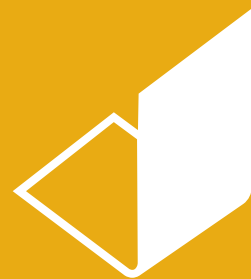


2020 Impact Report



FUNDO
VALE





This document represents the first impact measurement exercise after 2020, when Fundo Vale set its expected goals and results for 2025 and 2030, as part of its Theory of Change. This is the start of a journey and there is still room for improvement. The numbers presented here were self-reported by our partners, through interviews, reports or materials about initiatives. This represents an initial move toward the results we expect. For this reason, any future projections are not promises, but merely intentions to be refined. This impact report is a first step in an exercise that will evolve over the years, until 2030.



“We are a business promotion and investment fund created to generate positive social and environmental impacts.”





For an impactful legacy

The year 2020 saw a decisive, major transformation in **Fundo Vale**. It was a milestone in our history. We decided to look closely at our results in the previous 10 years, when we had brought together institutions and initiatives to promote sustainable development. Our track record was built up through solid partnerships in support of local governance, sustainable production and strategic monitoring of the Amazon.

We sought to scale up and enhance the impacts of our activities. So, we redefined our strategies and areas of activity, and we structured our expected results and impacts.

Reflecting deeply and working collaboratively with new and old partners, we created our 2030 Theory of Change, a strategic pillar that will guide us for years to come. We defined medium and long-term results, researching trends on the global social and environmental agenda, and we set ourselves the task of offering innovative solutions to support the sustainability commitments of our sponsor, Vale.

In 2020, we operated with a portfolio that combined expectations with and without financial returns. Thus, we directly made refundable investments to catalyze social and environmental businesses, complementing our business promotion initiative with strategic philanthropy. We reinforced our long-term commitment to foster and unlock access to financial resources and markets for social and environmental impact businesses.

We expanded our area of activity to all Brazil's biomes, while continuing to focus on the Amazon. The 2030 Voluntary Forest Commitment was our biggest challenge of the year. We located new sustainable value chains and focused on strengthening and developing financial mechanisms to attract public, private and philanthropic resources through projects aimed at creating a sustainable, fair and inclusive economy.

Welcome to our **2020 Impact Report**. We want to share this important moment of change and challenges with everyone. We seek to achieve our goals with partners and together improve our future and our planet.

We hope you enjoy the report!





Response to the pandemic

The year was also marked by the emergence of the global pandemic caused by the novel coronavirus, one of the greatest challenges facing humanity in the early 21st century. Radical and compulsory changes affected everyone's routines, and our transformation and production chain was obviously affected. In light of the harm caused in Brazil, we directly supported projects such as the COVID-19 Social and Environmental Response Plan, developed by Conexsus, which offered an emergency credit line and support to community businesses in the areas of family farming and extractive activities.

We had to adapt to new circumstances. We adjusted our actions and initiatives

to help businesses and the impact ecosystem overcome the pandemic's difficult social and economic effects.

Our support has not stopped, and we decided to expand into other areas as well. We are supporting initiatives to strengthen the impact ecosystem's dynamizing organizations. We have directly assisted some businesses in overcoming the crisis. We have also supported the actions of our sponsor, Vale, which quickly mobilized to provide humanitarian aid during the pandemic.

The situation remains challenging and we remain prepared to help promote the well-being of communities, traditional peoples and rural producers.





Contents



1 Who we are

- 1.1 Overview** page 8
- 1.2 Fundo Vale and Vale** page 9
- 1.3 Theory of Change** page 10
- 1.4 How we operate** page 13
- 1.5 The Amazon** page 15
- 1.6 Impact measurement and management** page 16

2 Results

- 2.1 Impact numbers** page 18
- 2.2 Initiatives implemented** page 19
 - 2.2.1 Impact ecosystem** page 20
 - 2.2.2 Impact investment** page 31
 - 2.2.3 Social and environmental innovation** page 35
 - 2.2.4 Voluntary Forest Commitment** page 38
- 2.3 Results of Theory of Change** page 42
- 2.4 Map of connections** page 48

3 Future

- 3.1 Lessons learned** page 50
- 3.2 A transformative year** page 51

4 Governance

- 4.1 Redesign** page 53
- 4.2 Financial statements** page 54
- 4.3 Credits** page 55
- 4.4 Acronyms** page 56

An aerial photograph of a lush green mangrove forest. A winding river flows through the center of the forest. In the background, there are rolling hills and mountains under a sky with soft, golden light, suggesting sunrise or sunset. The image is framed by large, overlapping geometric shapes in teal and yellow on the right side.

Who we are



Overview

Since it was founded, **Fundo Vale** has supported broadly structured projects for social and environmental transformation, contributing to a low-carbon, regenerative and sustainable economy. Over the last 10 years, **R\$135 million** has been allocated to around **75 initiatives** run by institutions, civil society organizations, associations, startups, projects, businesses and other impact solutions, building a legacy that combines conservation and restoration of endangered areas with social and environmental impact businesses, protecting more than **23 million hectares of forest**.

Our work has led to the construction of a network of partners that is working to promote the sustainable development of biomes, whether in sustainable cattle ranching and crop farming or in business models designed to keep forests intact. This work has also made it possible to scale up sustainable production projects, resulting in social and environmental impact businesses that support the bioeconomy.

Our decisions are guided and prioritized through objective analyses and the intention to generate positive social and environmental impact, always with the commitment to manage and measure impacts.



“More than mobilizing financial resources, Fundo Vale’s biggest capital is doing things together with people. Our greatest legacy is these ties we have formed with partner organizations. That is what supports our positive performance and keeps us moving ahead.”

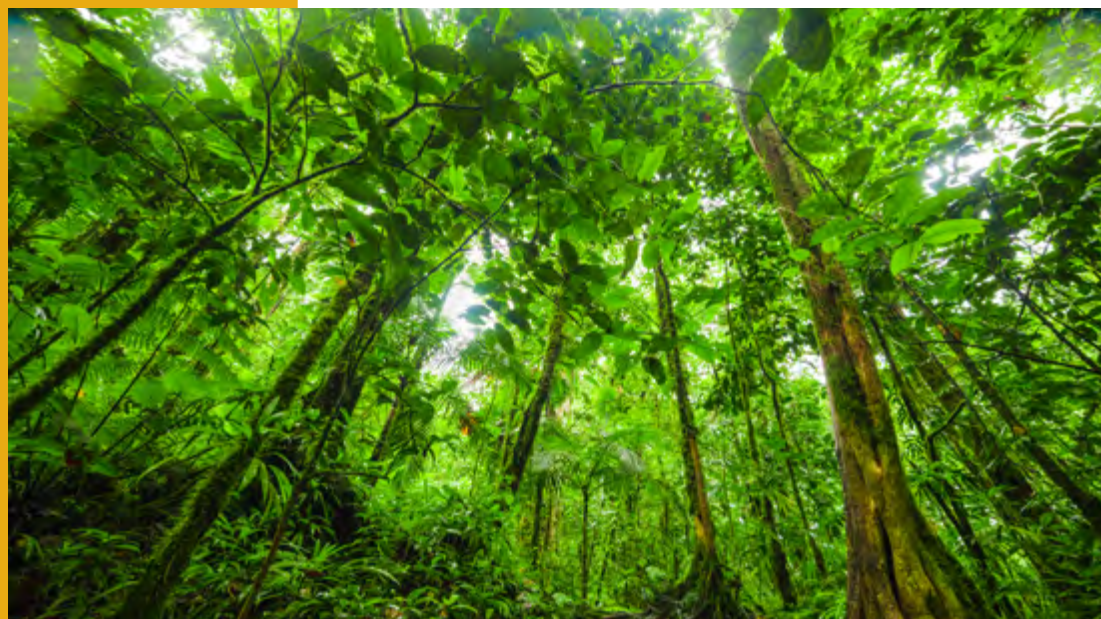
Patrícia Daros,
Director of Operations,
Fundo Vale



Fundo Vale and Vale

In 2010, the United Nations Sustainable Development Goals were still called the Millennium Development Goals and the Environmental, Social and Governance (ESG) agenda did not yet exist.

The same year, Vale, the world's second biggest mining company, launched its Sustainable Development Policy



and at the same time created **Fundo Vale**, through a voluntary private social investment mechanism with a social and environmental focus. In this way, it materialized its “global agent” pillar, contributing to environmental conservation initiatives in threatened biomes.

Ten years later, in 2020, [Vale reaffirmed its strategy and commitment to sustainability](#) and announced targets for 2030, 2035 and 2050 in the areas of climate change, energy, water, forests and socioeconomic contributions.

Some of these targets involve the participation and support of Fundo Vale. Through innovation and social and environmental impact businesses, the organization has contributed to the voluntary commitments made by its sponsor, especially in the areas related to its work agenda: forests and climate change.



Strategic synergies

Fundo Vale's alignment* with Vale seeks to arouse the interest of company employees and draw attention to social or environmental challenges that lie beyond the scope of business. This position shows that its alignment is related to themes and demands that are materially important to the company, while standing out by working with groups of specific beneficiaries or in areas that are beyond Vale's immediate interests.

*Based on a typology suggested by Heitmann et al. (2020) in a paper in the Stanford Social Innovation Review



Theory of Change

As **Fundo Vale** approached its 10th anniversary, it identified the need to revise its strategy and establish long-term goals. Thus, in 2020, it brought together partners, specialists, Vale leaders and its own team to organize the knowledge and lessons learned on this journey and discuss future trends on the social and environmental agenda.

This in-depth review led to **Fundo Vale's** 2030 Theory of Change, a set of principles, strategies, results, impacts and commitments to guide how **Fundo Vale's** resources will be allocated going forward, in line with its purpose. Through these guidelines, the organization proposes to work on business promotion (without expectations of financial returns) and impact investments (generating financial returns).

The document reaffirms the vision that to promote a new, sustainable and inclusive economy, **Fundo Vale's** agenda must go beyond the acceleration of social and environmental businesses and the creation of impact investment mechanisms, and also help strengthen the ecosystem as a whole.



Principles

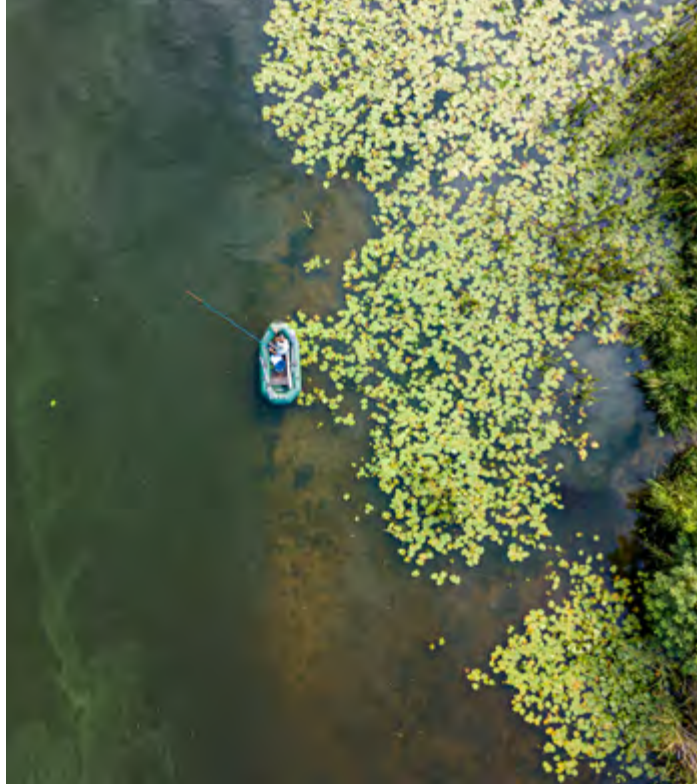
- ✦ We are here to generate positive social and environmental impacts.
- ✦ Our impacts are aligned with Vale's 2030 sustainability goals.
- ✦ Our capital is patient, catalytic and flexible.
- ✦ Our approach is systemic, understanding, coordinating and working with different stakeholders in the ecosystem.
- ✦ Our transparency, governance and efficiency are leveraged by a system for managing and measuring impacts.





