Funding Proposal

FP327: eB Capital Energy Transition and Climate Solutions Fund II

Brazil | eB Capital Gestão de Recursos Ltda. (eB Capital) | Decision B.46/04

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Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the GCF Information Disclosure Policy, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

"FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]"

A. PROJECT/PROGRAMME SUMMARY

A.1. Project or programme	Programme	**A.2. Public or private sector**	Private
A.3. Request for Proposals (RFP)	Not applicable		

A.4. Result area(s)

*Check the applicable GCF result area(s) that the overall proposed project/programme targets below. For each checked result area(s), indicate the estimated percentage of **GCF and Co-financers' contribution** devoted to it. The total of the percentages when summed should be 100% for GCF and Co-financers' contribution respectively.*

	GCF contribution	Co-financers' contribution[1]
Mitigation total	**70 %**	**70 %**
☒ Energy generation and access	22 %	22 %
☒ Low-emission transport	12 %	12 %
☒ Buildings, cities, industries and appliances	29 %	29 %
☒ Forestry and land use	7 %	7 %
Adaptation total	**30 %**	**30 %**
☐ Most vulnerable people and communities	0 %	0 %
☒ Health and well-being, and food and water security	22 %	22 %
☒ Infrastructure and built environment	8 %	8 %
☐ Ecosystems and ecosystem services	0 %	0 %

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*	*Indicate greenhouse gas (GHG) emission reductions or removals in tCO2eq over total lifespan of the project/programme[2]* 37,184,624 tCO2eq	**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	*Indicate total number of direct and indirect beneficiaries* 4,044,707	
			Indicate number of direct beneficiaries 565,216	*Indicate number of indirect beneficiaries* 3,479,491
			Indicate % of direct beneficiaries vis-à-vis total population 0.3%	*Indicate % of indirect beneficiaries vis-à-vis total population* 1.6%
A.7. Total financing (GCF + co-finance[3])	400 mm USD (target fund)	**A.9. Project size**	Large (Over USD 250 million)	
A.8. Total GCF funding requested	Up to 50 mm USD			

[1] Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.

[2] The total lifespan of the project/programme is defined as the maximum number of years over which the outcomes of the investment are expected to be effective. This is different from the project/programme implementation period.

[3] Refer to the Policy of Co-financing of the GCF.

A.10. Financial instrument(s) requested for the GCF funding	*Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.* ☐ Grant - ☐ Loan - ☐ Guarantee - ☒ Equity 50 ☐ Results-based payment -		
A.11. Implementation period	*10 years (10+1+1)*	**A.12. Total lifespan**	*+20 years*
A.13. Expected date of AE internal approval	*This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/ programme, if available.* *N/A*	**A.14. ESS category**	*Refer to the AE's safeguard policy and GCF ESS Standards to assess your FP category.* I-2
A.15. Has this FP been submitted as a CN before?	Yes ☒ No ☐	**A.16. Has Readiness or PPF support been used to prepare this FP?**	Yes ☐ No ☒
A.17. Is this FP included in the entity work programme?	Yes ☐ No ☒	**A.18. Is this FP included in the country programme?**	Yes ☒ No ☐
A.19. Complementarity and coherence	*Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.* Yes ☐ No ☒		

A.20. Executing Entity information	*If not the Accredited Entity, please indicate the full legal name of the Executing Entity(ies) and provide its country of registration and ownership type. Note that there can be more than one Executing Entity. Also indicate if an Executing Entity is the National Designated Authority. Refer to the definition of Executing Entity in the PSAA FAA.* (i) eB Climate Participações Ltda. (Flying Rivers Capital), a Brazilian limited liability company, as the primary Executing Entity and Manager of the Fund. (ii) Ontario LP, the offshore limited partnership organized under Ontario law through which GCF and other international investors will participate in the Fund Structure. (iii) Flying Rivers Capital LLC, a limited liability company registered under the Laws of Delaware, as General Partner of the Ontario LP; (iv) Brazilian feeder fund, which will aggregate capital from the Ontario LP and Brazilian investors and invest into the Brazilian master funds. (v) Brazilian master funds, including the Generalist Fund and any Thematic Funds established as part of the Fund Structure. (vi) Parallel vehicles, feeder funds, SPVs or holdcos, if established, to the extent they receive, channel or have discretion over GCF proceeds or project implementation. (vii) Fund service providers, including BRL TRUST INVESTIMENTOS LTDA. as administrator and BRL Trust Distribuidora de Títulos e Valores Mobiliários S.A. as custodian, or any other service provider, to the extent they exercise discretion over GCF proceeds or project implementation.
A.21. Executive summary (max. 750 words, approximately 1.5 pages)	

