Image: Coffee production (Source: Camocim)

Camocim Blueprint

Advisory Program on Financing Structuring

Task Force 2: Innovative Pilot Transactions

October 2025

REALIZATION

Nature Investment Lab (NIL)

SECRETARIAT

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REALIZATION **SECRETARIAT** **EXECUTION**

About the Nature Investment Lab

The **Nature Investment Lab (NIL)** is a collaborative, innovation-focused initiative designed to **unlock investments in Nature-based Solutions (NbS)**. NIL works to understand disruptive businesses and to develop and test **innovative financial models**, bridging capital with those driving restoration, sustainable use of natural resources, and ecosystem regeneration.

Its purpose is to **close the gap between investors and innovative businesses focused on restoration, bioeconomy, and regenerative agriculture**, by structuring mechanisms that enable impact-driven enterprises to access capital and scale their solutions.

As part of this effort, NIL launched a **public call** to identify and support companies distinguished by their work in Nature-based Solutions, with the potential to contribute both to the country's economic development and to the achievement of emission reduction and carbon removal targets established in Brazil's NDC.

These companies received **technical assistance in financial structuring**, aiming to make their projects viable and to **develop replicable and scalable solutions** that can benefit the broader nature investment ecosystem.

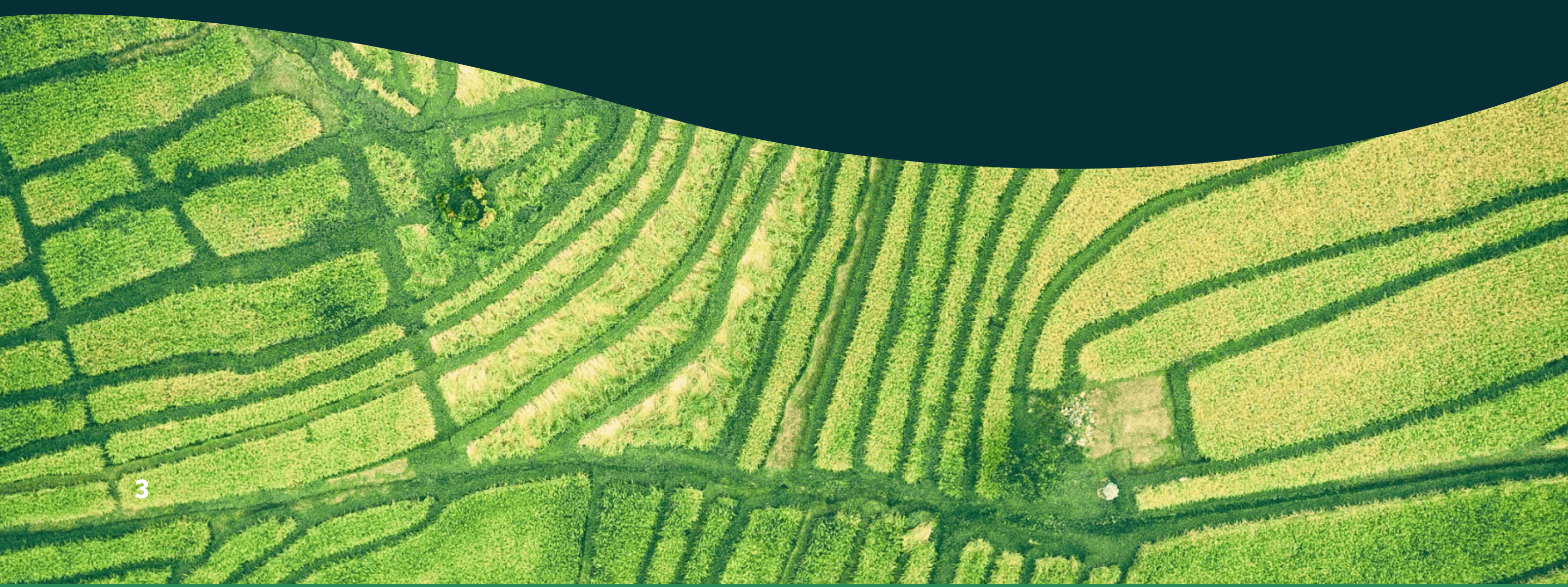

Image: Reproduction (NIL)

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Image: Camocim Farm (Source: Fazenda Camocim official website)

Introduction

Since its introduction to Brazil in the 18th century, coffee cultivation has followed a model based on monoculture practiced in large estates — a system initially driven by slave labor and later by immigrant workers.

In this traditional coffee-growing system, the intensive use of agricultural pesticides — which can lead to soil exhaustion and degradation — combined with monoculture practices that do not favor ecosystem biodiversity, are among the factors that negatively impact nature. These practices can also pose risks to the health of small and medium-scale farmers, as well as contribute to soil and water contamination.

In recent decades, the principles of sustainable development have brought to the sector the concept of **regenerative agriculture**, which seeks not only to preserve but to improve natural resources by promoting integration between cultivation and the regeneration of soil, water, and local biodiversity. **This concept forms the essence of the productive model that Camocim has adopted to structure its coffee-growing operations.**

Business Model

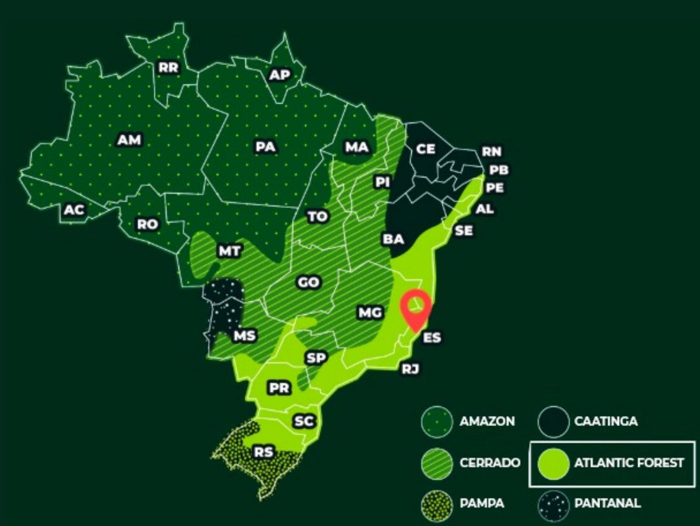
The Camocim Group, internationally recognized through the Jacu Bird Coffee brand, operates in the municipality of Domingos Martins, in the state of Espírito Santo, Brazil. On its farm dedicated to the production of specialty coffees, the Group has developed an innovative Nature-based Solutions (NbS) business model that combines regenerative and organic agriculture with the conservation of local biodiversity.