Expected results

The changes expected from our Theory of Change are structured into two time periods and three layers, which guide **Fundo Vale’s** degree of governability.



Funding sustainability means funding the future. This is the long-term commitment made by **Fundo Vale**.

OUR RESULTS

2025

They express our “**sphere of governability**,” meaning results that can be controlled more closely and for which we are directly responsible.

OUR RESULTS

2030

They express our “**sphere of influence**” and contribution. It is considered that the results obtained up to 2025 will create favorable conditions for achieving the 2030 proposals.

Our impacts

Impacts express the high-level dimension related to **Fundo Vale’s “sphere of interest,”** meaning the area in which it wants to act, but that depend on a more complex system of cooperation that is beyond Fundo Vale’s control and governability. They are proposed as references for major transformations to be generated, to which Fundo Vale and other stakeholders are contributing.

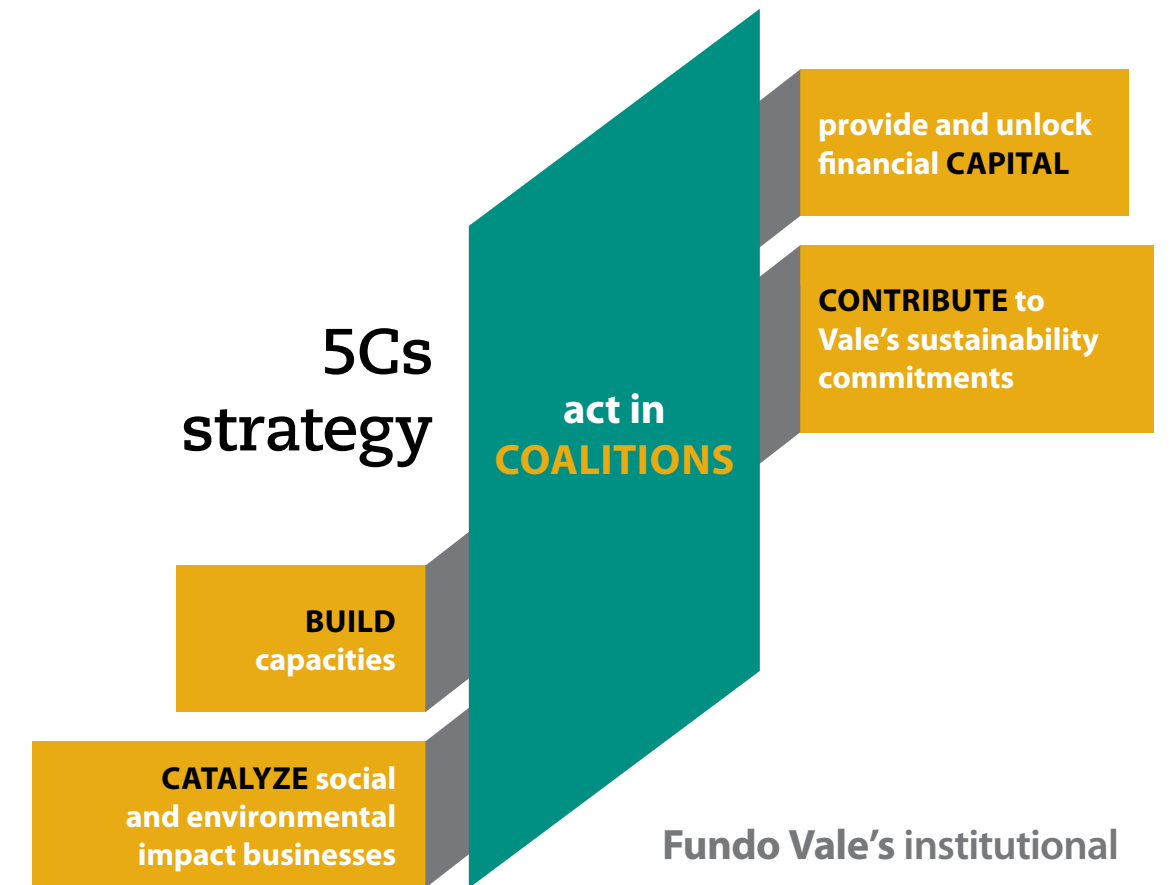
How we operate

To pursue its mission, **Fundo Vale** works with various stakeholders. This collaborative environment favors the sharing of knowledge between very different players: local agents, civil society organizations, multilateral agencies, institutes, foundations, investors and large companies. Based on this interaction and an analytical process, combined with practical experience, initiatives are negotiated and constructed, aligned with short, medium and long-term visions.

Our support for innovative business models seeks to scale up a regenerative economy, with intentionality and commitment in terms of positive impacts for the environment and people's lives.

Accordingly, **Fundo Vale's** allocation of resources is guided and prioritized by measuring and managing the impacts of philanthropic actions that strengthen the social and environmental impact business ecosystem and impact investment, based on two basic parameters: measurable positive impacts and financial returns. There is always a clear impact purpose, meaning that solving a social and environmental problem must lie at the heart of these businesses.

Fundo Vale's mission
To promote positive social and environmental impact solutions that strengthen a sustainable, fair and inclusive economy.



Fundo Vale's institutional strategies are focused on achieving the results set forth in its Theory of Change. They are: build capacities, catalyze social and environmental impact businesses, provide and unlock financial capital, contribute to Vale's sustainability commitments, and act in coalitions.

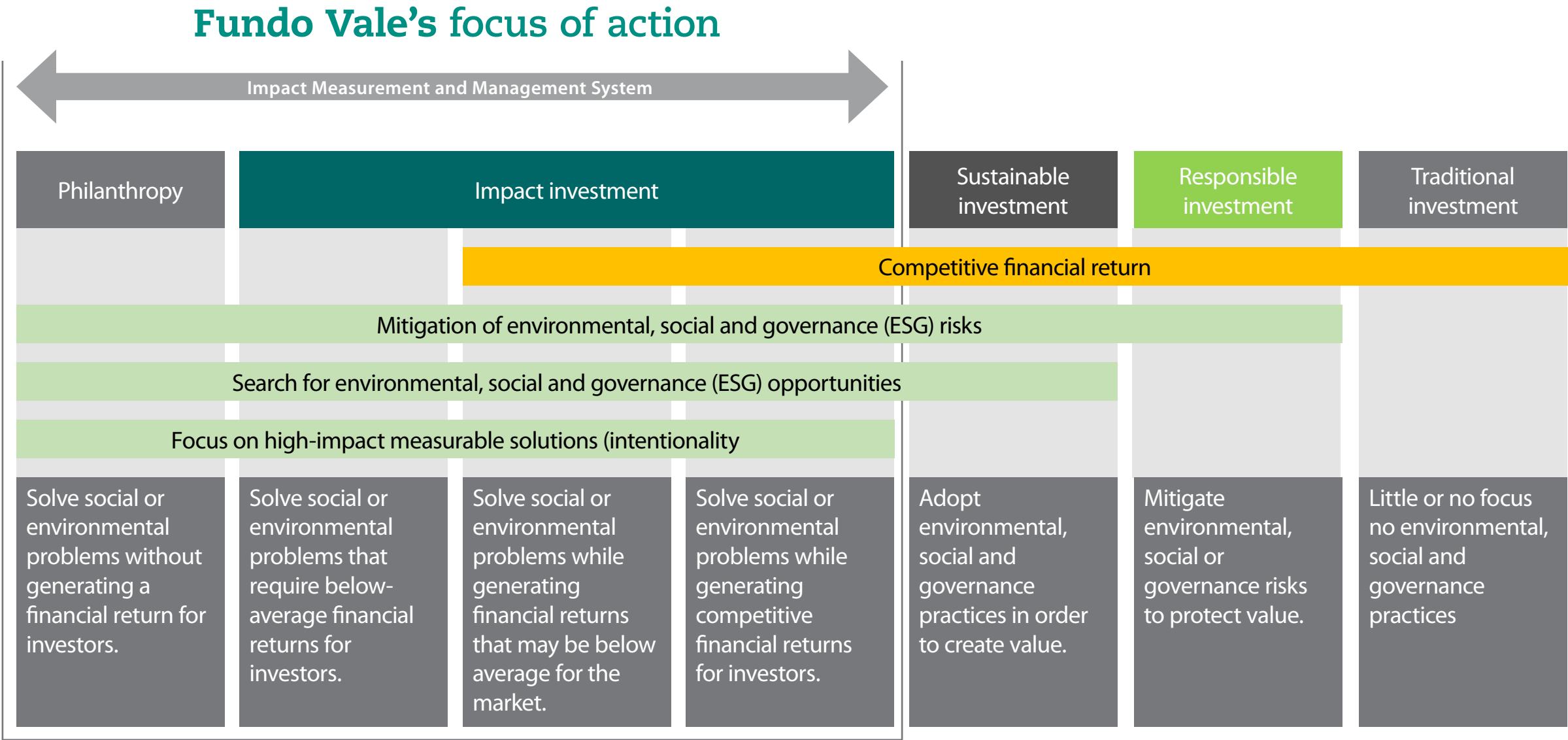


Fundo Vale’s impact businesses and investments are underpinned by four criteria, as stated by the [Alliance for Impact Investments and Businesses](#):

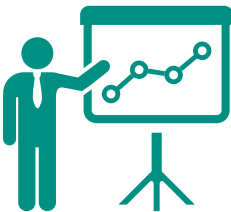
- 1) Intention to solve a social and/or environmental problem;
- 2) Generating these impacts is the business’ core activity;
- 3) Pursuit of a financial return;
- 4) Commitment to monitoring the impacts generated.

In line with these criteria and across the spectrum of investment possibilities, Fundo Vale aims to prototype innovative financial solutions that could be scaled up in future.

This investment strategy may be implemented through financial instruments that use a hybrid philanthropic and investment model, known as blended finance.



Source: Adapted from Sustainable Finance Task Force, Financial Innovation Laboratory.



***Blended finance is a combination of philanthropic capital and impact investment from various sources, such as companies, multilateral agencies, traditional investors or governments. The model allows the relationship between risk, return and impact to be adjusted to the characteristics of the social and environmental impact business that is being invested in. Since 2017, Fundo Vale has been studying and experimenting with these hybrid financial mechanisms and it made its first refundable investments in 2020.**



Amazon

The Amazon is home to 40% of the world's remaining tropical rainforests, 20% of its potable water and 20% of its species. It stores between 150 billion and 200 billion metric tons of carbon, giving Brazil a key role in the planet's climate balance.

