mediterranean and pre-desert scrub.	Shrubland	5330	Vestigial	✗	●	●	Decreasing to disappearing	Increase in functional biodiversity	Maintain the current management.
Earth Grassland habitat	Pseudo-steppe with grasses and annuals	Perennial grassland	6220 *	Vestigial	✓	●	●	Stable and decreasing	Improvement of ecosystem services	Maintain the current management.
	Dehesas/Montados with evergreen Quercus spp.	Montado	6310	Vestigial	✗	●		Stable and decreasing	Improvement of ecosystem services	Implement holistic grazing with sheep.

Flora and Fauna

Despite the relatively poor availability of habitats on Quinta de São Vicente and Palmeira, a significant number of interesting flora and fauna species were identified during the biodiversity survey. This is partly due to the fact that some areas of Palmeira have unusually chalky soils, supporting the existence of species not usually found in this region of Portugal. For example, several specimens of the rare and near threatened *Euphorbia sulcata* and *Buglossoides arvensis* were observed, despite no previous records existing in this part of the country.

In total, 125 species of flora were identified, of which eight are classified as RELAPE (Rare, Endemic, Local, At risk, Protected or Endangered). Eighty-two species of fauna were detected, of which 10 are of conservation interest.

Details of the RELAPE flora and of fauna of conservation interest are given in the tables below.

Fauna

Species	Common name
<i>Alcedo atthis</i>	Common kingfisher
<i>Ciconia ciconia</i>	White stork
<i>Columba palumbus</i>	Common wood pigeon
<i>Curruca undata</i>	Dartford warbler
<i>Epidalea calamita</i>	Natterjack toad
<i>Galerida theklae</i>	Thekla's lark
<i>Lepus granatensis</i>	Iberian hare
<i>Lullula arborea</i>	Woodlark
<i>Lutra lutra</i>	Eurasian otter
<i>Oryctolagus cuniculus</i>	European rabbit

Flora

Species	Common name	Ecology	RELAPE typology
<i>Arisarum simorrhinum</i>	Friar's cowl	Mediterranean forests	Iberian-Maghrebi endemic
<i>Buglossoides arvensis</i>	Field gromwell	Traditional arable meadows, pastures and olive groves on alkaline soil	Rare
<i>Carlina racemosa</i>	Racened carline thistle	Pastures and fallows	Iberian-Maghrebi endemic
<i>Cynara humilis</i>	Wild thistle	Pastures and fallows	Iberian-Maghrebi endemic
<i>Elaeoselinum foetidum</i>	Deadly carrot	Scrubland clearings and mediterranean forests	Iberian-Maghrebi endemic
<i>Euphorbia sulcata</i>	African spurge	Alkaline annual lawns, in clearings of xerophytic scrub, on stony, thin soils of limestone origin	Near threatened (NT); rare
<i>Quercus rotundifolia</i>	Holm oak	Mediterranean forests	Protected
<i>Quercus suber</i>	Cork oak	Mediterranean forests	Protected



Eurasian Otter (*Lutra lutra*)



Field Gromwell (*Buglossoides arvensis*)

Agroecological value matrix

To understand the current overall agroecological status of Quinta de São Vicente and Palmeira and establish a baseline from which agroecological value can be measured, an Agroecological Value Matrix was used. In their current state, the properties have a combined value of 1.57 – corresponding to a low agroecological value. This is broadly in line with what is expected given that they currently have very few natural or semi-natural areas.

In the first half of 2025 the farm-level management plan currently under development will be finalised. This plan will include measures to preserve existing biodiversity and improve biodiversity through careful management of existing habitats and creation of new habitats where possible. It is expected that this will result in significant improvements to the Agroecological Value Matrix in the short term.

The details are set out in the table that follows.

