



Technical Note

Sociobioeconomy Businesses: Pilot Project to Increase the Financial Visibility of the Socioenvironmental and Productive Contributions of Hybrid Businesses in the Amazon (2026)

English Version –
Executive Summary
Translation Only

2026

2. EXECUTIVE SUMMARY



CONTEXT AND LACK OF VISIBILITY

Global climate stability and the preservation of the Amazon biome are intrinsically linked to the way of life of Indigenous Peoples, Afro-descendant Peoples, and Local Communities (IPADCs / PIADCs). Although they represent only 6% of the world's population, these communities are the stewards of approximately 80% of the planet's remaining biodiversity.





In the Brazilian Amazon, the efficiency of this territorial stewardship is unquestionable: over the past four decades, vegetation loss in Indigenous lands was just 1.74%, in stark contrast to the 27.26% recorded in unprotected areas. Their territories in the Amazon are essential to climate and water regulation, directly benefiting industries such as Brazilian agribusiness.

However, this environmental abundance does not translate into guarantees of dignified living conditions for local populations, who continue to face severe

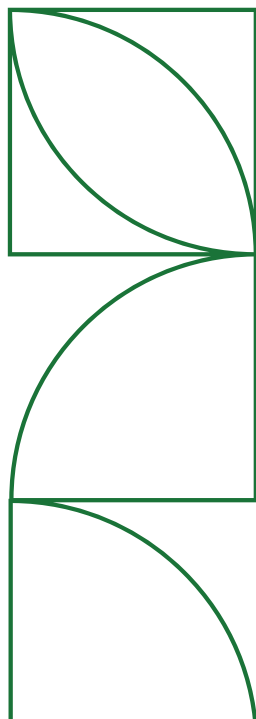
structural vulnerabilities. In this context, the sociobioeconomy offers a development model that integrates traditional knowledge with the sustainable management of biodiversity, holding the potential to add between R\$ 40 billion and R\$ 45 billion to the Gross Domestic Product (GDP) of Brazil's Amazon region by 2050. Sociobioeconomy businesses, in turn, combine income generation with territorial protection, food security, and essential community support services. Many operate through a single legal structure (associations or cooperatives) while performing two distinct functions:



- **Productive Dimension:** Focused on marketing forest products and generating income.
- **Socioenvironmental Dimension:** Focused on territorial protection, community well-being, and conservation, generating critical environmental and social benefits.

Precisely because of this hybrid characteristic and because they operate through the legal structures of associations and cooperatives, the role of these businesses is often misunderstood. Conventional financial and accounting analysis methods were not designed to capture the holistic value of their operations. As a result, essential costs for maintaining the forest and community stewardship are often diluted into generic administrative or operating expenses.

This dynamic can make businesses that are highly effective at conservation appear inefficient or commercially immature to investors and funders. This lack of financial visibility penalizes climate solutions, restricts access to impact capital, and fails to capture the true resilience of these businesses.



THE HYBRID MODEL AS A STRATEGY FOR SOCIAL TECHNOLOGY AND RESILIENCE

The fundamental premise behind the Pilot Project to Increase the Financial Visibility of the Socioenvironmental and Productive Contributions of Sociobiodiversity Businesses in the Brazilian context, of which this Technical Note is one of the outputs, is to reframe the hybrid model as a defining characteristic of these businesses. The coexistence of commercial and socioenvironmental operations under a single legal identity, such as nonprofit associations and cooperatives, is neither a transitional phase nor an administrative inconsistency on the path to a standard business model.

It is rather a legitimate, permanent, and intelligent operating model for risk mitigation in complex territories. It allows commercial revenue to sustain local autonomy, while philanthropic capital funds conservation infrastructure.

THE PROJECT AND ITS METHODOLOGY

To overcome this lack of visibility, NESsT ran the Pilot Project to Increase the Financial Visibility of the Socioenvironmental and Productive Contributions of Sociobiodiversity Businesses in Brazil. In collaboration with three operating businesses (ABEX, Coopaflores, and CooperSapó), technical partners (Direcional Consultoria Contábil, Instituto Kanoas, and RedeCont), and ecosystem stakeholders, the project worked closely with these organizations and their day-to-day operations to co-create practical reference tools.