If, on the one hand, this natural wealth justifies international concern about the conservation of the Amazon and the advance of illegal deforestation, it also places Brazil in a strategic and privileged position in relation to an economy that values intact forests, the restoration of areas and respect for local people.



Fundo Vale has now been working in this biome for 10 years. Without a doubt, it is the region in which the organization has made its greatest contributions, and it has built up a network of relationships involving more than 30 leading social and environmental institutions there.

While adapting its strategy to new challenges, Fundo Vale reaffirmed its commitment to the Amazon, defining it as a high-priority region in its plan. In 2020, it continued to support social and environmental impact businesses, as well as creating financial instruments suited to the

region's bioeconomy. However, we need to go even further.

Fundo Vale is aware of the long road ahead to ensure the fairer inclusion of traditional and riverine peoples in this forest economy. It believes that only a joint and synergistic strategy involving different stakeholders will deal with the region's complex challenges.



Achievements of the decade

- Supported 75 social and environmental projects.
- Ranked twice among the top 10 Amazon conservation funders.*
- Contributed to the sustainable development of more than 23 million hectares of protected areas as of 2020.

*By the Gordon and Betty Moore Foundation.

Membership of networks



- Partners for the Amazon Platform
- Amazon Investor Coalition
- Cooperation for the Amazon
- Brazilian Climate, Forest and Agriculture Coalition
- United Nations Science Panel for the Amazon



Impact measurement and management

The ambitious scale of activities proposed by **Fundo Vale**, designed to produce positive impacts for people, organizations and the planet over the next 10 years, aligned with several [United Nations Sustainable Development Goals](#), will require data and information to support decision making based on relevant evidence and lessons learned.

Fundo Vale is working in the field of impact measurement and management as part of a management cycle aligned with its Theory of

Change, featuring indicators and strategies for collecting, analyzing and using data. This impact measurement and management work is an emerging area of impact investment.

The organization's strategy is designed to track the financial performance and impacts of the supported initiatives. Based on this behavior and the attainment of results, our approach makes processes more efficient and governance more transparent. It makes it possible to robustly and effectively demonstrate high-level contributions to changes in the short, medium and long terms.

Fundo Vale intends to keep this management in constant alignment with global benchmarks to facilitate uniform taxonomy and comparison between experiences, such as proposals formulated by the [Global Impact Investing Network](#) (GIIN) in its catalog of metrics listed in IRIS+, as well as impact dimensions and asset classes presented by the [Impact Management Project](#) (IMP). **Fundo Vale** will also closely pursue the United Nations Sustainable Development Goals, in terms of both the 17 main objectives and their specific targets.

5

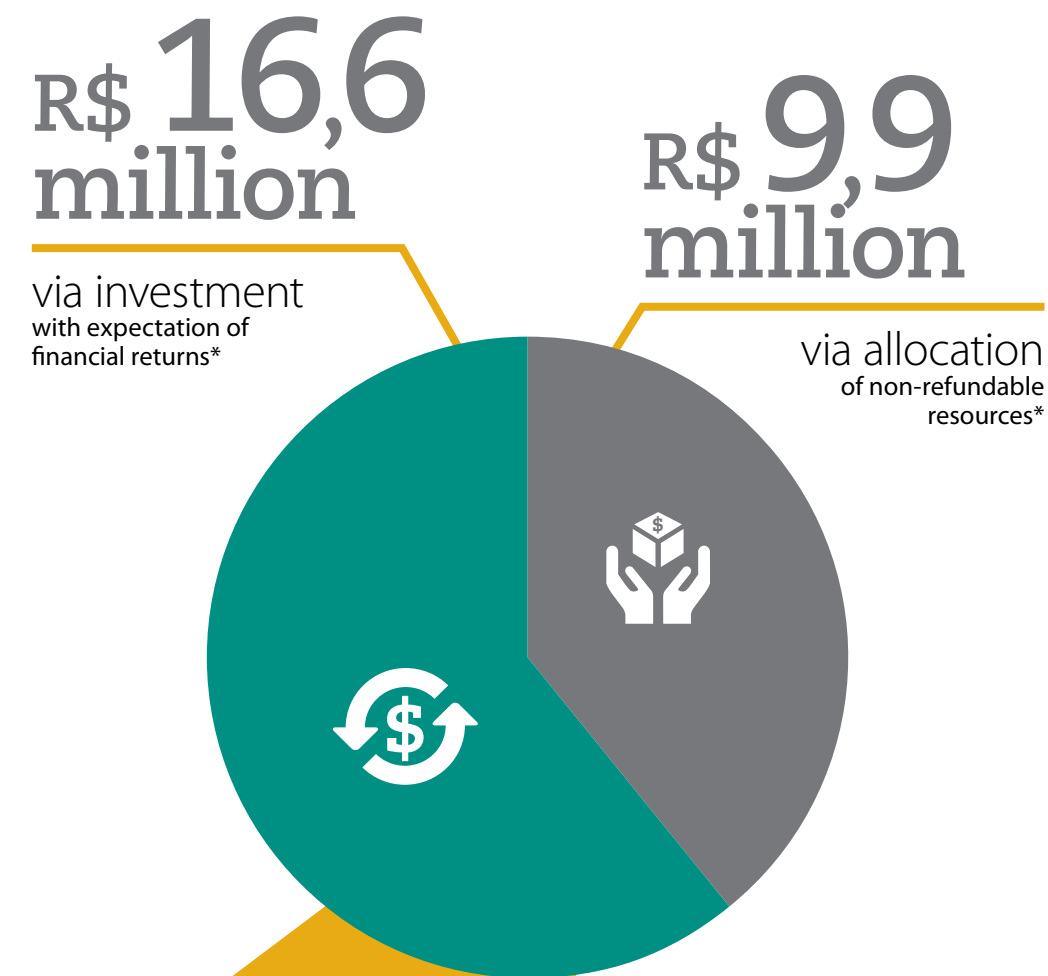
goals that guide **Fundo Vale's** impact measurement and management

- 1 Make evidence-based decisions.
- 2 ATrack its impact performance.
- 3 Maintain transparent relations with its stakeholders.
- 4 Guarantee impact intentionality when scaling up solutions.
- 5 Generate lessons and contribute to practices in the field.

Results

2





R\$ 26,5 million
of business promotion funds and impact investment allocated by **Fundo Vale**

* Figures related to contracts signed in 2019 and 2020, including as part of the 2030 Voluntary Forest Commitment.

496,300
hectares contributed for restoration, conservation and sustainable management

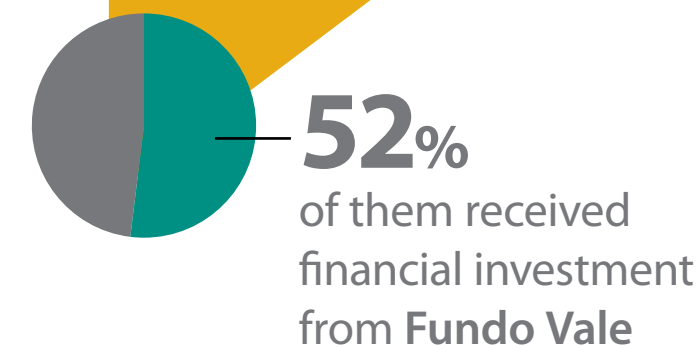
1,053.78
hectares restored through impact businesses in line with the 2030 Voluntary Forest Commitment, in three biomes across six Brazilian states



140 connections with other organizations in the field

Co-funders of initiatives supported by Fundo Vale and other technical partners

206
businesses supported and accelerated, including
110
businesses receiving financial investment from **Fundo Vale**



Around **18,500**
rural and extractive producers, as well as their families, benefited directly and indirectly by initiatives

12
studies supported to strengthen country activities

24
dynamizing organizations strengthened

31
seminars and other events supported

Iniciativas implementadas

In 2020, **Fundo Vale** supported 17 initiatives, involving 21 organizations, which received around **R\$26.5 million** of business promotion funds and investment. This support was split between four areas of activity.



2.2.1 Impact ecosystem

Support for impact ecosystem and social and environmental businesses through technical and financial cooperation.



2.2.2 Impact investment

Investment through refundable financial instruments in social and environmental impact initiatives.



2.2.3 Social and environmental innovation

Initiatives, alone or in partnership with Vale, to promote innovative solutions involving businesses and forest and climate agendas.



2.2.4 2030 Voluntary Forest Commitment

Pilot project for business promotion and investment in agroforestry initiatives.



Impact ecosystem

Fundo Vale continued along its journey to support the impact ecosystem and strengthen social and environmental businesses in 2020.



Click on the icons to see how these initiatives are connected to the 2025 results in **Fundo Vale's** Theory of Change.



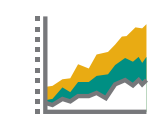
Structured social and environmental impact businesses, generating a financial return and with the potential to gain scale.



Dynamizing organizations with the organizational capacity to support entrepreneurs at all stages of development.



Vale employees, organizations and partner companies engaged in the impact agenda, focusing on a sustainable, fair and inclusive economy.



Financial instruments leveraging resources for the social and environmental impact sector.



Innovative impact solutions contributing to Vale's sustainability commitments regarding the forest and climate change agendas.

COVID-19 Social and Environmental Response Plan

PARTNER Conexsus
(Sustainable Connections Institute)

Other organizations involved

National Union of Family Farming and Solidarity Economy Cooperatives (Unicafes), National Council of Extractive Populations (CNS), GPA Institute, Climate and Land Use Alliance (CLUA), Good Energies, Arymax Foundation, Humanize Institute, USAID, Expand, Partners for the Amazon (PPA), Sitawi Finanças do Bem, B3.

Connection with Theory of Change's results



Implementation area
Action throughout Brazil (41% of benefited ventures in Amazon)

Description

The COVID-19 Social and Environmental Response Plan is designed to mitigate the pandemic's economic impacts on the financial health of community businesses and their base of producers. Support for enterprises takes place in various areas:

- Structuring and implementation of Conexsus Social and Environmental Fund, focusing on expanding the supply of capital to sustainable community businesses
- Non-financial support for family farming and extractive cooperatives and associations, in areas such as administrative and financial management, legal aspects, access to markets, marketing and sales.
- Activation of network and sharing of experiences between organizations to strengthen capacities in the social and environmental impact business ecosystem.

History of partnership

Conexsus was born in 2015, arising from debates between the organization's leaders and **Fundo Vale**. These reflections led to the creation of an initiative focused on supporting social and environmental impact community businesses. The first initiative was implemented in 2018. **Fundo Vale** has supported this organization from the beginning, adopting a distinct stance and convergent strategy. The partnership continues to unfold in different initiatives.

RESULTS AND PRODUCTS IN 2020

Communication actions

- 10 podcast episodes.
- 4 online seminars.
- 2 channels for communication with beneficiaries.
- 1 microsite updated every week and monthly webinars.