Problem Statement and Climate Change Context

With a GDP of USD 2.18 trillion[4] in 2024 and strong influence in the international agri-food, energy, and mineral markets, Brazil's transition pathway has material relevance for the credibility of the Paris Agreement. Crucially, Brazil's mitigation and adaptation challenges materialize at the level of integrated value chains rather than isolated sectors. In practice, many high-impact climate solutions in Brazil only become viable when energy, agriculture, and circularity are addressed jointly. For example, biomethane projects convert agricultural and agro-industrial waste into renewable gas, simultaneously reducing methane emissions from waste (circularity), substituting diesel and fossil natural gas in transport and industry (energy), and producing biofertilizers that reduce dependence on imported inputs and improve soil resilience (food systems).

At the same time, Brazil benefits from a highly decarbonized electricity system (almost 90%[5] renewable in 2023), global leadership in biofuels, and continued innovation in sustainable agriculture, positioning the country to combine abundant low-carbon resources with high-impact emission-reduction opportunities. However, Brazil faces escalating climate risks that threaten both its economy and society. Extreme climate events already cause average annual losses of US$ 2.6 billion[6]. In 2021, severe droughts reduced hydropower generation, triggering emergency fossil-fuel use and impacts exceeding US$ 3 billion[7]. In 2024, floods in southern Brazil displaced more than 2 million people and caused damages above US$ 15 billion[8]. Climate change is also projected to reduce agricultural output per hectare by 18% by 2050[9], jeopardizing national and global food security. Heatwaves, prolonged droughts, and extreme rainfall events already undermine resilience in critical sectors such as agriculture, water, energy, and transport. Under high-emissions scenarios, the number of days with maximum temperatures above 35 °C could exceed 80 annually in parts of the Northeast and Central regions by 2100. These heat extremes directly impair livestock fertility, reduce crop yields, and increase energy demand for cooling, thereby elevating emissions and operating costs[10].

In parallel, Brazil's climate transition remains structurally underfunded, constrained by limited availability of commercial and catalytic capital. Meeting climate targets requires US$ 200 -240 billion[11] in investments by 2030 (≈10% of GDP), yet in 2023 Brazil attracted only ~US$ 60 billion in climate finance[12], about 3% of global flows[13], of which 53% was allocated to the energy sector, with 81%[14][15] concentrated in mature technologies such as onshore wind and solar. Higher-impact but riskier solutions - low-carbon fuels, industrial decarbonization, and sustainable agriculture - remain largely capital-starved. This reflects a structural mismatch between project risk profiles and available instruments: concessional and catalytic capital represents only ~10%[16] of global climate finance, despite its ability to crowd in up to 5x commercial capital. High upfront capex, long tenors, FX risk, and limited offtake visibility further restrict access to traditional financing, leaving a pipeline of estimated US$ 20+ billion pipeline[17] of bankable climate projects unable to reach financial close and putting NDC delivery at risk.

Proposed Intervention and Additionality of GCF Funding

The proposed eB Climate Fund II is a blended-finance private equity vehicle designed to originate, structure, and scale a concentrated portfolio of 6-10 growth-stage climate solution companies or greenfield projects in Brazil across three priority verticals, aligned with both mitigation and adaptation strategies. Over its full lifespan, the project has the potential to reduce up to 37 million tons of CO_2e and benefit around 4 million beneficiaries, reinforcing its contribution to Brazil's low-carbon and climate-resilient transition:

1. **New Energies:** Investing in scalable platforms that expand clean energy supply, enhance grid flexibility, and accelerate industrial decarbonization. This includes biomethane and advanced biofuels (second-generation only) production leveraging Brazil's agro-industrial residues, battery energy storage systems (BESS) across utility-scale and behind-the-meter applications, hybrid renewable-plus-storage projects, and distributed energy solutions for isolated systems. The Fund will also target energy-efficiency technologies and electrification solutions for hard-to-abate sectors, prioritizing contracted or semi-contracted revenue models and assets capable of mobilizing blended and long-tenor infrastructure financing.

2. **Food Security:** Supporting climate-resilient and low-carbon agricultural systems by investing in biological inputs, specialty and green fertilizers, regenerative agriculture solutions, irrigation infrastructure, and precision farming technologies. The strategy focuses on increasing resilience to climate shocks, productivity while reducing carbon intensity and chemical dependency, particularly through bio-based crop protection, soil restoration technologies, water-efficiency infrastructure, and scalable agtech platforms. Investments will prioritize consolidation opportunities and companies with strong R&D capabilities, robust distribution networks, and measurable mitigation and adaptation outcomes.