The core methodological solution is based on the Predominance Criterion, which guides the separation of revenue and expenses between the Productive and Socioenvironmental dimensions, combined with the Hybridity Average to ensure a fair allocation of indirect costs. The table below summarizes the classification logic used:

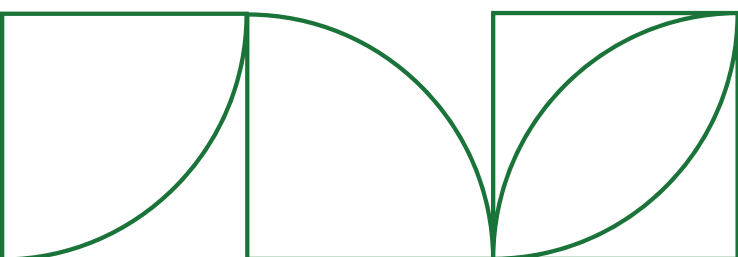




FINANCIAL CLASSIFICATION FOR HYBRID BUSINESSES

Category	Definition and Focus	Examples of Expenses	Examples of Revenue
Socioenvironmental	Refers to resources that are not intended to generate a financial return, but rather social and environmental contributions that support people and the territory.	Territorial protection; non-productive courses and training; transportation for health emergencies; community food support; salaries for social and environmental teams.	Philanthropy (donations from individuals or legal entities); calls for project proposals; public subsidies; awards.
Productive	Refers to everything required for a product or service to exist, be sold, and generate income with a focus on profitability.	Raw materials (agroforestry products); packaging; logistics; marketing; machinery; certifications; new product research; technical training.	Resources generated directly from the sale of products or services in the market.
Administrative	Indirect costs or support activities that simultaneously serve both purposes (socioenvironmental and productive). These should follow a cost-allocation logic.	Office rent; electricity; accounting services; assemblies; audits; financial systems; bank fees.	Not applicable.

This exercise resulted in the adaptation of models for the Statement of Results for the Period (DRP / Demonstração do Resultado do Período) for associations and the Statement of Surplus or Loss (DSP / Demonstração de Sobras ou Perdas) for cooperatives (which are the official Brazilian accounting terms for annual financial statements for associations and cooperatives). For the first time, these balance sheets and financial statements to provide a more complete picture of the organizations' operations.



The following page presents a condensed version of a DRP model applied to a fictional case, with some rows hidden for readability. The complete example is available in Annex I, Fictional Example of a Statement of Results for the Period (DRP) for a Nonprofit Association: Before and After.

This allows readers to compare the DRP before and after applying the methodology proposed in this Technical Note. The same file is available at the link below.



Financial visibility equips communities with tools for self-determination. By demonstrating they can meet productive commitments while protecting critical biomes, these businesses strengthen their strategic autonomy. Investing in these hybrid models is not only a social action, but a global climate security strategy that is essential to maintaining the ecosystem services that sustain the global economy.