Advice for businesses

- Administrative and financial diagnosis.
- Organization of documents and enhancement of financial management.
- Help with accessing public policies.
- Modeling of Fundo CX to expand operating capacity.
- Analysis of credit projects for the Conexsus Fund's emergency credit line.
- 32,600 hectares benefited from emergency credit line.
- 30 agentes de crédito rural treinados para atuar junto ao Banco da Amazônia (parceria estabelecida).
- More than 100 organizations supported.

CLICK HERE TO FIND OUT MORE:

[COVID-19 Response Plan](#)



Partners for the Amazon Platform's Acceleration Program

PARTNER Amazon Conservation and Sustainable Development Institute (Idesam)

Other organizations involved

USAID, Humanize Institute, Climate and Society Institute (ICS), Sitawi Finanças do Bem, ICE and Mercado Livre.

Connection with Theory of Change's results



Implementation area

States in the Amazon region, Brazil (businesses may participate if they undertake to start up operations in the region within six months after the start of acceleration).

Description

The program focused its activities on supporting businesses selected in the 2018 and 2019 rounds, especially the 12 businesses invested in, which were affected by the COVID-19 pandemic. The acceleration process was converted into online format and an action plan was constructed based on a diagnosis of regions (Amazonas and Pará) and economic sectors that potentially lost or benefited. This plan focused efforts on sales, mentoring and support for businesses, investment plans and use of resources, logistics solutions and working capital.

History of partnership

Support for this program represents continuity of the partnership between **Fundo Vale** and Idesam, which is responsible for the program. The initiative arose out of the Partners for the Amazon's Entrepreneurship Working Group (GT1), created by USAID to engage the private sector in sustainable development in this biome. In 2018, the program launched its first acceleration round for businesses acting against illegal deforestation and predatory activities.

The program matured and in 2020, after two business acceleration rounds, it transformed into the Amazon Impact Accelerator (AMAZ), an impact accelerator and investor that provided the initiative with long-term sustainability.

RESULTS AND PRODUCTS IN 2020

- Partners for the Amazon Acceleration Program COVID-19 Action Plan:
 - Holding of webinars
 - Startups diagnoses
 - Monthly monitoring of businesses and quarterly and six-monthly monitoring of impacts.
- 30 businesses accelerated.
- 110,000 hectares of land sustainably managed for agriculture, extractive uses, etc.
- 5,000 restored/reforested hectares.

CLICK HERE TO FIND OUT MORE:



ppa

idesam

amaz



Bioeconomy Priority Program

PARTNER Idesam

Other organizations involved

INPA, INPA Incubator, Amoci, Embrapa, FAS, Amazônia Hub, Certi, ITC PES (Roraima Federal University), UFAC, UEA, CIAT, DD&L Advogados, Humanize Institute, Climate and Society Institute (ICS), PPA, USAID, Grupo Rede Amazônica.

Connection with Theory of Change's results



Implementation area

States in Amazon region, Brazil

Description

This program seeks to analyze and invest in research and business opportunities that value intact forests, such as projects, production chains, startups, cooperatives and small companies, to expand their impact capacity.

In 2019 alone, companies invested around R\$700 million in the program, encompassing active ingredients and new materials from the Amazon, environmentally friendly production systems, waste treatment and recycling, impact businesses and incubators.

History of partnership

The subject of the bioeconomy is the focus of the Partners for the Amazon's New Business Development Working Group (GT2). Building on its partnership with Idesam, **Fundo Vale** supported some initiatives in the Bioeconomy Priority Program (PPBio), defined by the Manaus Free Zone Agency (Suframa) for the Manaus Free Trade Zone. Executed by Idesam, the program aims to create local investment opportunities, encouraging companies, programs and projects related to sustainable development in the region, taking advantage of tax breaks provided by Brazil's Information Technology Law (Law 13,674 of 2018), which requires local technology companies to assign at least 5% of their gross revenue to research and development activities in the Amazon region.

RESULTS AND PRODUCTS IN 2020

- Strategic five-year plan for PPBio.
- Communication materials for the program, to engage companies: PPBio website and materials containing a teaser together with basic information and statistics about the project.
- Participation in the GSG Impact Summit 2019, which took place on November 18 and 19, 2020.
- 8 projects supported.
- 7 investor companies.
- 80 businesses mapped.

CLICK HERE TO FIND OUT MORE::



[Bioeconomia](#)

[Idesam](#)



Café Apuí Agroflorestal

PARTNER Idesam and Amazônia Agroflorestal

Other organizations involved

Viveiro Santa Luzia, Ouro Verde Association of Family Producers (APFOV), municipal government of Apuí, Apuí Municipal Environment Secretariat (Semma), Catie, Climate and Society Institute, Farm Rio, reNature, WWF, Avina Foundation, GIZ, Natura, ERM, VolCafe, WeForest and Eurocaps.

Connection with Theory of Change's results



Implementation area
Municipality of Apuí, Amazonas

Description

In 2020, this partnership was reestablished to strengthen the company that owns Café Apuí, Amazônia Agroflorestal, which was hard hit by the pandemic. The company focused its actions on structuring a financially sustainable business model, leveraging private investment to promote the transformation of the rural economy in the southern part of Amazonas. It also developed marketing actions and digital sales channels, as well as exports.

CLICK HERE TO FIND OUT MORE: 
[cafeapui](#)
[idesam](#)

History of partnership

Between 2012 and 2016, **Fundo Vale** established a partnership with Idesam to develop the Sustainable Apuí Project, in order to strengthen social and environmental governance and the sustainable economy in Brazil's "Arc of Deforestation," which is experiencing heavy pressure on its natural resources. In that period, around R\$2 million was allocated to structure sustainable land use in Apuí, leading to the creation of Café Apuí Agroflorestal.

RESULTS AND PRODUCTS IN 2020

- Publication of "From Plan to Impact Business: The Experience of Café Agroflorestal Apuí."
- Export of 10 bags of coffee in 2020 (one-third of output). Through certification obtained in 2019, it was possible to enter the European market.

- Creation of website for e-commerce www.cafeapui.com.br.
- Resumption of sales through e-commerce channel.
- Marketing campaigns to raise business' profile.
- 7 hectares of coffee planted plus another 5 hectares for corporate carbon neutralization, totaling 12 hectares planted.
- 40 families involved in coffee production benefited, including 18 families with organic farming certification.
- Farmers paid 30% above the market rate for their premium quality and organic output.
- 300% increase in farmers' income.

Lab Amazônia Logística

PARTNER Climate Ventures Institute

Other organizations involved

Climate Ventures, Idesam, AMAZ, PPA, Mercado Livre, Costa Brasil, Sada, Biobá, Auá Institute, Amazônia Hub, Conexsus, Way Carbon, Aquatro Cultura de Impacto, JHMA.

Connection with Theory of Change's results



Implementation area

States in Amazon region, Brazil

CLICK HERE TO FIND OUT MORE:

[Lab Amazônia](#)



History of partnership

This partnership with Climate Ventures arose when the organization was founded, in 2018. The relationship began at Climate Ventures' Climate Lab, to which **Fundo Vale** employees contributed by mapping challenges for the low-carbon economy and prototyping solutions to overcome these challenges. This experience also gave rise to the Logistics Lab and a partnership with **Fundo Vale** to implement it.

Description

This initiative sought to promote market access for products made in intact areas of the Amazon Rainforest through integrated logistics, sales and marketing services. The intention was to generate positive impacts throughout the production chain by prototyping and testing integrated solutions.

RESULTS AND PRODUCTS IN 2020

- 177 people mapped and engaged.
- 11 states represented.
- 15 production chains.
- 14,000 mil hectares conserved (indirect impact and contribution to conservation).
- 890 families involved (indirect impact).

Logistics:

- Consolidation of shared inventory across São Paulo, Galpão Biomas and Costa Brasil/Sada's general warehouse.
- Free weekly transfer of goods between Manaus and São Paulo (via coastal shipping).

Communication

- Integration of identity and development of microsite.
- Holding of three joint campaigns.
- E-book of Amazon recipes by famous chefs.
- Activation of Amazon entrepreneur influencers and 35 other leaders, including journalists, chefs, artists and health professionals.

Logistics and commercial numbers

- 433 orders shipped.
- 119 corporate packages assembled and delivered.
- 7,131 products received and stored.
- 8 Amazon enterprises participated in the pilot project: Amazônia Hub, Manioca, Nakau, Café Apuí, Peabiru Produtos da Floresta, Cacau River, Terra Amazônia, Farofa da Amazônia, Guaraná Maués.

Artificial intelligence to identify risk of deforestation and fires in Amazon

PARTNER Institute for the Amazon's People and Environment (Imazon)

Other organizations involved

Microsoft, Radix, Norwegian Agency for Development Cooperation (Norad), Climate and Land Use Alliance (CLUA).

Connection with Theory of Change's results



Implementation area
States in Amazon region, Brazil

CLICK HERE TO FIND OUT MORE:



[Imazongeo](#)

[microsoft](#)

[amazon](#)

Description

The first phase of the project, begun in late 2020, is continuing into 2021. The goal is to implement and spread geospatial technologies on Microsoft's Azure platform in order to: i) monitor clandestine roads in the Amazon; ii) predict the risk of short-term deforestation; and iii) identify and engage users with deforestation prevention and control applications through a design thinking process.

History of partnership

Between 2010 and 2014, **Fundo Vale** helped Imazon enhance SAD-3D, issuing twice-monthly bulletins to municipal governments in Pará, informing them of deforested areas, with a view to influencing public policy and strengthening the "Green Municipalities" strategy. This project led to the creation of ImazonGeo. In 2020, the partnership was resumed and a predictive platform featuring artificial intelligence was created. The project was presented and approved by Microsoft in its internal AI For Earth contest and **Fundo Vale** provided counterpart funds. This partnership contributed to joint work by Vale and Microsoft in other areas.

RESULTS AND PRODUCTS IN 2020

- 2 design thinking workshops involving 32 people and 15 organizations that could potentially use the platform.
- Ideas discussion with 40 participants.
- Definition of parametrization data for the platform's creation.
- Engagement of public officials and third sector representatives for future use of this information (BR-319 Observatory; Pará Public Prosecutors' Office Environmental Operational Support Center (Caoma), and Brazilian Climate, Forest and Agriculture Coalition).



Support for strengthening of impact ecosystem

PARTNER
Corporate Citizenship Institute (ICE)

Other organizations involved

Impact Hub São Paulo, Cosan, InterCement Institute, Boticário Foundation, Tide Setubal Foundation, Votorantim Institute, Mercado Livre, Mattos Filho Advogados, Sabin Institute, Derraik & Menezes, Tozzini & Freire, BMW Foundation Herbert Quandt, Sebrae, Anprotec, Telefônica Vivo Foundation, Bid Lab, Itaú, Lew’Lara Tbway.

Connection with Theory of Change’s results



Implementation area
Throughout Brazil

Description

Four areas of activity in the partnership were supported:

- Incubation and Impact Acceleration Program: initiative to strengthen organizations that support impact enterprises (recently renamed Impact Chains).
- Impact Investments and Businesses Forum, which in 2020 launched a digital version.
- Alliance for Impact Investments and Businesses, which in 2020 structured recommendations to move forward with the impact agenda in Brazil (launch in 2021).
- ICE Academy Program, which is strengthening the impact agenda at education institutions.