3. **Circularity & Efficient Use Of Resources:** Promoting waste reduction, resource efficiency, and industrial decarbonization through investments in advanced recycling platforms (including food-grade plastics and chemical recycling), waste-to-energy and biodigestion solutions, modular and low-carbon construction technologies, and alternative materials (such as green steel). The Fund will target scalable platforms capable of

[4] World Bank
[5] (EPE) National Energy Balance
[6] (World Bank) Brazil: Country Climate and Development Report
[7] CNI, 2021
[8] CNC, 2024
[9] Assunção & Chein, 2016
[10] Intergovernmental Panel on Climate Change (IPCC). (2021). Sixth Assessment Report – Working Group I.
[11] (Bain & Company)
[12] Bain Analysis - Intersect CGE; WEO (2024)
[13] (Bain & Company) Financing Climate Solutions in Brazil: Challenges and Pathways to Acceleration
[14] Considering international financing, the energy sector received 53% of the total capital, of which 81% went to solar and wind energy (Climate Policy Initiative. International Climate Finance Tracking for Brazil, 2025).
[15] CLIMATE POLICY INITIATIVE. Global Landscape of Climate Finance 2025. San Francisco: CPI, 2025.
[16] CLIMATE POLICY INITIATIVE. Global Landscape of Climate Finance 2025. San Francisco: CPI, 2025.
[17] https://www.reuters.com/sustainability/cop/brazil-talks-with-tpg-brookfield-over-4-billion-climate-finance-push-2025-07-28/; (Bain & Company) Financing Climate Solutions in Brazil: Challenges and Pathways to Acceleration

consolidating fragmented markets, strengthening reverse logistics systems, and integrating social inclusion elements such as waste-picker value chains, while delivering measurable emissions reductions and enhanced resource productivity across industrial supply chains.

The GCF will act as a catalytic anchor investor, committing up to 20% of the Fund's total capital commitments (capped at USD 50 million) within a USD 400 million vehicle (target) – with this 20% cap applying to the Fund's overall size, not to the capital committed by international commercial investors only. This commitment would anchor the entire capital structure and enable the mobilization of up to USD 350 million from other LPs at target size, and up to USD 450 million if the Fund reaches its hard cap.

A defined portion of the GCF commitment, only value created above principal, would serve as an FX-protection mechanism exclusively to foreign commercial equity investors, without offering any return enhancement, loss protection, or risk mitigation to MDBs, DFIs, or local investors. This targeted currency volatility de-risking mechanism will crowd in private capital that would otherwise not allocate to Brazil, given (i) the prohibitive cost of long-dated hedging instruments (8–9% p.a.[18]) and (ii) the absence of domestic alternatives able to absorb such risk at scale. The FX mechanism addresses the most acute and quantifiable of four structural barriers that jointly prevent international commercial capital from reaching these sectors. The others are: asset-class immaturity — growth-stage climate equity in the Fund's target verticals lacks the institutional track record and scaled vehicles that international LP mandates require; minimum scale and credibility — domestic LPs face 15–25% per-fund concentration limits and cannot alone bring the Fund to the size at which international tickets become feasible; and elevated country risk, which raises the perceived EM risk premium and amplifies the cost of long-dated FX exposure. BNDES and DFIs, while critical partners in the Fund's capital structure, are not positioned to resolve these barriers: they provide capital to projects and companies, not fund-level instruments that mobilize international commercial equity. The GCF's participation addresses this specific and unmet function.

The GCF's participation will enable the Fund to reach sufficient scale to mobilize both domestic and international capital. Domestically, a larger fund size allows local institutional investors - often constrained by concentration or exposure limits per fund (15-25% of exposure[19]) - to increase commitments, unlocking capital-constrained projects. For international investors, the GCF provides a deliberately narrow and disciplined FX protection mechanism, which is only triggered in scenarios where BRL depreciation exceeds a predefined inflation differential between Brazil and the U.S, therefore mitigating the primary barrier to foreign participation despite the pipeline of climate projects with attractive local-currency returns (IRRs above 20% in BRL[20]). In addition, GCF's involvement brings a strong institutional stamp, enhanced governance standards, and global recognition, reinforcing investor confidence and acting as a powerful signaling effect to crowd in additional private capital.