Fazenda Camocim is located in Pedra Azul, a mountainous region in Espírito Santo, southeastern Brazil. Its operations span **over 153 hectares**, positioned within an ecological corridor in the Tropical Atlantic Forest, at an altitude of 1,200 meters, with a **microclimate ideal for specialty coffee production.**

Espírito Santo is Brazil's second-largest coffee-producing state, accounting for over 30% of national production. Coffee cultivation is the main agricultural activity in 80% of the municipalities, generating approximately 400,000 direct and indirect jobs. **Family-based coffee farming represents around 73% of producers**, with average property sizes of 8 hectares.[1]

[1] Incaper (2021)

Image 1: Location of Camocim's operations



Source: authors (2025)

Image: Coffee beans (Source: Fazenda Camocim official website)

Camocim's Differentiator: Specialty Coffee and Regenerative Agriculture

Jacu Bird Coffee is produced from coffee beans that, after being ingested by the Jacu bird, undergo a natural fermentation process in its stomach and are later excreted back into nature. Following a rigorous sanitary and quality process, the beans are cleaned, processed, and prepared for commercialization. Jacu Coffee is exported to the United States, Europe, and Asia, where it can reach prices of up to US$2,000 per kilogram, making it one of the most exclusive and expensive coffees in the world.[2]

Although it is the most emblematic product — with high profit margins and largely responsible for Camocim's global recognition — Jacu Bird Coffee represents less than 2% of total revenue and is not the company's only product. In addition to it, the farm also produces Icatu Amarelo, Montanha, and Moka coffees, which currently account for the major share of the business's income. Together, these brands reach a market willing to pay a premium price for sustainability.

Camocim is a family-owned company that, since the beginning of its operations in 1996, has defined its mission as environmental regeneration and protection, guided by values of harmony, respect, and connection with nature and the local community. The farm applies **biodynamic agriculture principles integrated with regenerative models of Arabica coffee cultivation.**

[2] Camocim (2021)

Image: The Jacu bird and the coffee beans (Source: Mundo Agro Brasil, 2024)

In this context, beyond the production and commercialization of certified coffees, Camocim has established partnerships for research and development, promoted eco-tourism initiatives, and created a local coffee shop that welcomes visitors for tastings and educational experiences. The company also invests in community engagement initiatives, focusing on **helping small farmers transition to regenerative agriculture**, thereby contributing to both biodiversity conservation and local development.

The approach adopted since the early stages of cultivation has transformed what was once a degraded property into not only a productive farm, but also a benchmark in **productive rural real estate**. This model enhances the land's value by turning rural properties into high-performance ecosystems — increasing specialty coffee productivity while generating environmental services, such as carbon sequestration, and expanding opportunities in agritourism.

Currently, Fazenda Camocim cultivates over **450,000 coffee trees across 70 hectares**, managed through agroforestry systems that harness the strengths of the surrounding forest to benefit the crops. In these systems, the coffee trees grow shaded by native trees, enriching the soil, increasing biodiversity, and supporting natural pest control.

Approximately **one-third of the farm's total area is dedicated to Legal Reserves and Permanent Preservation Areas**, reinforcing the group's commitment to environmental conservation. In addition, the farm maintains its own reservoirs to ensure water security without impacting the municipality's public supply system.

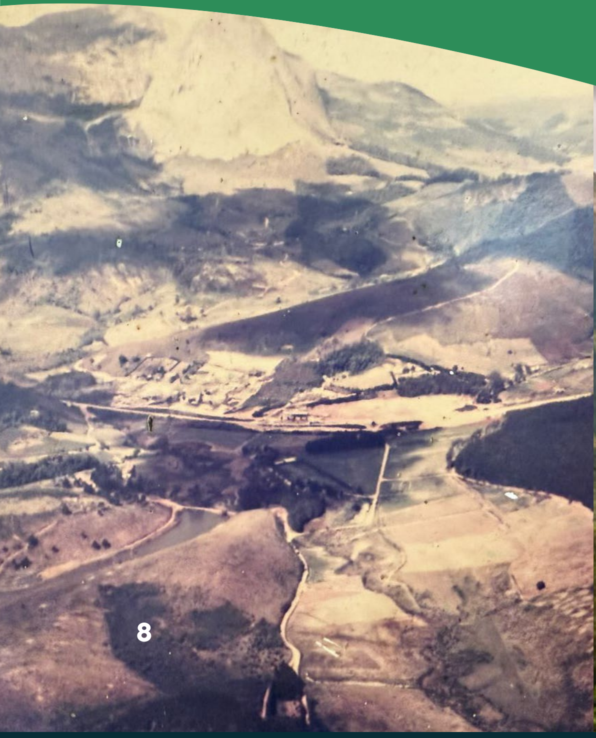


Image: Camocim Farm — past and present view (from left to right)

Camocim holds internationally recognized certifications from the IBD (Instituto de Biodinâmica), which attest to the authenticity of its chemical-free production. The company is also a member of key organizations such as the BSCA (Brazil Specialty Coffee Association). Moreover, it was the first coffee-producing farm in Brazil to obtain the Regenerative Organic Certified® seal — a certification based on rigorous criteria that evaluate soil health, animal welfare, and social justice.

Certifications and Awards

Local Engagement and Focus on Partnerships

Fazenda Camocim maintains an active and collaborative relationship with the local community, understanding that sustainable development also depends on social inclusion and the appreciation of regional culture. The enterprise prioritizes the hiring of local professionals, generating qualified jobs and strengthening the local economy. Since 2021, the farm has also run a visitation program that has already welcomed thousands of students, teachers, tourists, and coffee enthusiasts, transforming the property into a space for socio-environmental education and the dissemination of regenerative and biodynamic practices. Through these initiatives, Camocim contributes to community development, promoting training, knowledge sharing, and new opportunities for the region.

Image: Visitors learning about the Camocim process (Source: Camocim)

Academia and Research Centers

The farm has strengthened its position as a reference in innovation and sustainability through strategic partnerships with academic and environmental institutions. In collaboration with the Federal Institute of Espírito Santo (IFES), the farm hosts postgraduate students who conduct applied research in biodynamic and regenerative agriculture, transforming the property into a hub of knowledge and innovation.

In parallel, its partnership with the Biodiversity Institute (IBIO) led to the creation of the Jacu Bird Wildlife Foundation (JBWF), dedicated to the monitoring and preservation of the fauna and flora of the Atlantic Forest, particularly the Jacu bird, an emblematic native species of the region. The foundation receives 1% of the company's profits to fund its activities in research, conservation, and environmental education. This integration of science, preservation, and production reinforces the company's commitment to high-impact regenerative practices and consolidates its global reputation as a producer of specialty coffees that combine quality, sustainability, and socio-environmental responsibility.

Public Sector

For the past 25 years, the state of Espírito Santo has maintained a consistent public policy aimed at strengthening sustainable family farming, despite changes in political administrations over this period. This continuity demonstrates the government's commitment to preserving policies that deliver consistent results, such as the "Sustainable Coffee Program" — a pioneering national initiative that supports and differentiates the Arabica and Conilon coffee value chains, both essential to the state's agricultural economy.