History of partnership

Fundo Vale got to know ICE in 2016, when it organized a group of partners to take part in the Impact Investments and Businesses Forum. The idea was to connect workshops on sustainable businesses in the Amazon with ICE’s event. In 2017, **Fundo Vale** was invited to participate in the Impact Foundations and Institutes (FIIMP), a laboratory created by ICE, in line with recommendations from the Alliance for Impact Investments and Businesses. Since then, considering **Fundo Vale’s** strategy to strengthen social and environmental businesses in the impact ecosystem, it has formed other partnerships with ICE.

RESULTS AND PRODUCTS IN 2020

- 5 organizations that support entrepreneurs were supported through Impact Chains, accelerators and incubators, in 19 Brazilian states.
- Holding of More Impact Forum, a three-day event featuring 500 participants, 100 volunteers and 20 speakers. (Another edition was held in 2021.)
- Publication of recommendations by Alliance to expand impact investments and businesses by 2025.

CLICK HERE TO FIND OUT MORE:



- ice
- impactamais
- aliança



Latin American Venture Philanthropy Network (Latimpacto)

PARTNER Phi Institute for Intelligent Philanthropy and Latimpacto

Other organizations involved

International Venture Philanthropy Center (IVPC), Arymax Foundation, Iguá Institute, Phi Institute, ICE, IDIS, GIFE, Wright Capital, Humanize Institute, Santo Domingo Foundation, UNACEM, Cemex, Bancolômbia Foundation, Eugênio Mendoza Foundation, CO Capital, Fútbol con Corazón, Acumen, Sura Foundation, Promotora Social Mexico, ICE, Nacional Monte de Piedad, Frisa Foundation, Femsa Foundation, WWB Foundation, Lanza, Mustakis Foundation, University of the Pacific, Arturo and Enrica Sesana Foundation, Puerto Asís Investments, Sudamerik, Acrux Partners, Corona Foundation.

Implementation area
Latin America

Description

This project, supported by **Fundo Vale**, aimed to develop network actions (courses, knowledge production and engagement events), especially in Brazil. Because of the pandemic, some initiatives had to be cancelled or adapted to online form, and the establish fundraising targets were revisited due to the less favorable environment for this type of donation in the field of philanthropy. Nevertheless, the network managed to carry out actions and mobilize new organizations about this subject.

History of partnership

Since 2018, **Fundo Vale** has been monitoring the subject of venture philanthropy and liaising with the European Venture Philanthropy Association (EVPA). In order to strengthen the impact investment and business ecosystem in Latin America, **Fundo Vale** monitored Latimpacto's creation and supported it in 2020, its first year. The network seeks to disseminate and promote more strategic philanthropy and investment, based on three principles: customized funding, non-financial support, and impact measurement. **Fundo Vale** is now part of the network's Strategic Committee.

RESULTS AND PRODUCTS IN 2020

18 webinars about new funding models for social investors, corporate initiatives and new strategies for philanthropy and strategic social investment.

- 8 newsletters about news and events related to the development of the impact ecosystem.
- 1 online course about the fundamentals of impact investment.
- Systematization of venture philanthropy case studies to carry out first study on the subject in Latin America.
- 4 studies on the topic conducted by the European Venture Philanthropy Association (EVPA).
- Creation of Latimpacto's governance bodies (Board of Directors and Advisory Board) and team, including leaders from Colombia, Mexico and Brazil.

Connection with Theory of Change's results



CLICK HERE TO FIND OUT MORE:

latimpacto

institutophi



Impact Foundations and Institutes (FIIMP)

PARTNER PHI Institute

Other organizations involved

BMW Foundation, British Council, Boticário Foundation, Tide Setúbal Foundation, Gerdau, C&A Institute, Corporate Citizenship Institute (ICE), Climate and Society Institute (ICS), Dynamo Institute, GPA Institute, Humanize Institute, InterCement Institute, Lab60+ Semente Oré, Sabin Institute, Vedacit Institute and Votorantim Institute. The group also received technical support from Aoka Labs and the Group of Institutes, Foundations and Companies (GIFE).

Connection with Theory of Change's results



Implementation area
Throughout Brazil

Description

The aim of FIIMP's second round was to understand businesses' challenges in each phase of the entrepreneur's journey: validation, acceleration and scaling up. To this end, 19 institutes, foundations and companies joined forces in two collective learning rounds (in 2019 and 2020). In 2020, six ecosystem intermediaries were supported. Over the course of two years (2019 and 2020), the initiatives selected by these intermediaries via a public contest received technical and financial assistance. After the pandemic began, the intermediary institutions took measures to tackle COVID-19 and coordinate donations of funds, the distribution of food packages and direct support for businesses, especially those owned by women and in poor communities.

History of partnership

FIIMP arose when 22 foundations and institutes (family, corporate and independent) came together in 2016 to learn about investing in social and environmental impact businesses, experimenting with the use of different financial mechanisms. It originated from the Innovation in Social Finance Lab, created by the Alliance for Impact investments and Businesses (at the time called the Social Finance Task Force). Fundo Vale has participated in FIIMP since it was created.

RESULTS AND PRODUCTS IN 2020

- Strengthened relations between 22 mobilized foundations, institutes, companies and other institutions.
- 6 impact business intermediaries supported, using different funding mechanisms, focusing on the entrepreneur's journey. They are Choice, Vale do Dendê, Semente Negócios, Din4mo, PPA and Fundo Éditodos.
- 48 startups or business ideas accelerated.

CLICK HERE TO FIND OUT MORE:

[Institutosphi](#)





Sponsorship of studies and events

PARTNER

ANDE, Pipe Social, Climate Ventures, Move Social and Converge Capital.

Connection with Theory of Change's results



Implementation area
Throughout Brazil

Description

Fundo Vale's financial support for studies and events connected to the social and environmental impact ecosystem involved various partner organizations and initiatives. As well as strengthening field activities by supporting the production of knowledge and organizing events, **Fundo Vale** also supported the sustainability of organizations related to the field in a crisis situation.

RESULTS AND PRODUCTS IN 2020

- Study on Impact Investments in Latin America – ANDE.
- 2020 Impact Map – PipeSocial (launched in 2021).
- The Green Wave – Opportunities to Start Businesses and Invest with Positive Environmental Impacts in Brazil (launched in 2021).
- Evaluation of Effectiveness of Impact Accelerators – Move Social (launched in 2021).
- Converge Capital Conference.

CLICK HERE TO FIND OUT MORE:



- [andeglobal](#)
- [pipe.social](#)
- [mapa2021](#)
- [aondaverde](#)
- [move.social](#)

Impact investment

Since 2017, **Fundo Vale** has been prototyping and experimenting with hybrid financial mechanisms (blended finance), in order to structure a strategy that can channel a greater volume of capital into the field, attract unconventional impact investors and allow resources to flow back and strengthen businesses. This is the beginning of a long-term strategy aimed at increasing the contribution of capital in impact investing.





Conexsus Social and Environmental Fund

PARTNER CX Investimentos Socioambientais

Other organizations involved

Good Energies Foundation, GPA Institute, Climate and Land Use Alliance (CLUA), Humanize Institute

Connection with Theory of Change's results



Implementation area

Throughout Brazil, with 50% of target allocated to Amazon biome and 50% to other biomes.

Description

Associations, cooperatives and impact businesses have been hard hit by the pandemic. Regular sales channels suffered from drastic drops in the number of sales, and the long-standing difficulty in accessing credit worsened. One of the solutions found was to offer easy and accessible credit to family farming and extractive businesses. The credit line operated under the following conditions: loans of credit R\$50,000 to R\$200,000, use of funds for working capital or surety to access Pronaf credit, organizations with annual sales of at least R\$1.2 million, interest rate of 6% pa, a grace period of up to 12 months, and repayment in 24 months. The granting of emergency credit was subject to the development of a plan that included administrative and financial advice. This measure sought to strengthen the management of community businesses.

History of partnership

Since the Conexsus Challenge, **Fundo Vale** has supported a pilot project to offer credit, as it believes in the idea of creating a fund that can expand the amount of capital available to social and environmental impact community businesses.

Through the COVID-19 Response Plan Emergency Credit Line, the Conexsus Fund strengthened its position as an important financial vehicle for this ecosystem, operating to develop and scale up impact businesses, especially community ones, in value chains linked to the conservation of forests and natural biomes.

In March 2020, the fund was one of the winners of the Global Innovation Lab for Climate Finance Lab's annual competition, which selected proposals for climate-related financial instruments. At the start of 2020, the fund has assets of R\$1.48 million, of which R\$500,000 was donated by **Fundo Vale**.

RESULTS AND PRODUCTS IN 2020

- ✦ R\$6.5 million in loans granted to 84 community businesses.
- ✦ 1 to 1.7 leverage of amount provided by Fundo Vale, through co-investors.
- ✦ 1 to 10 leverage of rural credit (Fundo Vale donated R\$500,000 and loans worth R\$4.7 million were made).
- ✦ 84 credit operations.
- ✦ Selected as "climate financial vehicles" by Climate Policy Initiative Lab in 2020.
- ✦ 10,500 family producers benefited from credit line, involving approximately 32,600 hectares.

CLICK HERE TO FIND OUT MORE:

✦ [Conexsus credit line](#)





Partners for the Amazon Acceleration Program – Investment

PARTNER IDESAM

Other organizations involved

CIAT/USAID, Humanize Institute, Climate and Society Institute, FIIMP, Grupo Rede Amazônica, Sitawi Finanças do Bem, Conexsus.

Connection with Theory of Change's results



Startups invested in

Navegam, Academia Amazônia Ensina, Peabiru, Na Floresta/Nakau, Ração + Qualidade e Nutrição: Oka Juice, Onisafra, Pratika Engenharia, Tucum, Manioca, Coex Carajás, Seringô.

Implementation area

All states in the Amazon region, Brazil.

Description

Of the 30 businesses accelerated as part of this program, 12 of them had access to investment (refundable), through a loan or convertible bond, depending on the need and profile of the initiative. These businesses in which Fundo Vale has invested are monitored more intensely, with monthly performance analyses, and they continue to participate in other activities in the program. To choose the businesses to be invested in, **Fundo Vale** took part in a shark tank-style investment round, which selected three businesses out of the portfolio.

History of partnership

As well as supporting business promotion through this program, **Fundo Vale** made its first investment as part of the Partners for the Amazon Acceleration Program. In this model, loan repayments remain in the program to reinvest in other businesses.

CLICK HERE TO FIND OUT MORE:

[ppa](#)
[idesam](#)
[amaz](#)



RESULTS AND PRODUCTS IN 2020

- ▀ R\$4.8 million invested in social and environmental impact businesses.
- ▀ 9 businesses invested in, including three of which Fundo Vale directly invested in: Na Floresta/Nakau, Manioca and Coex Carajás.
- ▀ Partners for the Amazon COVID-19 Action Plan: holding of webinars, diagnoses of selected startups, monthly business monitoring, and quarterly and six-monthly impact monitoring.
- ▀ 110,000 hectares of land under sustainable management/production (for agriculture, extractive production, etc.)
- ▀ 5,000 hectares restored/reforested.