REFERENCE MODEL FOR ASSOCIATIONS: DRP FOR A FICTIONAL CASE

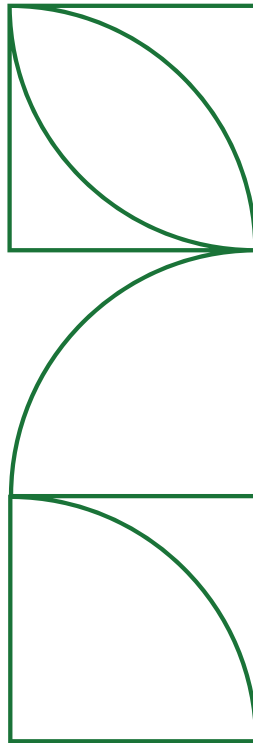
DRP - STATEMENT OF RESULTS FOR THE PERIOD	
ASSOCIATION XYZ	
2024	
1. OPERATING REVENUE	
1.1 RESTRICTED - SOCIOENVIRONMENTAL	1,124,255.70
DONATIONS FOR SOCIOENVIRONMENTAL PROJECTS	62,193.16
DEVELOPMENT GRANTS	
AWARD	
DONATION	
SOCIOENVIRONMENTAL SERVICES	1,062,062.54
OTHER PROGRAMS (ACTIVITIES)	
1.2 UNRESTRICTED - PRODUCTIVE	425,261.31
REVENUE FROM SERVICES PROVIDED	276,120.00
SALES REVENUE	149,141.31
VOLUNTARY CONTRIBUTIONS AND DONATIONS	
OTHER FUNDS RECEIVED	
1.4 (-) REVENUE DEDUCTIONS	7,603.13
ISSQN (Service Tax)	
PIS	
COFINS	
ICMS	
SALES RETURNS	
REPAYMENT OF FUNDS	7,603.13
GROSS SURPLUS/DEFICIT	1,541,913.88
2. (-) PRODUCTIVE OPERATING COSTS	428,874.07
2.1 DIRECT PRODUCTIVE COSTS	133,086.42
CMV/CPV (Cost of Goods/Products Sold)	133,086.42
CSP (Cost of Services Provided)	
2.2 INDIRECT PRODUCTIVE COSTS	295,787.65
SALARIES AND PAYROLL CHARGES (OPERATING)	295,787.65
SERVICES PROVIDED	
SALES COMMISSIONS	
BONUSES	
SPECIALIZED TECHNICAL SERVICES	
EQUIPMENT RENTAL	
PRODUCTION AND DEVELOPMENT	
SUSTAINABLE PROMOTION AND MARKETING	
TRAVEL AND ACCOMMODATION	
SOFTWARE RENTAL	
UNIFORMS	
TAXES AND FEES	
INTEREST AND PENALTY EXPENSES	
SALES FREIGHT	
WAREHOUSING AND LOGISTICS	
MAINTENANCE AND REPAIRS AT POINTS OF SALE	
EQUIPMENT MAINTENANCE	
3. (-) SOCIOENVIRONMENTAL EXPENSES	298,396.31
3.1 SOCIOENVIRONMENTAL EXPENSES	298,396.31
THIRD-PARTY SERVICES AND SPECIALIZED CONSULTING	237,898.57
COMMUNICATION, ENGAGEMENT AND MOBILIZATION	
COURSES, TRAINING AND CAPACITY BUILDING	
LOGISTICS, TRAVEL AND TRANSPORTATION	60,497.74
SPECIALIZED INFRASTRUCTURE AND EQUIPMENT	

ALLOCATION CALCULATION - ADMINISTRATIVE EXPENSES		
CALCULATION		
REVENUE	1,541,913.88	100%
PRODUCTIVE	425,261.31	28%
SOCIOENVIRONMENTAL	1,124,255.70	72%
EXPENSES/COSTS	727,270.38	100%
PRODUCTIVE	428,874.07	59%
SOCIOENVIRONMENTAL	298,396.31	41%
AVERAGES - REVENUE/COSTS/EXPENSES		
PRODUCTIVE		43%
SOCIOENVIRONMENTAL		57%



4. (-) GENERAL ADMINISTRATIVE EXPENSES (ALLOCATION)	520,497.67
4.1 GENERAL ADMINISTRATIVE EXPENSES (PRODUCTIVE)	223,814.00
WAGES AND PAYROLL CHARGES	18,519.41
SERVICES PROVIDED	13,674.98
CLEANING SERVICES	628.97
ACCOUNTING CONSULTING	
LEGAL CONSULTING	
AUDIT	
TRAINING AND COURSES	
RENT	11,162.80
SOFTWARE RENTAL	
OFFICE SUPPLIES	3,226.03
CLEANING AND KITCHEN SUPPLIES	
IT SUPPLIES	
FOOD EXPENSES	24,005.78
LOW-COST ASSETS	334.43
TRANSPORTATION	28,594.21
TAXES AND FEES	7,321.37
BANK FEES	2,692.05
FUELS AND LUBRICANTS	31,012.02
ELECTRICITY	2,508.79
WATER	
INTERNET	3,993.14
TELEPHONE	116.70
CONDOMINIUM FEES	
INSTITUTIONAL COMMUNICATIONS	
EQUIPMENT MAINTENANCE	76,023.33
4.2 GENERAL ADMINISTRATIVE EXPENSES (SOCIOENVIRONMENTAL)	296,683.67
SALARIES AND PAYROLL CHARGES	24,548.99
SERVICES PROVIDED	18,127.29
CLEANING SERVICES	833.75
ACCOUNTING CONSULTING	
LEGAL CONSULTING	
AUDIT	
TRAINING AND COURSES	
RENT	14,797.20
SOFTWARE RENTAL	
OFFICE SUPPLIES	4,276.36
CLEANING AND KITCHEN SUPPLIES	
IT SUPPLIES	
FOOD EXPENSES	31,821.62
LOW-COST ASSETS	443.31
TRANSPORTATION	37,903.95
TAXES AND FEES	9,705.07
BANK FEES	3,568.53
FUELS AND LUBRICANTS	41,108.96
ELECTRICITY	3,325.60
WATER	
INTERNET	5,293.23
TELEPHONE	154.70
CONDOMINIUM FEES	
INSTITUTIONAL COMMUNICATIONS	
EQUIPMENT MAINTENANCE	100,775.11