Among the key support instruments is the Capixaba Institute for Research, Technical Assistance, and Rural Extension (INCAPER), which provides free diagnostics of rural properties in economic, social, and environmental dimensions, as well as technical guidance and soil laboratory analyses. These initiatives contribute to improving productivity and reducing environmental impacts, establishing a solid technical foundation for smallholder farmers.

In the municipality of Domingos Martins (Pedra Azul), this combination of state, regional, and municipal programs has created a favorable environment for sustainable agricultural development. Within this context, Fazenda Camocim's engagement stands out for aligning its biodynamic and regenerative agricultural practices with this institutional framework, reinforcing the convergence between private practices and public policy. This alignment amplifies the positive impacts of coffee cultivation in the region, both socioeconomically and environmentally.

Camocim's Current Scenario and Future Vision

A diagnosis of the current scenario and the development of a vision for the future were the main focus of NIL's work with the business.

Fazenda Camocim has consolidated a business model that integrates the production of **specialty, organic, and regenerative coffees** with environmental conservation and land value enhancement. With a strong and internationally recognized brand, the company achieves premium prices, distancing itself from the volatility of commodity markets. The **CaféBio Project** serves as Camocim's strategic plan to leverage its expansion and impact, capitalizing on public policy incentives in Espírito Santo that promote regenerative systems.

However, **financial challenges are driving the search for new funding sources to strengthen operations and expand impact.** Despite positive operational performance, the group faces the challenge of balancing its financial position, due to accumulated losses and outstanding tax liabilities.

The group's current accounting structure — operating under three main legal entities (Casa Sloper, HS Sloper, and Cafeteria Camocim) — requires a corporate restructuring and recapitalization before it can attract external investment. A strategic recommendation in this regard is the creation of a **family holdin**g company to consolidate governance, plan succession, and avoid asset confusion, incorporating into the holding all operational assets, including lands currently held under personal ownership.

Image 1: Camocim Group Structure

HS Sloper – responsible for exports, with an average annual revenue of approximately R$3 million and an EBITDA margin above 64%.

Casa Sloper – focused on the domestic market, with an estimated annual revenue of around R$9 million and an EBITDA margin of approximately 35%.

Cafeteria Camocim – retail and brand operation, generating around R$1 million in annual revenue.

The CaféBio Project: Strategic Fundraising Plan

The CaféBio Project is a Camocim initiative designed to provide technical and commercial support to over **100 family farms** of small producers, covering more than **1,000 hectares**, with the goal of promoting the transition to a **regenerative agroforestry production model** and integrating their specialty coffees into the premium market.

The CaféBio Project aims to achieve the following outcomes:

- Improved quality of life in the regions involved.
- Reduction of rural-to-urban migration.
- Decreased water consumption and preservation of water quality through the elimination of agrochemical use.
- Reduced carbon footprint of coffee production.
- Expansion of knowledge about Agroforestry Systems (SAFs).
- **Increased revenue per hectare by at least 50%.**

Figure 1: CaféBio's Impact Ambition

Indicator	2025	2030 Target
Managed areas	153ha	1,000ha
Organic coffee volume	3,000 sacas	10,000 sacas
Families trained and benefited	10+	50+

Source: *authors (2025)*

The project's implementation plan envisions the inclusion of **100 producers** across a total area of **1,000 ha of Agroforestry Systems (SAFs)**, maintaining **30% of forest preservation**. It is structured around the development of a regenerative complex, with annual expansion campaigns of 150 ha, based on models for converting conventional crops into organic/regenerative systems or for establishing new plantations.

Camocim will provide agricultural services, replicating its know-how in planting, harvesting, storage, and logistics for participating producers. In addition, the company will commercialize the production under its consolidated brand, which already exports to more than 27 countries. The essence of the project lies in **capacity building and technical assistance** for small producers, integrating them into the value chain.

Although Camocim's current average productivity is 50 bags/ha (with a potential of 60 bags/ha with irrigation) compared to 80 bags/ha in conventional systems, **the premium regenerative model delivers higher profit margins.** This is due to the export price of its specialty coffees — such as Jacu Bird Coffee, which sells for up to £1,400/kg.

The expansion potential of the CaféBio Project is particularly relevant given the land tenure context of the Pedra Azul region in Domingos Martins. Although Camocim's model enhances land value by transforming rural properties into high-yield ecosystems, expanding through the purchase of new land poses a challenge due to the region's increasing real estate appreciation.

Thus, the project becomes even more strategic by focusing on the integration of small producers through technical and commercial support, allowing for the expansion of production without acquiring new land. In this partnership-based model — where production grows on third-party land — a crucial learning is the need for caution and precision in implementation, recognizing that in such partnerships, it is essential to avoid operational failures on partner farms, as they can compromise the integrity of the entire model.

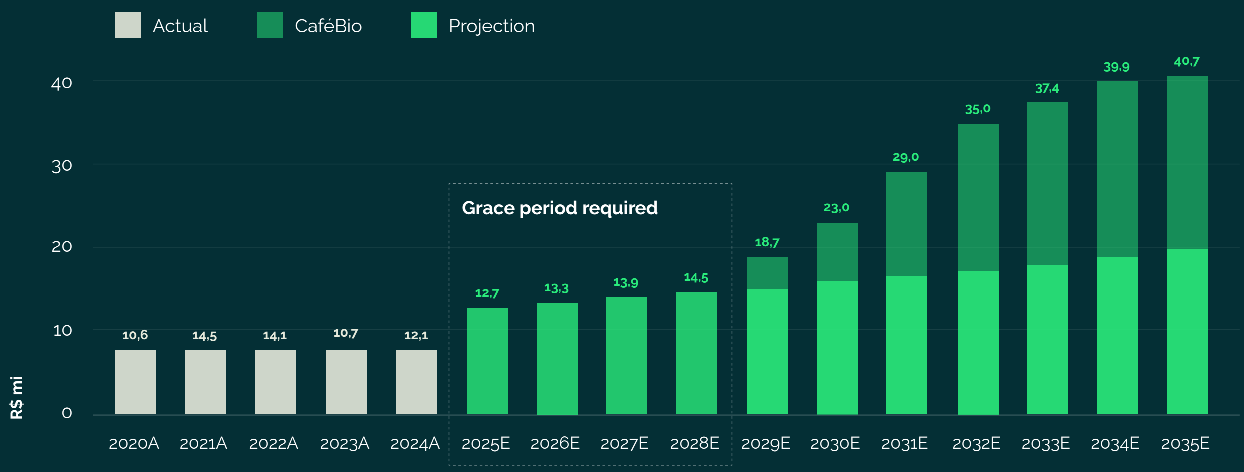
The Financing Journey

Historically, Camocim has accessed financing through programs such as Pronampe and rural working capital via Sicoob, as well as cash flow advances through the fintech Algrano. Currently, the company carries R$2.5 million in debt, with a high cost of capital at 20% per year, which negatively impacts its financial performance. Despite having strong collateral, including rural assets and equipment, the company faces challenges in securing long-term credit under favorable conditions from traditional banks.