Financial models

In order to prototype financial arrangements that meet the needs of social and environmental impact businesses, **Fundo Vale** tested various financial instrument models (equity free, loans, crowdfunding and equity) together with its partners, as shown in the table below:

Financial mechanism (modality)	Description	Program/ Partnership
Social and environmental loan, with or without co-investment	Loans such as: accounts receivable financing, working capital and unsecured loans.	FIIMP
Equity crowdfunding	Crowdfunding on Rede Dinheiro e Consciência (RDC) and Basement platforms.	
Matching funds	Financing combining direct funding with funding from other sources.	
Capital semente	Financing for early-stage businesses without market consolidation.	
Loan	Various types of loan instruments were tested, including secured and unsecured, revenue sharing, equity and convertible loans.	PPA
Debt (CCB)	Unsecured bank credit note issued in the context of the emergency situation generated by the COVID-19 pandemic.	Fundo CX
Convertible bond	Loan to companies aligned with the execution of the 2030 Voluntary Forestry Commitment, with impact-based interest.	2030 Voluntary Forest Commitment\



Social and environmental innovation

Innovation is a core aspect of **Fundo Vale's** strategy. The idea is to improve the efficiency of its pipeline generation and optimize its investment portfolio. This strategy is aligned with its 2030 Theory of Change and its contribution to Vale's forest and climate change goals.





Agroforestry Challenge

The Agroforestry Challenge was **Fundo Vale's** first acceleration program related to forests and climate. Executed in partnership with Vale Natural Reserve and supported by the **Troposlab** accelerator, it was designed to seek innovative solutions to expand agroforestry businesses while making an additional contribution to the 2030 Voluntary Forest Commitment.

The program encompassed six phases of development, including acceleration and validation of proofs of concept of social and environmental impact business models. **Sense Lab** then joined the initiative to apply the [C Model](#) to the accelerated startups.

MAIN RESULTS



6
startups
accelerated

15
startups pre-
accelerated

10
startups identified with AI,
IoT and Blockchain solutions



69
entries from
across Brazil



130
ideas
mapped



140
hours of
mentoring



25
mentors
involved

Connection
with Theory
of Change's
results



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desafioagroflorestal.com.br



The six accelerated startups were **FrutArca** (merger of Arca Natural and Frutável), **Inocas**, **Mel de Cacau**, **VerdeNovo**, **Iça-Aiba** and **Sistemas Integrados**. Inocas was selected to receive financial investments and it is now part of the business portfolio in which **Fundo Vale** is investing to reach the desired scale of forest restoration.

Through the Agroforestry Challenge, **Fundo Vale** sought to boost the open innovation ecosystem inside and outside the company, combining positive impacts with the innovation agenda.

In 2020, the program was rated the best initiative at the 30th Anprotec Conference, called "Innovation 4.0 Environments: Challenges and Opportunities in New Global Circumstances."

Vale Open Innovation

Fundo Vale's growing ties with the open innovation area represent an important step forward for the development of disruptive solutions that contribute to the achievement of Vale's sustainability goals.

Constant sharing, interactions and dialogue culminated in some initiative being proposed, such as a challenge for the **Mine 2.0 Program**. The challenge, called "Carbon Credits in Degraded Area Restoration and Forest Protection Projects," will be implemented in 2021, through a partnership between **Fundo Vale, the Vale Institute of Technology and Vale Natural Reserve**. It will contribute directly to Vale's Voluntary Forest Commitment and 2030 Climate Change Goal.

Connection
with Theory
of Change's
results



Aligned with Sustainable Development Goals to which Fundo Vale is contributing



Other join actions

Fiemg-LAB

Focus on inducing a low-carbon chain, seeking solutions that contribute to our 2030 commitments. **Fundo Vale** worked together to build this challenge and participated in the startup selection committees.

Open Innovation & Hubs Forum

Participation in forums, including "Special Innovation Day Livestream: Impact Innovation with **Ambev** and **Fundo Vale**" and "Innovation Ecosystems Transforming Realities and Regions," involving the **Certi Foundation, Darwin Startups** and **Fiesc**.



Mine 2.0 Program

This initiative is designed to help overcome global obstacles, forming agents for change who can contribute to the mining of the future, which is safer, cleaner and more efficient, as well as a more sustainable environment. It is one of the biggest open innovation programs in the global mining industry and it is the way Vale plans to solve some of its most strategic challenges. In this context, the program aims to promote the innovation ecosystem by holding 10 challenges at the company for external stakeholders.



2030 Voluntary Forest Commitment

Besides supporting the protection of natural areas, **Fundo Vale** has taken on the challenge of proposing a new approach to restoring degraded areas, through innovative initiatives that combine production chains and impact investment, contributing to a low-carbon economy.





Connection with Theory of Change's results

Fundo Vale's ambition – unprecedented in Brazil – is to restore 100,000 hectares of degraded areas by 2030 through solutions that combine environmental and social impacts together with financial returns. In this way, **Fundo Vale** is contributing to Vale's voluntary commitments regarding forests and carbon offsetting, helping to create objective conditions to structure the social and environmental impact business sector in the country.

Vale's public commitment is to restore and protect 500,000 hectares of areas outside the company's sites. This will involve protecting and conserving 400,000 hectares of forest and restoring 100,000 hectares of degraded areas. Accordingly, **Fundo Vale** recognizes the need to disrupt traditional ways of operating in the forest sector, which has tended to be based on large-scale monoculture plantations or forestry projects restricted to a logic of non-refundable resources.

Fundo Vale's experience in previous years and its operations as an impact investor, focused on promoting businesses that offer an attractive balance between risk, return and positive social and environmental land use impacts, allowed it to structure a pilot project that began in 2019, in partnership with **Impacto Plus**. In that year, 106 hectares of experimental planting was undertaken by Belterra and Caaporã, two incubated impact businesses with commercial models for restoring degraded areas through agroforestry systems.

Trajectory of sustainability commitment



“Collaborative construction, focusing on sustainable production chains, will enable our local interventions to be broad-based, because according to economic logic, the supported chains and businesses will have the correct incentives to keep generating impacts after 2030, avoiding more forest degradation and dependence on more resources from Vale.”
Gustavo Luz, Fundo Vale & Equity Stakes Manager

The studies carried out provided security for a more ambitious trial, focused on 1% of the total area, that is, planting 1,000 hectares in 2020, as a proof of concept. To do this, it was necessary to formally structure Belterra and Caaporã as impact businesses and, above all, to test the concept of the 2030 Voluntary Forest Commitment, to find out to what extent it would be feasible to restore 100,000 hectares through agroforestry businesses with social and environmental impacts.

Mapping businesses by organizing a portfolio of impact investment opportunities was the mission assigned to **Palladium**, a company that joined the project in 2020 to build its business plan. The collaborative management arrangement also included **Imaflora**, to execute the due diligence process for social and environmental safeguards, verifying businesses in the field. **Vale Natural Reserve** and **Vale Institute of Technology (ITV)** offered expertise in site restoration and management, as well as research, contributing to the project as consultative organizations within the arrangement.

15 opportunities were selected from among 59 initiatives mapped in 2020, demonstrating alignment with the Impact Thesis and the potential to restore an area three times the size of the Forest Commitment, associating solutions with positive social and environmental impacts and financial returns.

Despite facing an unexpected pandemic, which destabilized the operating logics of their plantations, **Belterra** and **Caaporã** implemented 1,053 hectares of areas across six Brazilian states (Pará, Bahia, São Paulo, Mato Grosso, Rondônia and Minas Gerais), meeting their objective and showing the viability of the 2030 Voluntary Forest Commitment. This was one of **Fundo Vale's** most significant results in 2020.

The two projects incubated in 2020



Belterra

Belterra is a rural partnership company focused on the development of scalable agroforestry systems that generate high value for producers, society and the environment. It seeks integrated solutions to connect producers in new productive arrangements, with greater potential for profitability, greater productive diversification and regenerative models. Consequently, it promotes reduced exposure to climate and market risks. Through innovative farm management models and partnerships with farmers, Belterra offers credit, technical assistance for the implementation of agroforestry systems, market intelligence and guaranteed production flows. In Belterra's business model, deploying agroforestry systems on a large scale is based on the principle of connection with large-scale demand. The company's key crops are cocoa, açai, cassava and livestock.

Caaporã

Caaporã is an agroforestry company that integrates poultry, swine, dairy and beef production chains. It is focused on promoting animal production in integrated crop, livestock and forestry systems, placing the tree component at the center of production. The company develops value-added products associated with the growing trend toward conscious consumption, healthy foods, low carbon emissions, animal welfare and fair trade. Through commercial coordination in the agribusiness chain, Caaporã encourages primary production, acting in four areas: contracts with pilot partners, own production units, co-investment, and shareholdings in agroforestry companies. Ensuring the participation of producers, especially family farmers, is based on the premise that it is necessary to offer technical assistance, technology transfer, access to credit and guaranteed product sales.

“With Fundo Vale, we are going to try to prove a thesis and we are convinced that it is viable. We will have something disruptive for the countryside, offering production models that combine tree planting with increased crop farming and cattle ranching productivity.”

Caaporã



This initiative aims to create a business environment for restoring areas on a large scale, promoting the following:

- ▀ Sustainable restoration of areas, replacing activities that degrade habitat.
- ▀ Access to credit, technical assistance and business modeling for rural producers.
- ▀ Social innovation and the creation of businesses based on synergies between production chains.
- ▀ Creation of products based on the bioeconomy, sold on a large scale.
- ▀ Development of new financial instruments with an agroforestry focus.
- ▀ Financing and access to markets with guaranteed product sales.
- ▀ Lower costs of restoring degraded areas through innovative solutions.
- ▀ Expanded investment capacity through investment returns.
- ▀ Support for the development of a forest carbon credit market.



This experience contributed to another major results in 2020: the testing of models for partnership contracts oriented to the land of partner producers (small rural products), leased land and land owned by businesses.

Considering that our ambition to restore 100,000 hectares demands significant financial investment and minimum guarantees to generate security for businesses, the Forest Commitment's sustainability design requires links with new investors and commercial partners

“After we signed the contract, the marathon of creating Belterra began. From scratch! We had ideas, people and experiments, but we needed to create our operational capacity. This involved mobilizing the team during the pandemic to develop our structure.” Belterra

(off-takers). These aspects also gained attention and made progress in 2020, in terms of the design of a private equity fund to order the entry of new funders and the consolidation of memorandums of understanding with potential purchasing companies.

By the end of 2020, the 2030 Voluntary Forest Commitment had been shown to be conceptually and operationally feasible, and it underpins our vision for 2021, now focused on working together with five businesses (**Belterra, Caaporã, Bionergia, Inocas** and **Regenera**) to plant another 5,000 hectares.

In this way, Fundo Vale strengthened its “Impact Carbon Thesis,” seeking a new agenda for restoring degraded areas in Brazil, associating climate change mitigation with positive social impacts. It also positioned itself as one of the foremost investors in structuring the country's social and environmental impact business sector.



Results of Theory of Change

Despite the challenges of 2020, the initiatives supported by **Fundo Vale** were able to achieve significant results for their stakeholders. The following analysis presents five areas of results based on interviews with **Fundo Vale** and its partners.

These results are connected to the organization's Theory of Change and they represent the advances expected for 2025:



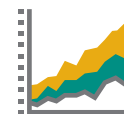
Structured social and environmental impact businesses, generating a financial return and with the potential to gain scale.