Critically, sector maturity and deal-stage maturity are distinct. Policy frameworks such as RenovaBio, the Fuel of the Future Law and the Marco Legal dos Bioinsumos create demand and revenue visibility that attracts institutional capital — but to projects that have already achieved bankability. Growth-stage companies and greenfield platforms in these same sectors typically lack signed offtake, institutional-grade governance and the scale lenders require, and therefore cannot yet access the financing and incentives that sector-level maturity implies. The Fund enters at this earlier stage, creating the conditions for bankability that allow institutional capital and policy support to follow.

Alignment and Paradigm Shift

The catalytic potential of the Fund lies first in its ability to act as an active orchestrator of complex climate investments, transforming opportunities that are currently not bankable into scalable, financeable platforms. Through a control-oriented approach, eB Capital combines governance influence, capital structuring, and operational execution to align stakeholders, secure long-term offtakes, and design bankable capital structures. This model differs materially from most funds in Brazil, which typically focus on minority positions in more mature or already de-risked assets, with limited involvement in structuring and execution.

Building on this differentiated capability, the Fund is further strengthened by an FX de-risked blended-finance structure supported by the GCF, providing a targeted currency protection mechanism for international commercial investors.

Together, this combination establishes a new paradigm for climate investment in emerging markets, enabling the Fund to deliver direct climate impacts while influencing investor perception of the Brazilian opportunity set and supporting the replication of similar models across sectors and geographies. This distinct positioning is expected to catalyze additional private capital and accelerate the development of a more mature and resilient climate-finance ecosystem in Brazil.

[18] Market quotations
[19] BNDES Public Call for Climate Investments in Brazil
[20] Financial models of projects evaluated in the pipeline are available for review

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

Rationale for a Systemic, Multi-Thematic Programme

Brazil's mitigation and adaptation challenges are structurally embedded in interconnected production systems. Energy supply, agricultural productivity, and resource efficiency are mutually dependent through shared infrastructure, material flows, input markets, and exposure to climate risk. Climate policies in Brazil and globally have only achieved scale when implemented through systemic approaches that integrate these linkages rather than treating sectors in isolation.

Successful climate transitions are not merely about deploying isolated clean technologies; they require coordinated transformation of entire value chains.

For example:

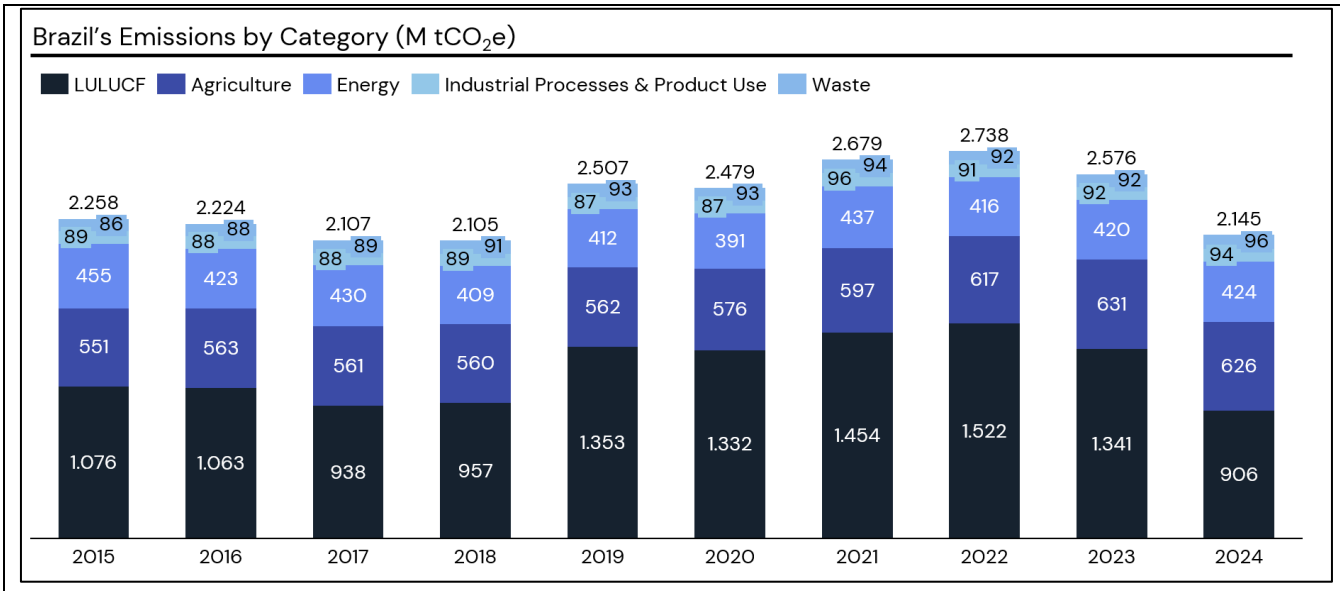
- Last-mile electrification of transport fleets and decarbonization of industries, at remote communities depends on:
  - Abundant and competitively priced renewable generation;
  - Grid resilience and storage capacity;
  - Battery systems.
- Battery deployment, in turn, depends on:
  - Access to critical minerals (lithium, nickel, graphite);
  - Domestic processing capacity;
  - Industrial capability and infrastructure.
- Processing critical minerals requires:
  - Reliable low-carbon energy;
  - Industrial decarbonization solutions;
  - Circular recovery of materials.