Financial projections indicate significant revenue growth for Camocim following the implementation of the CaféBio Project:

Image: Andres Hernandez (Unsplash)

Chart 1: Current Revenue and Projections (in R$ million)



Source: authors (2025)

> Total revenue in 2024 reached **R$12.1 million**, with projected growth to **R$40.7 million by 2035** (considering the operational start of the project in 2026). This represents a **336% increase in revenue.**

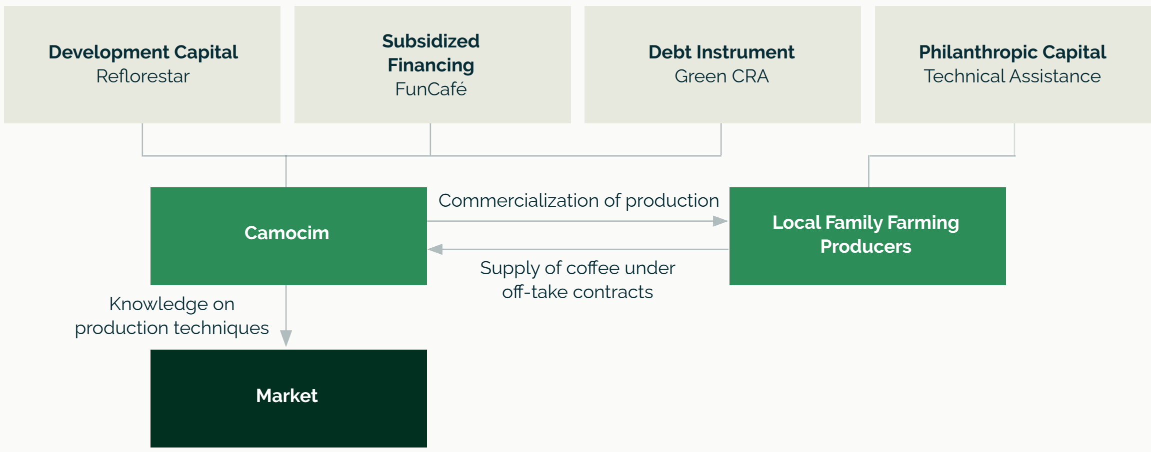
To consolidate the first phase of the CaféBio Project, Camocim is seeking a credit line of **R$15 million** for the **short term (2025–2027)**, aligned with the planned campaigns for identifying and developing new planting areas. Between **2026 and 2028, there is a cash flow gap, often referred to as the "valley of death"** — a period in which operational generation is still incipient and revenues from newly established areas do not yet fully cover expansion costs.

There are also indications of synergies and potential new long-term revenue streams, such as the sale of carbon credits and biodiversity credits, as well as the development of eco-tourism activities in the Pedra Azul region.

Financial Instruments to Enable the CaféBio Project

The proposed structure adopts a **hybrid financing (blended finance)** approach, combining different types of capital to mitigate the high cost of debt capital currently borne by the company (20% per year on a total debt of R$2.5 million). The initial financial mechanism is based on the design of a **Green CRA** (Certificado de Recebíveis do Agronegócio – Agribusiness Receivables Certificate), complemented by credit from the **Reflorestar Program** (BANDES) and a **philanthropic capital instrument aimed at funding technical assistance**. This combination will help mitigate the risks associated with the maturation period, reduce the average cost of capital, and support the planned expansion until the business reaches a positive cash flow regime.

Figure 2: Design of the CaféBio Project Financing Mechanism



Source: *authors (2025)*

The **Reflorestar Program** is the public instrument suggested to form the de-risking layer of the model, offering financing lines of up to R$15,000 per hectare for the implementation of Agroforestry Systems (SAFs) among producers participating in the CaféBio Project, with funds disbursed directly to the farmers. Camocim will act as the technical and commercial provider, structuring off-take contracts to ensure the purchase of coffee produced by partner farmers and its sale in the markets where the company operates.

NIL recommends implementing this project in three distinct phases, as shown in the table below. This phased approach is essential, as the project requires the gradual corporate maturation of Camocim.