Dynamizing organizations with the organizational capacity to support entrepreneurs at all stages of business development.



Vale employees, organizations and partner companies engaged in the impact agenda, focusing on a sustainable, fair and inclusive economy.



Financial instruments leveraging resources for the social and environmental impact sector.



Innovative impact solutions contributing to Vale's sustainability commitments regarding the forest and climate change agendas..



Result

“In 2020, we showed that it is possible for a third sector project to turn into a business. We became a leader in relation to this. This will inspire many organizations. The year 2020 was our turning point: we set up the company, boosted it, opened an e-commerce channel, expanded our revenue and survived the crisis. Without this final support from Fundo Vale, this transformation would not have been possible.”

Café Apuí

Structured impact businesses

There were eight initiatives through which it was possible to support impact businesses. The main systemic results generated by these initiatives were as follows:

Businesses and organizations with a purpose and connections

Reports on the acceleration processes point to greater clarity about the organizations' purposes, including the development of their Theories of Change and awareness by entrepreneurs about their businesses and their connection with the ecosystem.

Organizational strengthening and financial sustainability

The multiple forms of acceleration and support offered through workshops, mentorships and targeted technical and financial support made it possible to keep the businesses active. In the financial aspect, some initiatives allowed many businesses to receive funding for the first time, which was decisive for their survival in a year of serious economic crisis.

Expansion of relationship networks

Connections with other accelerated or supported enterprises and their links with other companies, including Vale itself, expanded these business' growth possibilities.

Coordinated chain of suppliers and distributors

Initiatives made it possible to maintain sales during the pandemic, by structuring new forms of marketing, with logistical solutions and increased visibility of brands.

Transition to hybrid funding models

The year was also marked by the growing need to combine business promotion resources with investment resources. This key change came from a new work mindset, which stimulates entrepreneurs to go beyond the donation model and look for self-sustaining businesses.

INITIATIVES

2030 Voluntary Forest Commitment, Innovation Journey: Agroforestry Challenge [Troposlab and Sense Lab] Lab Amazônia Logística [Climate Venture] COVID-19 Social and Environmental Response Plan and Fundo CX [Conexsus] Partners for the Amazon Acceleration Program and Bioeconomy [Idesam] Café Apuí [Amazônia Agroflorestal and Idesam]



Result

“All this provided ICE with many references to review its conduct. As a partner, Fundo Vale has pushed us to reflect on the interface between environmental and social issues. Previously, we did not discuss much how these agendas converge. Based on conversations with Fundo Vale and other partners, we are perceiving that this division does not exist.”

ICE

Ecosystem organizations strengthened

Fundo Vale focused its efforts on support to allow the ecosystem to remain structured, supporting nine initiatives. This support of various types had the following results:

- Strengthening and maintenance of consolidated organizations**
 The partnership with **Fundo Vale** allowed the work of dynamizing organizations to continue, despite the crisis. For these organizations, this support meant having a partner to help them expand their support network, while the partnership itself made valuable contributions based on **Fundo Vale's** confidence and co-construction work.

Dynamizing organizations working to produce knowledge

Support for studies and research about the impact ecosystem, as well as spaces provided to exchange and share knowledge, were essential to keep the field active, reflective and responsive in a challenging context. The lessons learned during this period were shown to be powerful at pointing out trends and influencing practices.

Dynamizing organizations

They are organizations that provide different kinds of support for the journey of entrepreneurs and investors who are acting with social and environmental impacts. They offer network infrastructure, training and connection platforms, reference content and recognition initiatives, as well as creating the conditions to replicate best practices.

Source: [Alliance for Impact – 2020-2025 Recommendations](#).

Progress in structuring of impact ecosystem

In addition to support for already consolidated dynamizing organizations and support for knowledge production, encouragement of the creation of the Latin American Venture Philanthropy Network (Latimpacto) was also an important achievement, as the network's governance and operating model was defined. The network's structuring has already shown its potential to mobilize the ecosystem in América Latina, in conjunction with sister networks in Europe and Asia, promoting collaboration between different actors in the fields of traditional philanthropy and impact investment.

INITIATIVES

- COVID-19 Social and Environmental Response Plan and Fundo CX [Conexsus]
- Partners for the Amazon Acceleration Program and Bioeconomy [Idesam]
- Lab Amazônia Logística [Climate Venture]
- Strengthening of impact ecosystem [ICE]
- FIIMP
- Latin American Venture Philanthropy Network [Latimpacto]
- Support for research [Pipe Social, ANDE and Move Social]



Result

“What generated most interest in the network was knowledge of the venture philanthropy approach. At first, we felt the need to ground the theme in Brazil and make use of what has already been produced by our partner networks, so we focused on disseminating this concept. We translated many studies and articles from the European and Asian networks and our main delivery to the field was the study called ‘Social and Impact Investment – Cases and Trends in Latin America.’”

Latimpacto

Engagement in social and environmental agenda

Support for initiatives focused on the ecosystem in general and specifically on Vale’s employees yielded the following results:

▮ **Recognition of Fundo Vale and the agenda within Vale**
Fundo Vale’s team participated in forums and projects with other areas of Vale, the concept of “positive social and environmental impacts” grew among Vale employees, and this was recognized as a potential driver for the agenda within the company. Our partnership with Vale’s Open Innovation Area also led to resources for innovation actions in 2021.

▮ Greater involvement of Vale employees in impact initiatives

As part of the Agroforestry Challenge, for example, company managers were able to mentor impact businesses, generating closer links and knowledge about the ecosystem. These growing ties stimulated a change in mindset and view of the world.

▮ Production of knowledge on entrepreneurship and investment

The studies supported by **Fundo Vale** provided content about the context of impact businesses in Brazil and the rest of Latin America, as well as trends and recommendations for the future. Some of these studies are still under way. Likewise, the events held through these partnerships generated connections and closer relationships between new and existing stakeholders in this area. These spaces strengthened the field and promoted a more sustainable future.

Find out more

[Study by ICE](#)

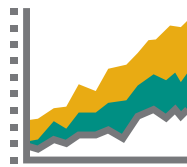
[Study by Latimpacto](#)

[Study by ANDE](#)

[Study by Pipe](#)

INITIATIVES

- ▮ **Innovation Journey: Agroforestry Challenge [Troposlab e Sense Lab]**
- ▮ **Artificial Intelligence for Deforestation and Forest Fire Risk Assessment and Prevention in the Amazon [Imazon]**
- ▮ **Strengthening of impact ecosystem [ICE]**
- ▮ **FIIMP**
- ▮ **Latin American Venture Philanthropy Network [Latimpacto]**
- ▮ **Support for research [Pipe Social, ANDE and Move Social]**
- ▮ **Support for events [Converge Capital Conferences]**
- ▮ **Social and environmental innovation [Vale Open Innovation]**



Result

“We are modeling CX Investimentos Socioambientais, having learned from the emergency credit line, as a vehicle to catalyze investment for activities related to the bioeconomy and the conservation of forests and biomes. We are a financial services company that enables loans and we have created a credit rights fund for investments for community businesses and small businesses. We are structuring a pipeline and thinking about our investment portfolio.”

CX - Investimentos Socioambientais

Leveraging of financial resources

Our efforts were split into four spheres:

1) Business promotion with financial instruments developed as part of the initiatives of partners, such as Conexsus and Partners for the Amazon, based on non-refundable model.

2) Pioneering refundable investments in initiatives such as the Emergency Credit Line (Conexsus Social and Environmental Fund).

3) Prototyping with consulting processes to develop innovative instruments.

4) 2030 Voluntary Forest Commitment based on lessons learned from prototypes, with wider-ranging and more consolidated processes, based on refundable investment model.

The following results stand out:

Prototyping of financial mechanisms to raise funds and investment in social and environmental businesses

In the Partners for the Amazon Acceleration Program, for example, shark tank-style rounds were held, bringing together impact investors, institutes and philanthropic foundations, as well as the selected businesses. Impact businesses were presented, combining a diversity of sources (private and philanthropic capital) and financial instruments.

Access to credit lines for impact entrepreneurs

The COVID-19 Response Plan was a major achievement in 2020, as the first refundable investment made by **Fundo Vale**. It enabled many community businesses to overcome the challenges imposed by the pandemic.

Relevant support for structuring of pioneering initiatives in the field

The Conexsus Social and Environmental Fund designed its investment portfolio to allocate around R\$50 million to regenerative economy organizations. Idesam's experience also led to the creation of AMAZ, which aims to promote new models through a blend of philanthropy and investment.

Financial instruments for agroforestry businesses

All the lessons learned from **Fundo Vale's** other experience was used to construct a business plan. These efforts continued into 2021, in order to give investment vehicles technology innovation, access to the carbon market, financial modeling and impact assessment.

INITIATIVES

- 2030 Voluntary Forest Commitment Partners for the Amazon Acceleration [Idesam]
- COVID-19 Social and Environmental Response Plan and Fundo CX [Conexsus]



Result

“We managed to seize the opportunity to work with Vale on its Voluntary Forest Commitment for 2030. Much of what has happened is due to **Fundo Vale**’s position in this project, which led to close links with Vale, as we add new perspectives to the Forest Commitment together with impact businesses.”

Fundo Vale

Impact solutions contributing to Vale

The 2030 Voluntary Forest Commitment and Agroforestry Challenge maintained a strong link with this result. Both initiatives yielded lessons and significant results for **Fundo Vale** and its sponsor:

Incubation of two new forestry startups.

Belterra, focused on agroforestry systems, tested different arrangements involving rural partnerships, financial operations and blended finance, offering integrated solutions to producers. **Caaporã** is a company that integrates animal protein chains and promotes production in agroforestry systems, putting the tree component at the heart of its production model.

Implementation of 1,053 hectares of agroforestry systems in six Brazilian states

Pilots were implemented with different agroforestry system models, as part of a project called Native R&D, in six different Brazilian states (Pará, Bahia, São Paulo, Mato Grosso, Rondônia and Minas Gerais).

Identification of another 300,000 hectares for habitat restoration

This identification work was done through 15 solutions with the potential for investment.

Greater synergies and expansion of possibilities for joint action

The innovative solutions identified in the **Agroforestry Challenge** helped expand the scope of Vale’s environmental activities, with new partners such as **Inocas**. In

charge of the 2030 Voluntary Forest Commitment, **Fundo Vale** assumed the role of fostering deep connections with its sponsor’s sustainability commitments, while maintaining its independence and autonomy. It has become an important business promotion and impact investment vehicle for the social and environmental agenda, influencing Vale’s incorporation of measures to protect forests and fight illegal deforestation in the Amazon, social and environmental impact businesses and the formation of a bioeconomy in its corporate carbon neutrality strategies.