This demonstrates that electrification (New Energies) is inseparable from industrial development and circular material flows (Circular Economy). A siloed energy-only fund could finance generation assets but would not address the upstream industrial bottlenecks that ultimately determine the speed, resilience, and cost of decarbonization.

Similarly, industrial decarbonization depends on energy availability, and agricultural decarbonization depends on energy inputs and nutrient cycles. The three pillars form a single production ecosystem. Addressing these pillars through separate financial vehicles would treat symptoms within individual sectors rather than the structural constraints that bind them.

Brazil Emissions Profile[21]

[21] Brazil´s National Inventory Report of Anthropogenic Emissions by Sources and Removals by Sinks of Greenhouse Gases



Brazil's greenhouse gas emissions totaled approximately 2,145 $MtCO_2e$ in 2024[22][23], a level broadly similar to the 2,258 $MtCO_2e$ recorded in 2015. This apparent stability conceals divergent sectoral trajectories. Over the decade, total emissions peaked at 2,738 $MtCO_2e$ in 2022 before declining sharply, a movement driven almost entirely by the Land Use, Land-Use Change and Forestry sector (LULUCF), which accounts for 42% of total emissions in 2024 and oscillated between 906 and 1,522 $MtCO_2e$ within the period alone.

Excluding LULUCF, the four economic sectors — Agriculture, Energy, Industrial Processes, and Waste — grew collectively from approximately 1,182 $MtCO_2e$ in 2015 to 1,239 $MtCO_2e$ in 2024, an increase of nearly 5%. Agriculture is the fastest-growing of these sectors (+14%), and the only one with a consistently upward trajectory throughout the series. Energy recorded a net decline of 7%, but as discussed in the sectoral analysis below, this reduction is concentrated in the 2015–2020 period and is associated with cyclical factors rather than structural decarbonization; emissions have stabilized at approximately 420–437 $MtCO_2e$ since 2021. Industrial Processes and Waste both grew modestly but without interruption.

The sectoral composition of Brazil's emissions profile in 2024 thus reflects two distinct challenges: the high volatility of LULUCF, which responds primarily to the effectiveness of land-use monitoring and enforcement; and the structural upward pressure from the economic sectors, where emissions grow in the absence of large-scale technological and productive transformation.

Forward-looking evidence indicates that Brazil's non-LULUCF emissions are not on a structural downward trajectory under current policies. Independent assessments project non-LULUCF emissions to plateau or grow slightly to 2030, reaching approximately 1,162–1,197 $MtCO_2e$, well above a 1.5°C-compatible pathway[24]. The main BAU drivers (in agriculture, energy, waste, and industry) map directly onto the Programme's intervention areas, addressed in the sectoral analysis below. Without scaled private investment into these sectors, Brazil risks locking in emissions growth even as deforestation control improves.

(a) LULUCF

LULUCF is the largest and most volatile component of Brazil's emissions profile, accounting for 42% of total emissions in 2024 and oscillating between 906 and 1,522 $MtCO_2e$ within the decade — a range of 68% between floor and peak. This variability reflects the sensitivity of deforestation-related emissions to the effectiveness of monitoring and enforcement mechanisms, specially influenced by the political environment, making LULUCF structurally distinct from the other sectors in terms of its primary determinants and the speed at which its emissions can change.