Table 1: Suggested Phasing for the Implementation of the CaféBio Project

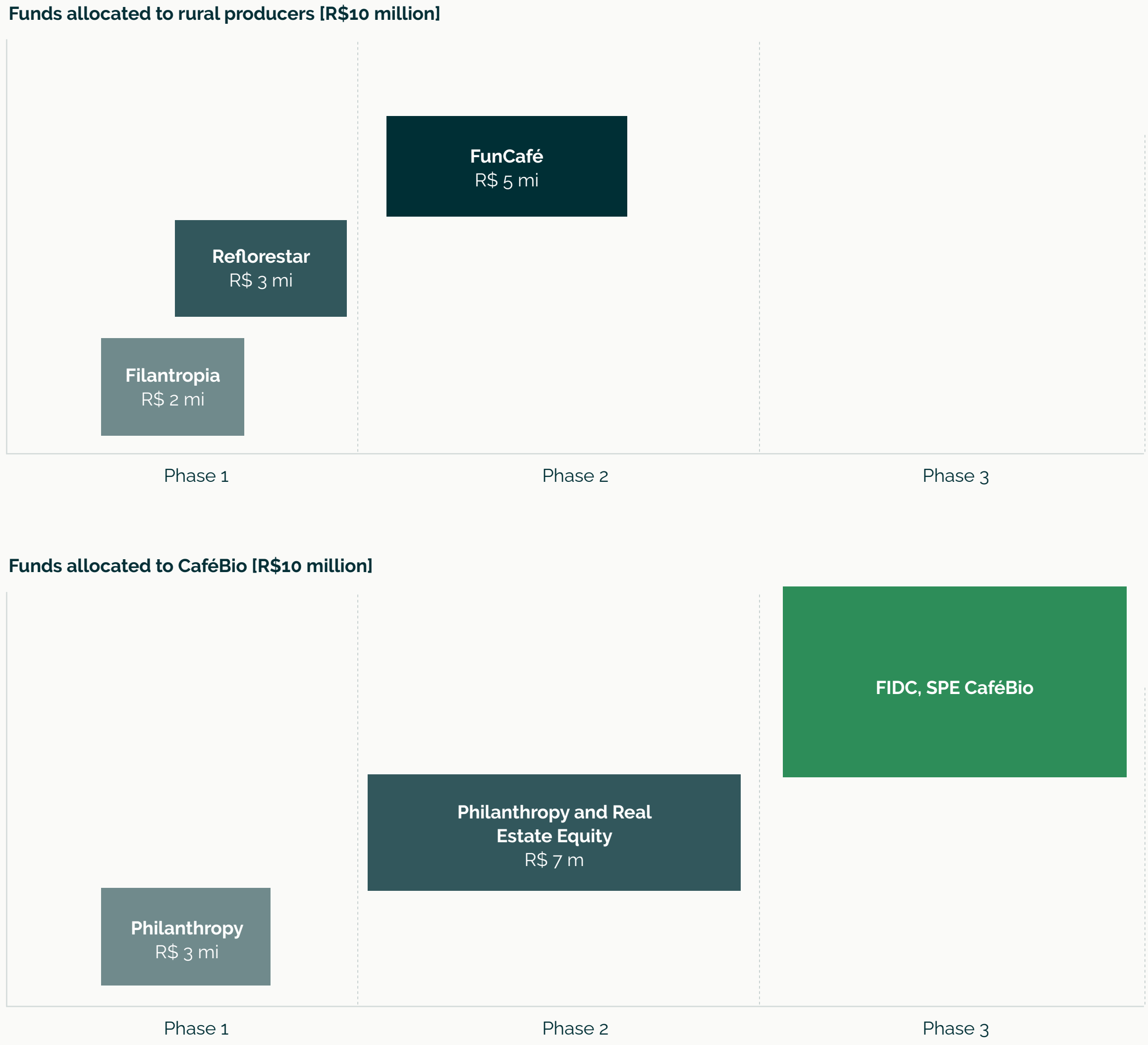
PHASE	STRATEGIC OBJECTIVE	MAIN DELIVERABLES	EXPECTED OUTCOMES
Phase 1: Structuring and Model Validation (2025–2026)	Build the operational, technical, and institutional foundation of CaféBio, ensuring the necessary conditions for the sustainable expansion of the regenerative agroforestry model.	• Technical-financial project structured and validated with BANDES, SEAMA, NIL, and impact partners. • Dedicated team trained in agroforestry management and sustainable finance. • Initial implementation of impact management (carbon, biodiversity, and productivity indicators).	• Proof of concept validated. • Operation ready to attract development and philanthropic funding.
Phase 2: Consolidation and Corporate Restructuring (2026–2029)	Overcome the cash flow gap ("valley of death") and prepare Camocim to access market-scale financial instruments.	• Full professionalization of management and establishment of executive and corporate governance. • Corporate restructuring through the creation of a family holding and unification of assets. • Implementation of integrated financial and environmental metrics (ESG). • Private fundraising via Green CRA.	• Financially balanced operation with positive cash flow. • Improved governance and transparency. • Structure ready to attract institutional and long-term capital.
Phase 3: Expansion and Corporate Consolidation (2030 onward)	Scale the CaféBio model, integrate new environmental revenue streams, and consolidate Camocim as a reference in Nature-based Businesses (NbS).	• Consolidated team with a formalized corporate structure. • Incorporation of guarantees into the balance sheet and management of land assets. • Audited financial statements and eligibility for international funds. • Implementation of Carbon and Biodiversity projects. • Integrated risk management (financial, environmental, operational).	• Financially solid company with auditable ESG metrics. • Stable and diversified cash flow. • Access to international impact capital.

Source: *authors (2025)*

Image: Oskar Kadaksoo (Unsplash)

To meet the investment demand and consolidate the CaféBio value chain, the following financing structures are recommended to support the short-term fundraising objective:

Figure 3: Proposed Allocation of Resources for the CaféBio Project



Source: *authors (2025)*

Phase 1: Catalytic and Development Structure (2025–2026)

• Estimated amount: **R$8 million**

• This phase includes low-cost, high-impact social instruments aimed at establishing the technical and operational foundation of the model:

  • **Philanthropic capital:** R$5 million, dedicated to technical training, agroforestry assistance, and community governance for both Camocim and small producers. It functions as a de-risking layer (reducing operational risk) and ensures the adoption of best regenerative practices.

  • **Reflorestar Program:** R$3 million, through BANDES/SEAMA, for the implementation of Agroforestry Systems (SAFs) among partner producers — primarily smallholders. Financial support is available for up to R$15,000/ha, with subsidized rates and a Payment for Environmental Services (PES) component, in accordance with SEAMA Ordinance No. 032-S/2025.

Phase 2: Private and Market Structure (2026–2029)

• Estimated amount: **R$12 million**

• Aimed at expanding working capital and strengthening operations during the cash flow gap ("valley of death", 2026–2028).

  • **Collective financing platform:** A digital structure designed to engage impact investors and individuals, enabling investments in green fixed-income instruments linked to production and reforestation contracts. The platform will operate under an ESG crowdlending model, offering returns tied to the productive and environmental performance of certified areas — broadening the base of patient capital and fostering social engagement in financing the agroforestry transition.

  • **Green CRA (Certificado de Recebíveis do Agronegócio):** Backed by contracts for the purchase and export of regenerative coffee signed between Camocim (off-taker) and partner producers. This structure allows for the advance of future revenue flows and reduces the cost of capital by incorporating **ESG metrics** and **environmental performance guarantees**. The Green CRA serves as a bridge between private credit and public financing, enabling the expansion of regenerative agroforestry systems with reduced risk and competitive financial returns. Collateral includes land assets, certifications, and off-take contracts, with a projected cost of 14–16% p.a. for Camocim.

  • **FunCafé and green credit lines:** Long-term capital (10–12 years) for expansion through land leasing and irrigation systems for small producers.

Phase 3: Consolidation and Expansion (from 2030 onwards)

• The total amount will be defined once the expansion plan is finalized.
• With operational balance and a mature business model, the company can access long-term instruments that require more complex management and structuring, focused on asset consolidation and territorial expansion:

- **Green Real Estate Equity / Green REIT (FII Verde):** structure designed for institutional investors interested in acquiring shares in certified regenerative rural assets, with projected returns of 8–12% p.a. This opens the possibility of raising funds through real estate structures, attracting a more conservative investor profile via the acquisition of productive land. The concept of “flexible guarantees” is central to the strategy, as it seeks to overcome the rigidity of traditional banks by combining internal assets (land, brand, and certifications) with innovative external mechanisms, such as a guarantee fund.
- **FIDC:** investment fund focused on financing seasonal campaigns and working capital needs, with rates between 15–17% p.a. and flexible terms, balancing liquidity and cash flow predictability for Camocim.
- **CaféBio SPE:** designed to isolate project risks and enable future issuances, such as Green Bonds.