5. OPERATING SURPLUS/DEFICIT	294,145.83
5.1 PRODUCTIVE	- 227,426.76
PRODUCTIVE REVENUE (-) DIRECT PRODUCTIVE EXPENSES (-) ALLOCATION OF GENERAL ADMINISTRATIVE EXPENSES	- 227,426.76
5.2 SOCIOENVIRONMENTAL	521,572.59
SOCIOENVIRONMENTAL REVENUE (-) SOCIOENVIRONMENTAL COSTS (-)	
SOCIOENVIRONMENTAL EXPENSES (-) ALLOCATION OF GENERAL ADMINISTRATIVE EXPENSES	521,572.59
6. OTHER OPERATING EXPENSES/REVENUE (PRODUCTIVE)	- 52,403.69
6.1 UNRESTRICTED - OTHER REVENUE	1,597.83
GAINS ON SALE OF ASSETS	
FINANCIAL INCOME	1,597.83
6.2 UNRESTRICTED - OTHER EXPENSES	54,001.52
FINANCIAL EXPENSES	
DEPRECIATION AND AMORTIZATION	54,001.52
7. SURPLUS/DEFICIT FOR THE PERIOD	241,742.14
PRODUCTIVE	- 279,830.45
SOCIOENVIRONMENTAL	521,572.59



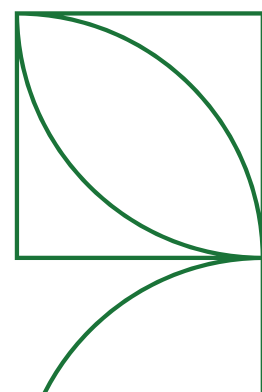
THE TECHNICAL NOTE

The central objective of this Technical Note is to provide methodological and practical references to address the lack of financial visibility of sociobiodiversity businesses operating under the legal structures of Nonprofit Associations (OSCs) and Cooperatives, initially in Brazil.

Specifically, this document seeks to:

- **demonstrate that the coexistence of productive operations and socioenvironmental activities under the same National Registry of Legal Entities (CNPJ, Brazilian Fiscal ID) is not a management failure, but a legitimate, viable model that is essential to resilience in Amazonian territories;**
- **present classification (Predominance Criterion) and allocation (Hybridity Average) approaches that make it possible to separate and make visible commercial costs and revenue from philanthropic and community investments in internal and external financial instruments;**
- **strengthen the financial narrative presented in statements – such as the Statement of Results for the Period (DRP) and the Statement of Surplus or Loss (DSP) – so that communities can demonstrate the efficiency of their management and the viability of their products, while maintaining control of business decisions;**
- **guide investors, philanthropic funders, and support organizations in assessing the risk and maturity of these businesses through a new lens, in which the cost of protecting the biome is understood as a strategic asset rather than an operational inefficiency.**

Recognizing that strengthening the sociobioeconomy requires a collective effort and that each stakeholder has different technical needs, this document was organized into thematic sections in accordance with Brazilian laws and regulations. While reading the full document is recommended for a comprehensive understanding, the Technical Note is organized so that all readers can directly access the recommendations and tools most relevant to their work.