The decade comprises three discernible phases. From 2015 to 2017, emissions declined from 1,076 to 938 $MtCO_2e$ — the series minimum — in a period of active enforcement. Between 2018 and 2022, emissions rose sharply and nearly without interruption, reaching the decade peak of 1,522 $MtCO_2e$ in 2022, 62% above the 2017 trough. This trajectory coincides with

[22] SEEG, série histórica completa 2000–2024. Observatório do Clima, 2025.
[23] Every emissions data presented in this segment uses the same source.
[24] Climate Action Tracker, Brazil - Policies & Action

measured increases in deforestation rates in the Amazon and Cerrado biomes: annual Amazon deforestation reached 11,568 km in 2022, more than double the rate recorded in 2012[25]. From 2023 onward, a sharp reversal is observed: emissions fell to 1,341 $MtCO_2e$ in 2023 and to approximately 906 $MtCO_2e$ in 2024 — the lowest level of the series.

Land-use change (conversion of native vegetation) constitutes approximately 92% of the sectoral total, with forest conversion to pasture and cropland expansion as the dominant drivers.

(b) Agriculture

Agricultural emissions grew from 551 $MtCO_2e$ in 2015 to 626 $MtCO_2e$ in 2024, an increase of 14% that makes Agriculture the fastest-growing major emitting sector over the decade. The trajectory is consistently upward throughout the series, with only a brief and modest dip between 2017 and 2018 (from 563 to 560 $MtCO_2e$) followed by uninterrupted growth through 2023 (631 $MtCO_2e$). The slight retreat from 2023 to 2024 (626 $MtCO_2e$) does not represent a structural reversal, as the productive factors underlying emissions — herd size and fertilizer consumption — remained at elevated levels.

Two subcategories account for over 93% of sectoral emissions. Enteric fermentation from cattle — a function of herd size and management practices, with a GWP-100 of 27 times CO_2[26] — grew from 369 $MtCO_2e$ in 2015 to 404 $MtCO_2e$ in 2024 (+9.5%), representing 64% of the sectoral total. Brazil hosts the world's largest commercial cattle herd, estimated at approximately 234 million head in 2023[27], a figure that has expanded steadily over the decade driven by growth in beef exports, particularly to Asian markets[28].

Managed soils — nitrous oxide (N_2O, GWP-100 of 273 times CO_2[29]) emissions from the application of synthetic nitrogenous fertilizers — recorded the highest relative growth within the sector: from 144 $MtCO_2e$ in 2015 to 183 $MtCO_2e$ in 2024, an increase of 27%. This reflects the intensification of Brazilian agriculture and the expansion of cultivated area under crops with high nitrogen demand, particularly soybean, corn, and sugarcane. Brazil is the world's fourth-largest fertilizer consumer[30], and imports approximately 80–85% of domestic demand[31], making the sector structurally exposed to both international supply dynamics and the embedded emissions of fossil-intensive fertilizer manufacturing.

The combination of herd expansion and growing synthetic input use establishes a structural growth trend in agricultural emissions for which no reversal is evident within the series analyzed.

(c) Energy

Energy-sector emissions declined from 455 $MtCO_2e$ in 2015 to 424 $MtCO_2e$ in 2024 (−7%), making it the only major economic sector with a net reduction over the period. This decline, however, is not evenly distributed across the decade and does not reflect a continuous decarbonization trend. The reduction is concentrated between 2015 and 2020 (from 455 to 391 $MtCO_2e$), a period that encompasses the 2015–2016 economic recession and the 2020 contraction associated with the COVID-19 pandemic. From 2021 onward, emissions rebounded to 437 $MtCO_2e$ before stabilizing at approximately 420–424 $MtCO_2e$ in 2022–2024 — a level that has not declined further and suggests the sector has reached a near-term floor rather than a continuing downward trajectory.

Road transport, which accounts for 52% of sectoral emissions in 2024, illustrates this pattern most clearly. Emissions fell from 205 $MtCO_2e$ in 2015 to 186 $MtCO_2e$ at the pandemic trough in 2020, then recovered to 221 $MtCO_2e$ in 2024 — surpassing the pre-pandemic level. Brazil's freight transport system is heavily dependent on diesel[32], and transport emissions have proven highly correlated with economic activity throughout the series.

Industrial combustion (16% of the sector in 2024) declined from 78 $MtCO_2e$ in 2015 to 69 $MtCO_2e$ in 2024, reflecting efficiency improvements and shifts in the industrial mix, with emissions broadly stable since 2022. Fuel production (13% of the sector) maintained a stable trajectory throughout, ending 2024 at 54 $MtCO_2e$.