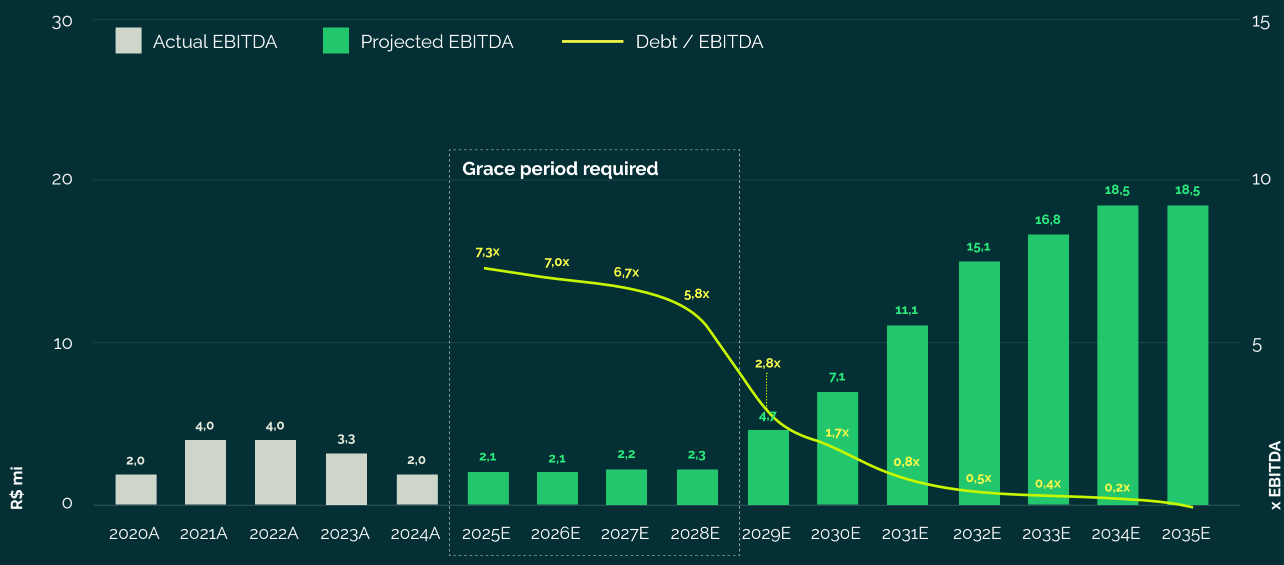
This blended approach makes it possible to bridge the “valley of death” between 2026 and 2028, reduce the average cost of capital, and **leverage R$1 of public capital for every R$2 of private capital**, following the guidelines of the **IDB, IFC, and GCF** for nature-based finance. The model is replicable and sets a precedent for **community-based regenerative agroforestry value chains** in Espírito Santo and other biomes.

Projected Evolution of EBITDA and Financial Leverage

Camocim’s financial projections show a consistent trajectory of operational growth and a gradual reduction in leverage, reflecting the progressive maturation of the investments made through the CaféBio Project. The chart below illustrates the evolution of Actual and Projected EBITDA (2020–2035) and the trend of the Net Debt/EBITDA ratio, which serves as the main indicator of financial solvency.

Image: Nathan Dunlao (Unsplash)

Chart 2: EBITDA and Total Debt (in R$ million)



Source: *authors (2025)*

The analysis shows that, despite the initial increase in indebtedness resulting from the projected fundraising of up to R$20 million, the Debt/EBITDA ratio decreases from 7.3x in 2027 to below 1.0x from 2032 onward, reflecting productivity gains, cash flow stabilization, and a significant increase in operational profitability.

The projected EBITDA grows from approximately R$2 million in 2025 to over R$18 million in 2035, driven by the expansion of regenerative production, access to new international markets, and the optimization of capital structure through blended finance instruments. This trajectory demonstrates a growing capacity for cash generation and financial resilience, consolidating Camocim as an operation capable of absorbing long-term capital with controlled risk.

> This evolution reinforces the thesis that the proposed hybrid financing structure — combining Green CRA, a collective financing platform, and philanthropic capital — is well-suited to reduce the average cost of capital and increase sustainable borrowing capacity, in line with the best sustainable finance practices adopted by organizations such as the IDB, IFC, and GCF.

Strategic Recommendations: Looking Beyond Financing

The Camocim Group currently operates under sole ownership, concentrated in its founder, Henrique Sloper. While this structure has proven effective during the company's initial growth phase, it now presents a critical consideration for the expansion of the CaféBio Project, particularly in light of the pursuit of institutional capital and the long investment horizon (10–12 years). **To ensure professionalization, continuity, and investor attractiveness, it is essential to implement a governance restructuring based on three key pillars:**

1. Creation of a holding company and formal governance: establish a family holding company consolidating the ownership of Casa Sloper, HS Sloper, and Cafeteria Camocim under a single structure. This measure aims to professionalize management, separate strategic and operational functions, and formalize governance through an advisory board and succession policies. It will be a fundamental step in preparing for the entry of new partners or investors, while maintaining family control and alignment with the regenerative principles of the business.

2. Incorporation of productive assets into the company's balance sheet: integrate land and productive assets currently under the owner's personal name into the company's balance sheet, facilitating the use of land as collateral in credit operations or for the issuance of the Green CRA. Additionally, eliminating asset commingling reduces legal risks related to enforcement, isolating labor or environmental liabilities from family assets. This is considered a best practice in rural corporate governance, observed in other blended finance operations and recommended for the sector.

3. Credibility and ESG standards: the adoption of a hybrid governance structure, combining family management with an independent advisory board, enhances credibility among impact investors and development banks (such as BANDES, BNDES, and FINEP). This structure also facilitates alignment with ESG reporting standards, such as the Taskforce on Nature-related Financial Disclosures (TNFD) and the IFRS S2 – Sustainability Disclosure Framework, which are increasingly required in sustainable finance instruments.

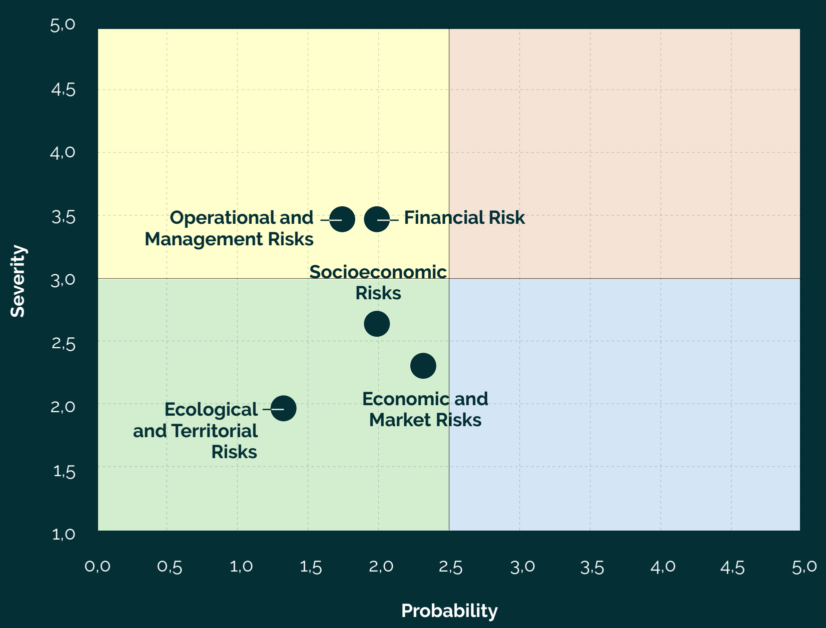
Finally, the formalization of a succession plan and the gradual inclusion of new technical and operational leadership will ensure the continuity of Camocim's legacy and safeguard the CaféBio expansion in alignment with the brand's founding values — environmental integrity, innovation, and positive social impact.