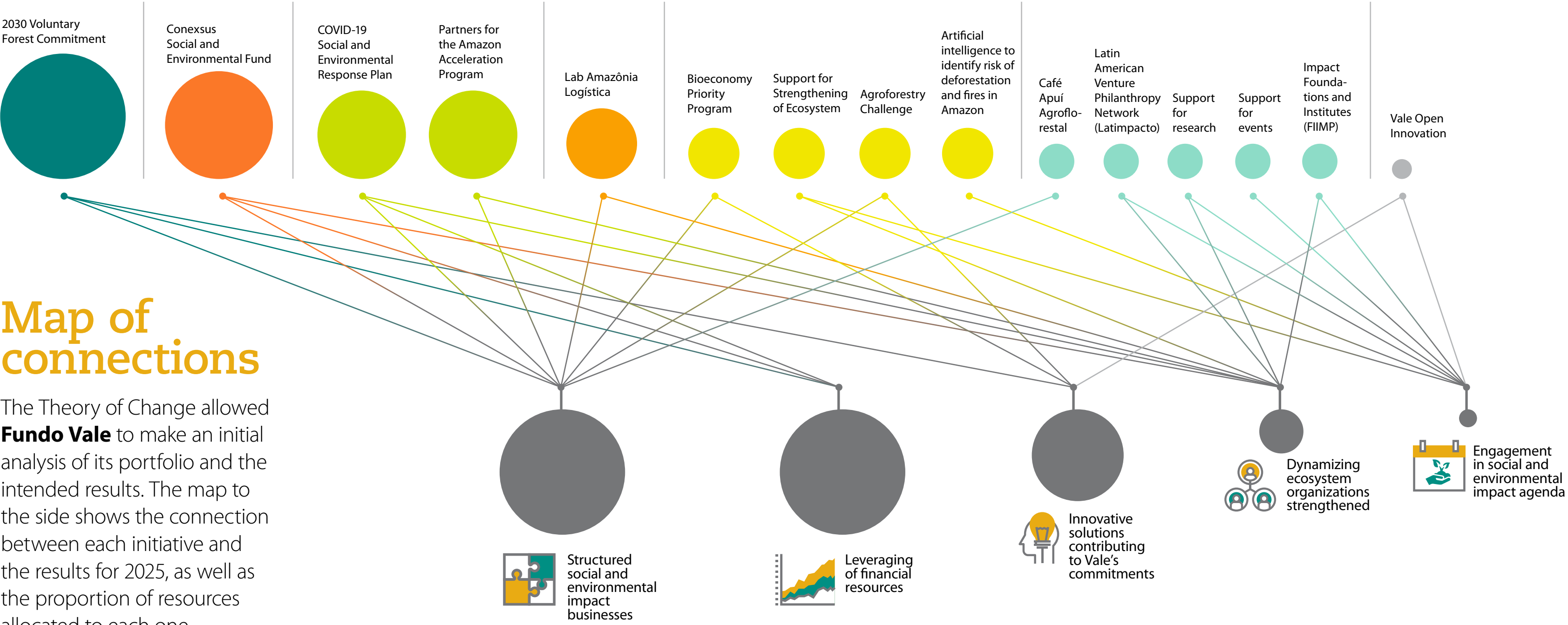
INITIATIVES

- 2030 Voluntary Forest Commitment
- Innovation Journey: Agroforestry Challenge [Troposlab and Sense Lab],
- Social and environmental innovation [Vale Open Innovation]



Resources assigned:

- up to R\$200,000
- R\$200,000 to R\$500,000
- R\$500,000 to R\$1 million
- R\$1 million to R\$4 million
- R\$4 million to R\$10 million
- More than R\$10 million
- No financial support



Map of connections

The Theory of Change allowed **Fundo Vale** to make an initial analysis of its portfolio and the intended results. The map to the side shows the connection between each initiative and the results for 2025, as well as the proportion of resources allocated to each one.



3

Future



Lessons learned

Working in synergy and reflecting on a future with more positive social and environmental impacts

The main lessons highlighted by Fundo Vale's partners:

1) Continuous dialogue and transparency with supporters and investors were able to break bureaucratic barriers that could prevent the evolution of initiatives in an unstable situation.

2) Co-creation and collective action were fundamental to overcome challenges and generate gains of scale. The need to act together and more collaboratively was evident, thinking about intersections and more synergies and less separate programs.

3) Network action with dynamizing organizations helped to understand their roles and limits, in which operating programs with large scopes can be complex. It is up to dynamizing organizations to take a systemic look and find ideal partners to help build something feasible, attracting large players and aligning with small businesses.





A transformative year

Where we came from and where we are going toward a positive impact society

Internally, the year also saw changes to **Fundo Vale**. The team reflected deeply on its activities and intentions and sought to define the impacts it wants to generate in the world and how this will be possible. Action via business promotion and investment strategies, both focused on a stronger social and environmental impact ecosystem, was an important feature in the year.

Although this document only relates to a single year, the results and lessons learned are based on the efforts made by the organization, **following its principles, in the 10 years since it was founded**. With all its advances and challenges, the organization's trajectory allowed it to achieve a level of maturity that now makes it possible to go further.

Based on all the lessons learned, **the word that defines the future expected for Fundo Vale and for the social and environmental impact field is "synergy."** Faced with an ecosystem with complex challenges and seeking positive social and environmental changes by 2030, collective action is the strategy adopted. Partner organizations point to a future in which **Fundo Vale** remains a **point of union that connects, provokes and stimulates the field to develop**. There is an expectation that the organization will continue to position itself within the social and environmental impact business agenda, especially in the Amazon region.

Fundo Vale's closer links with Vale also gives another sense to the word "synergy." **We must think of coalitions that optimize resources.** From the perspective of investment

funds, **Fundo Vale** also intends to generate a virtuous cycle in the market. It wants to stimulate not just its sponsor, but also other companies to invest resources in technologies, platforms, financial instruments, accelerators and social and environmental impact businesses.

Fundo Vale is dedicated to all this and open to joining forces on strategic and wide-ranging agendas. The organization is working with the impact ecosystem to promote and construct consistent approaches, systems and practices to help us answer the question: **What is the impact of our actions?** Facing the future and pursuing its mission, **Fundo Vale** will continue along its path, thinking about interventions to generate paradigm shifts. In this trajectory, the organization invites everyone who feels challenged to transform the impact ecosystem to join its mission. **Fundo Vale** is open to thinking, acting and promoting jointly.



4



Governance



To align its governance to new challenges, **Fundo Vale** needed to redesign its articles of incorporation. The first changes occurred to its corporate purpose, to permit impact investment, and to its governance structure, with the transformation of its Management Board into an Advisory Board, resulting in greater agility in its institutional action. This adjustment permitted external participation, expanding its listening and direct intervention in strategies used by those in the field. Institutional regulations also underwent a comprehensive revision to meet the demands of new thematic strategies and models for allocating resources. Fundo Vale began

mapping its internal processes in order to standardize its operating model and facilitate future scaling up.

In addition to the redesign, tools and support models were revised and new work routines were established. Processes for financial and administrative management, partnership management, contract monitoring, communication, investment and social and environmental innovation also started to be plotted and formalized. The goal is to gain institutional efficiency and make management more transparent.



Report by independent auditor on financial statements

Opinion on financial statements

We examined the financial statements of the Vale Association for Sustainable Development, encompassing its balance sheet as of December 31, 2020 and the respective accounts for the income statements, changes in owners' equity and cash flow in the year ended on that date, as well as the corresponding explanatory notes, including a summary of main accounting policies. In our opinion,

these financial statements adequately present, in all relevant aspects, the organization's asset and financial position, the performance of its operations and its cash flows in the year ended on the date in question, in accordance with the accounting practices used in Brazil.

Audisa – Auditoria e Consultoria

See the full financial report and financial statements here.

Cash flow

In thousands of reais

Years ended on December 31

	Notes	2020	2019
Deficit/surplus in period		(361)	580
Adjustments based on changes in assets and liabilities			
Other credits		(1.988)	(3.547)
Suppliers		1.760	13.409
Other net assets and liabilities		30	5
Net cash consumed in / generated by operating activities		(559)	10.447
Increase (reduction) in cash and cash equivalents in the year			
Cash and cash equivalents at start of year		17.824	7.377
Cash and cash equivalents at end of year		17.265	17.824
Change in period		(559)	10.447

Income statement in period

In thousands of reais, except when indicated otherwise

Years ended on December 31

	Notas	2020	2019
Revenues without restrictions			
Revenues from donations and agreements (for projects)	3	2.420	1.546
Financial income		614	513
Financial expenses		(3)	(2)
Revenues from donations and agreements (Native R&D)		17.133	0
Revenues from donations and agreements (for administrative costs)		553	320
Gross income		20.717	2.377
Operating expenses			
Administrative	4(a)	(1.357)	(186)
Funds raised	4(b)	(2.420)	(1.546)
Other operating revenues	4(c)	(168)	(65)
Native R&D	4(b)	(17.133)	0
		(21.078)	(1.797)
Deficit/surplus in period		(361)	580

* The explanatory notes are an integral part of the financial statements.



Credits

Board

Gleuza Jesué
Patricia Fagundes Daros

Management Board

Bruno de Souza Manso
José Oswaldo de Siqueira
(resigned on January 29, 2020)
Marcos Lewin
Rodrigo Dutra Amaral
Rodrigo Lauria de Castro Loureiro
Sandoval Carneiro Júnior
(resigned on December 7, 2020)
Vitor Monteiro Cabral

Audit Board

Ana Alice Demillecamps
Benjamim Helio Moro
Dioni Barbosa Brasil
Tiago Chaves de Paula

**Fundo Vale &
Equity Stakes Area**
Gustavo Luz

Fundo Vale team
Juliana Vilhena
Márcia Soares
Mirtes Cavalcanti
Simone Reis Reynaldo

Technical support
Fernando Pinheiro
Simony Stachera

Photo credits

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Acronyms

- Amoci:** Western Amazon Technological Innovation Center
- ANDE:** Aspen Network of Development Entrepreneurs
- APFOV:** Ouro Verde Association of Family Producers
- Caoma:** Pará Public Prosecutors’ Office Environmental Operational Support Center
- Catie:** Tropical Agricultural Research and Education Center
- CIAT:** International Center for Tropical Agriculture
- CLUA:** Climate and Land Use Alliance
- CNS:** National Council of Extractive Populations
- Embrapa:** Brazilian Agricultural Research Agency
- EVPA:** European Venture Philanthropy Association
- ERM:** European Exchange Rate Mechanism
- FAS:** Sustainable Amazon Foundation
- FIIMP:** Impact Foundations and Institutes
- GIFE:** Group of Institutes, Foundations and Companies
- GIZ:** German Technical Cooperation Agency
- ICE:** Corporate Citizenship Institute
- ICS:** Climate and Society Institute
- Idesam:** Amazon Conservation and Sustainable Development Institute
- IDIS:** Institute for the Development of Social Investment
- Imazon:** Institute for the Amazon’s People and Environment
- INPA:** National Amazon Research Institute
- ITCPES (Roraima Federal University):** Technology Incubator for Popular Cooperatives and Solidarity Enterprises
- IVPC:** International Venture Philanthropy Center
- JHMA:** John Molson Human Resources and Management Association
- Norad:** Norwegian Agency for Development Cooperation
- PPA:** Partners for the Amazon
- Semma:** Apuí Municipal Environment Secretariat
- UEA:** Estado do Amazonas State University
- UFAC:** Acre Federal University
- UNACEM:** Unión Andina de Cementos S.A.A., a cement company
- Unicafes:** National Union of Family Farming and Solidarity Economy Cooperatives
- USAID:** United States Agency for International Development
- WWF:** World Wide Fund for Nature