[25] INPE – PRODES: Taxa Consolidada de Desmatamento na Amazônia Legal 2022, 11.594 km
[26] IPCC, Sixth Assessment Report (AR6)
[27] IBGE – Pesquisa Pecuária Municipal (PPM), 2023.
[28] ABIEC – Beef Report: Perfil da Pecuária no Brasil, 2024.
[29] IPCC, Sixth Assessment Report (AR6)
[30] IFA – International Fertilizer Association, World Fertilizer Trends and Outlook, 2024
[31] ANDA – Anuário Estatístico do Setor de Fertilizantes, 2024
[32] EPE – Empresa de Pesquisa Energética, Balanço Energético Nacional 2024

The power generation sector does not appear among the highest-emitting subcategories given Brazil's predominantly renewable electricity matrix — 88.2% in 2024[33] — which keeps generation-related emissions comparatively low. The structural challenge in the Energy sector remains concentrated in road transport and in industrial thermal processes, where the carbon intensity of energy use has not declined materially over the period analyzed.

(d) Industrial Processes and Product Use

Industrial Processes and Product Use emissions grew from 89 $MtCO_2e$ in 2015 to 94 $MtCO_2e$ in 2024 (+5.3%), representing approximately 4.4% of Brazil's total. The sectoral trajectory is broadly stable, oscillating between 87 and 96 $MtCO_2e$ across the series, with a brief spike to 96 $MtCO_2e$ in 2021 during the post-pandemic industrial recovery before settling back to 91–94 $MtCO_2e$ in subsequent years. There is no trend of reduction at any point in the period.

Two subcategories account for approximately 86% of sectoral emissions. Metal production — predominantly steel, pig iron, and aluminum — oscillated between 45 and 52 $MtCO_2e$ over the decade, ending 2024 at approximately 49 $MtCO_2e$, with emissions correlated with construction cycles and commodity export volumes. Emissions in this subcategory are structurally linked to the use of coking coal and charcoal in chemical reduction processes, which are not amenable to substitution through energy efficiency measures alone. Mineral products — primarily cement — remained range-bound between 28 and 33 $MtCO_2e$ throughout the series, with 2024 at approximately 32 $MtCO_2e$. Brazil operates 91 cement plants producing approximately 65 million tons per year at an average emissions intensity of roughly 564 kg CO_2 per ton, of which approximately 63% derives from the calcination of limestone — a process emission intrinsic to clinker production that cannot be reduced through fuel switching or renewable energy alone.[34]

(e) Waste

Waste-sector emissions grew from 86 $MtCO_2e$ in 2015 to 96 $MtCO_2e$ in 2024 (+12%), reaching the highest level of the series in the final year. The trajectory is the most linear and uninterrupted of the five sectors analyzed: unlike Agriculture or Energy, Waste emissions show no cyclical reversals and no response to economic contractions, growing continuously with population expansion and increasing urbanization.

The primary emission source is sanitary landfills, whose contribution rose 43% from 35 to 51 $MtCO_2e$ between 2015 and 2024. This increase reflects the ongoing transition mandated by the National Solid Waste Policy (PNRS, Law 12.305/2010): emissions from open dumps and controlled landfills declined from 19 to 12 $MtCO_2e$ over the same period (−33%) as waste streams were redirected to sanitary landfills. These facilities, however, operate predominantly without biogas capture infrastructure, generating methane under anaerobic conditions. Brazil produced 81.8 million tons of municipal solid waste in 2023, of which 40.5% was still sent to inadequate destinations[35], indicating that the transition envisaged under PNRS remains incomplete. Domestic effluent emissions remained broadly stable at approximately 25 $MtCO_2e$ throughout the series, against a background in which only approximately 52% of collected wastewater currently receives treatment[36].

The climate significance of the Waste sector exceeds its 4.5% share of total emissions. The dominant emission source is methane (CH_4), with a GWP of 27 times CO_2 over a 100-year horizon and approximately 80 times over a 20-year horizon[37], making waste emissions a disproportionately high near-term climate forcing factor relative to their weight in annual CO_2e accounting. The growth trend is structural and directly linked to urbanization and consumption patterns, without a foreseeable reversal within the policy planning horizon.

