

EARLY DISCLOSURE

The following information will be published on the AGRI3 website 30 days prior to contracting.

Transaction name	Biochar production from coffee residues in Brazil
Publication date	March 2024
Sector	Biochar/ coffee
Country and region	Brazil, Minas Gerais
Deal overview	The proposed deal entails a USD 2.5mIn facility from the partner financial institution, in which AGRI3 will take a 50% risk participation. The facility will have an eight year tenor to accommodate investments. The company has constructed a production facility that produces mainly biochar. The primary objective is to secure funding for both the construction and ongoing operations of a second biochar plant, in a different location
Description of the activities	The transaction will support a range of activities including: i) supporting farmers to adopt best practices of biochar use, ii) increase farmers' coffee yields through the adoption of biochar and iii) reduce waste stream of coffee residues by off taking the coffee husks for the farmers for biochar production.
Expected impact	<p>The expected impact identified thus far is mainly from the indirect impact that this project will have on the smallholder coffee farmers from whom the biochar manufacturer will source the coffee husks. The adoption of biochar best practices contributes to an increase in agricultural land under sustainable management in the region. In addition, the farmers will benefit from the offtake of their coffee residues and yield increase due to biochar use increasing their rural livelihoods.</p> <p>Sustainable agriculture</p> <ul style="list-style-type: none"> Adoption of biochar best practices by farmers (~400 farmers) with average landholding around 34ha <p>Rural livelihoods</p> <ul style="list-style-type: none"> Potential for improved production and lower input requirements for farmers due to biochar application
E&S risks and mitigants	The initial risk assessment identified a number of potential risks, with the main risks mainly limited to the management of process waste products, labour risks and to sharing the benefits of carbon credit revenues.

Contact details of fund manager

Parties can express their views on the proposed transaction to the Fund Manager by contacting info@agri3.com within 30 days of the publication date of the notice.