Risk Map

The risk map is a visual tool that categorizes and quantifies different types of risks — Ecological and Territorial, Socioeconomic, Economic and Market, Operational and Management, and Financial — in terms of their Severity (Impact) and Probability of occurrence. The Severity scale measures the potential impact of each risk, ranging from 1 (Insignificant), representing minimal impact that can be absorbed by day-to-day operations, to 5 (Very High), representing an existential impact that threatens business continuity. Meanwhile, the Probability scale assesses the likelihood of occurrence, ranging from 1 (Very Low) — such as climatic stability or balanced capital structure — to 5 (Very High), as in the case of an extreme weather event or imminent cash crisis.

Risks are plotted on a 2x2 matrix (with a threshold of 2.5) to determine the strategic priority for mitigation: critical risks (high severity and high probability) require immediate attention, while residual risks (low severity and low probability) can be accepted with periodic monitoring. This tool serves as a central element in investor assessments, highlighting the most direct threats to the company's viability and business plan.

Chart 3: Camocim Risk Map



Source: authors (2025)

The table below summarizes the main risks assessed and the ongoing actions implemented by Camocim to mitigate potential negative impacts.

Table 2: Main Identified Risks and Mitigation Actions

AXIS	PERCEIVED POTENTIAL RISKS	ONGOING RISK MITIGATION ACTIONS
Ecological and Territorial Risks	• Risk of crop loss due to frost or fires. • Water supply constraints and pressure on sanitation infrastructure.	• Planting during periods of low frost exposure. Individual and collective fire brigade actions in partnership with neighboring producers. • Expansion of water capture systems for irrigation and fire control support. • Restoration of farm areas and expansion of regeneration as a business model. • Use of legally registered reservoirs. • Use of biochemical or homeopathic products that do not contaminate soil or water resources.
Socioeconomic Risks	• Low availability of local labor. • Real estate pressure in the municipality, increasing land costs and reducing resource availability.	• Mechanization of harvesting, staff training, and community-based production expansion (core of the business model). • Strong engagement of local producers and landowners (conversion from traditional to regenerative coffee, recovery of unproductive areas, and transition of other crops to regenerative coffee). • Segregation of the farm into productive plots. • Active coordination with local governments (municipal level).
Economic and Market Risks	• Exposure to capital cost fluctuations. • Exposure to international exchange rate volatility. • Coffee price fluctuations.	• Positioning within the specialty coffee segment, with lower price volatility and higher demand growth. • Fundraising through subsidized sources (Philanthropy, Reflorestar, FunCafé).
Operational and Management Risks	• Need for management professionalization and corporate governance. • Productivity and impact management challenges. • Customs barriers for coffee exports to the U.S. • Adoption of a new business model based on community-owned lands.	• Entry of new business partners to professionalize management and hire services for audited financial statements. • Expansion of sales to diverse global markets to reduce exposure to the U.S. dollar and U.S. customs barriers. • Maintenance of strong relationships with local stakeholders (producers, academia, municipal government, etc.) to expand production across neighboring lands.
Financial Risks	• Tax liabilities. • Asset commingling (personal and business).	• Renegotiation of tax debts. • Incorporation of operational assets into the company's balance sheet.

Source: authors (2025)

NIL's Contribution to Camocim

Camocim represents a pilot case in regenerative agriculture with strong blended finance potential, combining measurable socio-environmental impact, premium product value, and a replicable institutional structure. With the consolidation of the actions recommended by NIL — including governance structuring, risk mitigation strategies, and structured fundraising — the CaféBio Project can become a national benchmark for community-based regenerative agriculture.

Through Task Force 2, the Nature Investment Lab (NIL) played a key role in enabling the project's financing. Within the scope of the Advisory Program, **NIL supported the structuring and implementation of CaféBio's financial model**, which included developing the capital leverage framework, projecting revenue growth (estimated at 336% by 2035), and defining the next steps to enhance management and governance structures.

The core of NIL's contribution lies in the design of an **innovative fundraising strategy** and the development of a blended finance mechanism that combines different forms of capital to reduce Camocim's high current debt cost. This short- and medium-term strategy encompasses innovative instruments not previously used by the company, such as development capital via the Reflorestar Program (BANDES) combined with philanthropic capital and the issuance of a Green CRA. In the long term, as Camocim's corporate maturity evolves, the company may access more sophisticated financial structures such as Real Estate Equity/FII, FIDC (Credit Rights Investment Funds), and the creation of a Special Purpose Entity (SPE) to complement the project's expansion plan and disseminate best practices across the state of Espírito Santo — positioning CaféBio as a national reference project.

Additionally, NIL played a crucial role in developing a detailed **risk map** for the CaféBio Project, a key tool for ensuring market and investor transparency. This mapping identified and analyzed the main risks associated with Camocim's business model across critical dimensions — **ecological, territorial, economic, sociopolitical, managerial, and financial.**

By clearly presenting these challenges, NIL allowed the project to be positioned not only for its impact potential but also for its realistic understanding of vulnerabilities, strengthening its credibility. This diagnostic phase is essential for securing investment.

The primary function of the **risk mapping was to highlight the mitigation actions already in place or under development**, enabling a safer environment for capital inflow. For instance, NIL proposed the **creation of a family holding company and asset segregation** to mitigate governance and legal risks. On the financial side, the Lab is developing a **Restoration Guarantee Fund** to mitigate credit risk and overcome collateral constraints. This proactive approach — identifying risks and proposing mitigants — ensures that CaféBio's expansion is perceived as a **structured, risk-managed investment opportunity**, facilitating engagement with investors.

Finally, NIL's experience connects Camocim with investors and key stakeholders in the Nature-based Solutions (NbS) ecosystem, promoting the case as a viability test for similar business models — particularly given its **high replication potential** within the regional coffee production ecosystem of Espírito Santo.