Profile / Chapter	What You Will Find	Some Direct Applications
A) For Businesses Chapter 6 Leaders and Managers of Associations and Cooperatives	Guidance on how to organize financial routines to identify productive versus socioenvironmental expenses and revenue, including recommendations for working with accounting providers and reference templates.	• Apply the differentiation of revenue and expenses, as well as the allocation rule. • Create Cost Centers to separate projects from product sales. • Ensure that the Bylaws protect the commercial operation.
B) For Accounting Professionals Chapter 7 Recommendations for Accounting	Technical and legal grounding to translate socioenvironmental and productive results into financial statements that comply with the standards of Brazil's Federal Accounting Council (CFC) and tax administration.	• Steps to co-create a Chart of Accounts specific to hybridity. • Distinguish between Restricted and Unrestricted Revenue. • Guidelines on the use and accounting treatment of the Technical, Educational and Social Assistance Reserve (Rates) - cooperatives - and the allocation of surpluses - associations.
C) For Investors, Funders, and Support Organizations Chapter 8 Recommendations for Support Organizations and Investors	A new reference framework for analyzing risk, results, and maturity, adapted to the sociobioeconomy.	• Guide to reading hybrid financial statements (productive versus socioenvironmental analysis). • Guidance on how capital can support the development of internal systems for territorial self-determination.
D) Annexes and Practical Tools Annexes	Open-access materials to ensure that conceptual discussions can be translated into immediate practice.	• Reference DSP models for cooperatives and DRP models for associations. • Classification and allocation templates tested in the field.

Recommendations for Key Stakeholders

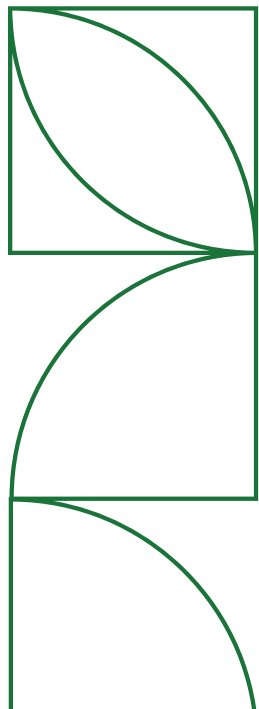
For financial visibility to become an operational reality, we propose specific recommendations aimed at aligning field-level management, accounting rigor, and investment analysis.



A) FOR SOCIOBIOECONOMY BUSINESSES STRUCTURED AS ASSOCIATIONS OR COOPERATIVES

Taking ownership of hybridity data is the first step toward recognizing this model as legitimate and strengthening the business' sovereignty. At the same time, it is essential to consider the context in which these businesses operate so that they receive the support they need. With this in mind, the following recommendations are covered in Chapter 7:

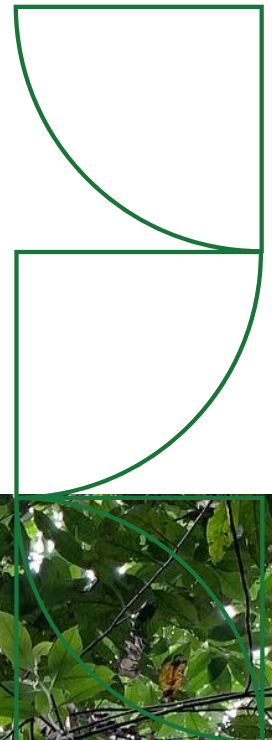
- **Internal Organization:** ensure comprehensive and consistent financial recording of all transactions in cash-flow records or spreadsheets, ensuring that supporting documentation is retained.
- **Relationship with Accounting Providers:** build a close, trusted, and collaborative relationship with accounting service providers, treating them as allies rather than simply a compliance requirement.
- **Applying the Methodology:** adopt the Predominance Criterion to classify revenue and expenses across the Socioenvironmental and Productive dimensions, using the Hybridity Average to allocate administrative expenses.
- **Legal Governance:** review and update the Bylaws to explicitly provide for the sale of products and services, linking these activities to the institution's social purpose.
- **Strategic Use of Rates (cooperatives):** formally use Rates as the primary accounting evidence that the results of the productive operation are reinvested in the development of the territory.
- **Consistent Financial Statements:** use financial statements to make social, environmental, and productive contributions visible. The notes to the financial statements can describe the socioenvironmental outcomes associated with expenses recorded in the financial documents.