Indicator	Agroecological Value Level				Current Level	Justification
	1	2	3	4		
1. Functional biodiversity <small>(only for production areas when these account for more than 50% of the property)</small>	No functional biodiversity structures	Functional biodiversity structures in ≤ 30% of the area	Functional biodiversity structures in between > 30% and < 50% of the area	Functional biodiversity structures in ≥ 50% of the area	2	In the production areas, the orchards (HD olive grove), which account for the majority of the property, cover crops are installed but soil cover is less than 30% and is very simplified, especially in Palmeira
2. Habitat of conservation interest	No habitat or only potential/vestigial habitats present in the area	At least 1 habitat present in the area	At least 2 habitats present	At least 2 habitats in good conservation status present in the area AND/OR 1 Habitat in good conservation status in at least 50% of the area	1	All the habitats present are vestigial
3. RELAPE Flora Species	Percentage of RELAPE flora species present in area ≤ 5	Percentage of RELAPE flora species present in the area between 6 and 12	Percentage of RELAPE flora species present in the area between 13 and 20	Percentage of RELAPE flora species present in area > 20	2	7,14% of the total correspond to RELAPE species
4. Habitat for wildlife of conservation interest	Area without feeding habitat or refuge, although there may be occasional records of circumstantial occurrence of species of conservation interest	Area with feeding habitat and refuge for species of conservation interest, but without connectivity between them	Area with feeding habitat and refuge area for species of conservation interest connected but small or patchy with known hazards	Area with feeding habitat and natural refuge for species of conservation interest connected	1	Fauna presence is mostly due to animals crossing to surrounding semi-natural areas with feeding and refuge habitat
5. Land dedicated to biodiversity <small>(non-productive areas and non-artificialized areas)</small>	0 to 25 % of the property area is dedicated to biodiversity	25 to 50% of the property area is dedicated to biodiversity	50 to 75% of the property area is dedicated to biodiversity	> 75% of the property area is dedicated to biodiversity	1	0,4% of the property correspond to semi-natural areas – areas not dedicated to production or artificialized
6. Areas of High Natural Value (HNVA)	0 to 25 % of non-productive areas are HNVA	25 to 50% of non-productive areas are HNVA	50 to 75% of non-productive areas are HNVA	> 75% of non-productive areas are HNVA	1	There are no HNVAs
7. Landscape Mosaic	0 to 1 of the 5 elements present in the area	2 of the 5 elements present in the area	3 of the 5 elements present in the area	4 to 5 of the 5 elements present in the area	3	Presence of 3 elements in the property (see habitats table)
Result					1.57	

Roadmap for the future

This report is the first in a regular series of impact reports. It has set out Pela Terra II's overall approach to measuring and communicating impact. It has also established a baseline for the properties currently managed against the six impact themes targeted by the fund, and provided details of the initial management plan for these properties.

Future reports will provide detail of progress against the baseline set out in this initial publication.

As the fund makes further investments, we will engage experts to conduct baseline analyses on each new asset acquired and create an individual tailored impact management plan for each, in line with the procedures established through this initial reporting exercise. We'll continue to pursue relevant third-party certifications across all areas of our activity, to help us monitor and track our progress against our peers.

We will continue to work with experts in Portugal and internationally to further develop and refine our impact measurement and reporting strategy, sharing and adapting emerging best practice where applicable and aiming to make a contribution through our work to developing the knowledge base around regenerative agriculture in the context of Iberian tree crops.



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Disclaimer

The Advisory Committee of Pela Terra II: Regenerate – Fundo de Capital de Risco Fechado have prepared the Impact Statement and Initial Report with the assistance of the advisors mentioned in the report.

The responsibility of this report and its information lies on its signatories; thus the Fund Manager and the fund shall not assume any liability. The Fund Manager believes that the information provided in this report, including any projections or forward-looking statements, is accurate and reliable, but should not be considered exhaustive or definitive, nor are the Fund Manager or the fund responsible for any errors or omissions.

The fund encourages readers to seek external advice from professional consultants to enable them to make a conscious and informed analysis and decision.

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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