Image: Camocim Farm (Source: Fazenda Camocim official website)

Lessons for the ecosystem

Camocim's case is a compelling example of how knowledge about alternative financing mechanisms can unlock innovative projects. Before receiving advisory support, the company was limited to using its own capital and a few high-cost traditional credit lines.

The engagement of the Nature Investment Lab (NIL), in collaboration with the entrepreneur, leveraged new opportunities for access to capital by tapping into the potential of an innovation ecosystem built over years of collaboration among government, academia, and entrepreneurs. Throughout the Advisory Program, multiple funding avenues were opened — including development capital (via the Reflorestar Program), philanthropic resources (with strategic partners already active in the state), and capital market instruments, as well as other lower-cost financing mechanisms.

In this new fundraising journey, Camocim must strengthen its internal capacity to become more attractive and bankable, by professionalizing its management, institutional organization, and compliance with higher standards required by financiers and investors.

Among the key learnings that the Camocim case brings to the broader ecosystem are the following:

Knowledge of how to leverage different financing sources and capital market instruments can unlock innovative projects

Camocim was initially unaware of the available investment alternatives for its project. Its understanding of funding options was limited to own capital and traditional credit lines, which would have made it difficult to expand regenerative coffee production using only the sources it already knew.

The CaféBio Project represents a new model designed to enhance the regeneration of degraded areas and increase income generation for small producers. The combined use of the Reflorestar Program and philanthropic resources strengthens the replicability of regenerative coffee systems and multiplies social benefits. These non-reimbursable funds help both producers and Camocim build the technical and financial capacity needed to access new funding sources within the financial system once the project reaches maturity.

Public policies and local government action are fundamental to fostering innovation ecosystems

The opportunities proposed are only possible thanks to a longstanding commitment to innovation. For the past 25 years, the state of Espírito Santo has maintained a consistent public policy focused on strengthening sustainable family farming, despite changes in political administrations over this period.

This continuity reflects the government's commitment to preserving policies that deliver consistent results, such as the "Sustainable Coffee Program" — a pioneering initiative in Brazil that supports and differentiates the Arabica and Conilon coffee value chains, both essential to the state's agricultural economy.

Among the key support mechanisms, the role of the Capixaba Institute for Research, Technical Assistance, and Rural Extension (INCAPER) stands out. The institute provides free diagnostics for rural properties in economic, social, and environmental dimensions, as well as technical guidance and soil laboratory analyses. These initiatives contribute to increasing productivity and reducing environmental impacts, creating a solid technical foundation for family farmers.

In the municipality of Domingos Martins (Pedra Azul), this combination of state, regional, and municipal public programs has fostered an enabling environment for sustainable agricultural development.

Within this context, Fazenda Camocim's involvement is highly relevant, as it aligns its biodynamic and regenerative agricultural practices with this institutional framework, reinforcing the synergy between private initiatives and public policies. This alignment amplifies the positive impacts of coffee cultivation in the region, both socioeconomically and environmentally.

Capturing premium prices in international markets sustains Nature-based Business (NbS) models

Products originating from community-based and sustainable production systems have been gaining increasing acceptance in international markets, where certifications such as Organic, Fair Trade, Regenerative Agriculture, and Biodynamic are highly valued. These certifications go beyond attesting to product quality — they communicate ethical commitment, respect for the environment, and a positive social impact.

Fazenda Camocim has consolidated a business model that integrates the production of specialty, organic, and regenerative coffees with environmental conservation and land value enhancement. With a strong, internationally recognized brand, the company achieves premium prices, distancing itself from the volatility of commodity markets.

In addition to producing and marketing certified coffees, Camocim has established research partnerships, promoted eco-tourism initiatives, opened a local café to host visitors and offer tastings, and developed community engagement actions focused on helping small producers transition to regenerative agriculture. In doing so, the company contributes to biodiversity conservation and local development.

The expansion of production in areas under real estate pressure must consider environmental preservation opportunities as a central component of land value appreciation

The conversion of degraded land into productive, high-yield areas directly influences property value. In Camocim's case, it becomes clear that the real estate aspect — particularly rural real estate models — should be regarded as one of the core pillars of the business model. Land appreciation, for instance, increases the potential to offer collateral in financing operations.

However, it is equally important that the model not only enhances land value but also delivers environmental services, such as carbon sequestration, protection of water resources, and the promotion of additional economic activities like agrotourism, thereby expanding opportunities for local income generation. Sustainable economic development is essential to maintain the perceived differentiated value of the land and to reinforce the enterprise's socio-environmental contribution.

Image: Benjamin DeYoung (Unsplash)

Annex: Reflorestar Project, 2025

SEAMA Ordinance No. 032-S, published on April 7, 2025, in the Official Gazette of the State of Espírito Santo, announces the public call for the State Program for Payment for Environmental Services (PEPSA), implemented through the Reflorestar Program. The 2025 cycle aims to support 700 rural properties, prioritizing forest restoration and the establishment of Agroforestry Systems (SAFs).

Key Points:

- Legal Framework:
    - State Law No. 9,864/2012 (PSA-ES)
    - Federal Law No. 14,119/2021 (PNPSA)
    - State Decree No. 3,182-R/2012
- Funding Sources:
    - FUNDÁGUA (State Fund for Water and Forest Resources)
    - Loan Agreement with the World Bank (Agreement 95190-BR) under the Waters and Landscapes II Program
- Targets:
    - 700 rural properties or holdings in the 2025 cycle
- Support Modalities:
    - Planting of native species
    - Assisted natural regeneration
    - Agroforestry Systems (SAFs)
    - Silvopastoral Systems
    - Sustainably managed forests
- Contract Duration:
    - 5 years, with mandatory technical monitoring
- Types of Payment for Environmental Services (PES):
    - Short-Term: Financial support for inputs (seeds, seedlings, fertilizers)
    - Long-Term: Unrestricted funds for maintenance and recovery of environmental services
- Technical Assistance:
    - Support for project design and monitoring
- Financial and Technical Agent:
    - BANDES (Development Bank of Espírito Santo)
- Eligibility Criteria:
    - Rural Environmental Registry (CAR)
    - Minimum restoration area: 5,000 m^2

    - Location: Within eligible watersheds and without deforestation liabilities after 2008
    - Producer counterpart: Labor and maintenance
- Priority Beneficiaries:
    - Priority areas for water restoration
    - Aquifer recharge zones and ecological corridors
    - Family farmers, rural women, organic properties, and Private Natural Heritage Reserves (RPPNs)

Interpretation and Impact

The ordinance strengthens the integration between environmental restoration and rural productive inclusion, serving as a public blended finance instrument, especially when combined with private capital models such as CaféBio (Camocim).

Camocim's participation, or that of its local partners, may occur through direct enrollment as rural providers, or via technical support and coordination of family farmer networks.

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