B) FOR ACCOUNTING PROFESSIONALS

Based on field experience and this Project, we have confirmed that accounting professionals are strategic partners who can help translate the complexity of hybrid businesses into the technical standards required in Brazil. Detailed recommendations for accounting professionals are provided in Chapter 8:

- **Collaborative Relationship:** build a partnership with business teams based on mutual understanding, in which everyone has the opportunity to learn and share new knowledge.
- **Co-creation of the Chart of Accounts:** adapt the chart of accounts together with the business so that it reflects the realities of the sociobioeconomy, ensuring that the structure reflects the specific requirements of General Technical Interpretation (ITG) 2002 (associations) or ITG 2004 (cooperatives), while incorporating hybridity.
- **Adapted Financial Statements:** adopt the reference DSP and DRP models that identify the productive and socioenvironmental dimensions to improve visibility and analytical clarity.

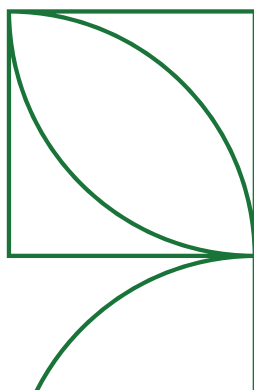


C) FOR SUPPORT ORGANIZATIONS AND INVESTORS

We propose an evolution in risk and maturity assessment methodologies, unlocking significant potential that remains underexplored by the investment ecosystem. We invite impact investors and funders and enterprise support organizations to broaden their view of the role of philanthropic resources. Rather than treating these resources as a dependency that should be eliminated over time, the opportunity is to assess the organization's sustainability architecture in an integrated way.

Under this new lens, assets that remain invisible in more conventional business analysis – such as efforts and costs required to maintain the forest and support community well-being – emerge as strategic investments. These assets underpin the ecosystem services that ensure not only the resilience of local businesses, but also global productive and climate balance. The focus, therefore, is on refining the analytical lens to capture and strengthen the full value generated by these models, unlocking new pathways for regenerative capital.

- **New Analytical Lens:** assess the financial sustainability architecture across different forms of capital rather than seeking to eliminate subsidies. In this sense, business maturity is understood through socioenvironmental and economic results over time, territorial or community governance, and financial sustainability.
- **Valuing Financially Invisible Assets:** recognize that expenses related to forest protection and producer health are, in fact, a form of social and environmental insurance that mitigates long-term climate and operational risks.
- **Long-term Analysis:** given the seasonality and climate variables of the Amazon, it is recommended to analyze three years of financial history, avoiding premature conclusions based on a single production cycle in order to understand the business's true resilience.



SUGGESTED PRACTICAL NEXT STEPS

In addition to the recommendations for strategic stakeholders already discussed, the implementation of this Project in Brazil makes it possible to propose actions to consolidate recognition of the characteristics of hybrid sociobioeconomy businesses. These include:

- **Ensure that local support organizations and ecosystem actors have the capacity to support businesses in implementing this differentiation and analysis (adopting the methodology presented in this Technical Note), and that they are connected with public, private, or philanthropic initiatives;**
- **Develop additional parameters for assessing business maturity (when selecting businesses for support, donations, and/or investment), recognizing that the reality is more complex and requires an understanding of the role of these initiatives in the territory, their governance, and their financial sustainability across different forms of capital;**
- **Use and adapt the tools: download and customize the template and financial statement models provided in the annexes to this Technical Note, based on the reality of the institution and the work it carries out;**
- **Share: use events and learning exchanges to learn from and share the experiences of hybrid sociobiodiversity businesses, helping broaden understanding of the strategic role of this type of initiative.**

FUTURE VISION

By providing references for making the hybrid financial architecture of sociobioeconomy businesses in Brazil visible, the ultimate purpose of this Technical Note goes beyond accounting and financial rigor. Making the integration of social, environmental, and economic impact visible is a way to present climate solutions that Indigenous Peoples, Afro-descendant Peoples, and Local Communities have sustained for generations. In this way, these communities strengthen their sovereignty, ensuring that decision-making power over their territories and financial resources remain where it belongs: with the Indigenous Peoples, Afro-descendant Peoples, and Local Communities who steward these territories.