[33] EPE – Resenha Mensal do Mercado de Energia Elétrica, December 2024
[34] SNIC – Sindicato Nacional da Indústria do Cimento, Relatório Anual 2024
[35] ABRELPE – Panorama dos Resíduos Sólidos no Brasil, 2024
[36] SNIS – Diagnóstico Temático Serviços de Água e Esgoto, 2023. Ministério das Cidades
[37] IPCC, Sixth Assessment Report (AR6)

Climate Rationale for Mitigation:

Sector & Sub-Sector	Baseline	Mitigation Activity/Measure	Additionality	Expected Emissions Reduction
Sector: Energy Security & Efficiency Sub-sector: Energy Efficiency & Storage	Brazil reached ~40 GW of installed solar and wind capacity by 2025, with another 26 GW under construction, while utility-scale battery storage remains effectively zero.[38] Brazil's first BESS-only Capacity Reserve Auction (LRCAP) is scheduled for 2026.[39] Renewable intermittency has driven curtailment[40] to ~20% of solar-plus-wind generation in 2025, forcing dispatch of fossil thermal plants – which are significantly more carbon-intensive and costly than renewables – to balance the grid during peak demand and dry periods.[41] Yet utility-scale battery storage remains effectively zero.	Deploy capital in utility-scale and commercial & industrial battery energy storage systems (BESS) to absorb intermittent solar and wind generation, reduce curtailment, displace fossil thermal dispatch during peak demand and hydrological stress events and generate energy security in case of power outages.	Early-stage BESS platforms require growth equity and deal orchestration to become bankable; commercial capital will not enter at the pace required without a first mover providing an enhanced risk profile for the asset class.	BESS investments generate mitigation outcomes by displacing fossil fuel generation during periods when carbon-intensive thermal plants are dispatched onto Brazil's predominantly renewable grid. At utility-scale, batteries will participate in Brazil's first BESS-only Capacity Reserve Auction (LRCAP, 2026), directly substituting thermal capacity. In behind-the-meter applications across C&I and agricultural operations, particularly irrigation and decentralized sites, BESS displaces diesel generation and extends the dispatch window of on-site solar generation, reducing reliance on fossil-backed grid power.
Sector: Sustainable Agriculture Sub-sector: Ag Bioinputs	Brazilian agriculture is the country's largest emissions source, with land-use change accounting for 39.5% of national GHG emissions in 2022 (mainly from native vegetation conversion for cropland and pasture) and agriculture for a further 30.5%,	Deploy capital in biofertilizer and biopesticide production capacity to substitute synthetic nitrogen inputs and chemical defensives, reducing N_2O soil emissions, the embedded emissions of fossil-intensive fertilizer manufacturing, and Brazil's	Growth equity enables bioinput platforms to scale production capacity and expand distribution nationally at a pace that existing financing cannot support, given the sector's dispersed supply chain and current risk profile.	Investments in bioinputs production capacity address two structurally linked emissions sources in Brazilian agriculture. First, they directly reduce N_2O soil emissions by substituting synthetic nitrogen fertilizers with biological nitrogen fixation

[38] ANEEL: Sistema de Informações de Geração da ANEEL (SIGA), 2025
[39] MME / ANEEL: Edital do Leilão de Reserva de Capacidade dedicado a BESS (LRCAP-Storage)
[40] Curtailment is the intentional reduction or non-use of available electricity generation, typically from renewables, due to grid constraints or oversupply
[41] Volt Robotics: Annual Curtailment Balance 2025

	where synthetic nitrogen fertilizers drive significant N_2O losses from soils.[42] Brazil remains highly dependent on imported fertilizers, with ~80–85% of domestic demand supplied externally[43]. This creates exposure to concentrated global supply chains (notably Russia, Belarus, and Canada) and geopolitical shocks. During the Russia-Ukraine war, global fertilizer prices roughly doubled to tripled at the peak[44], significantly increasing input costs. As fertilizers typically account for ~25–45% of crop production costs depending on the crop[45], this dependency translates into material volatility in agricultural margins, food prices, and export competitiveness. Brazil consumed ~45.6 million metric tons of synthetic fertilizers in 2024, making it the world's fourth-largest consumer.[46] Biopesticides accounted only for ~6% of Brazil's total crop protection market in the 2023/24 season, with biofertilizers covering an estimated 33% of soybean area and 40% of second-crop corn – leaving	dependence on imported agricultural inputs - including associated emissions from long-distance maritime logistics. Productivity gains enabled by bio inputs – through improved soil health and integrated pest management – reduce the need to convert native vegetation to meet food demand, generating avoided land-use change emissions alongside direct input substitution benefits.		(BNF) and plant growth-promoting microorganisms (PGPM) and cut the embedded carbon footprint of fossil-intensive fertilizer manufacturing and long-distance maritime logistics. Second, and critically for the land-use change nexus, bio inputs improve crop yields per hectare through enhanced soil biology and integrated pest management — raising the productive output of land already under cultivation. Higher on-farm productivity reduces the economic pressure to expand the agricultural frontier into native vegetation to meet food demand, thereby generating avoided land-use change emissions that compound the direct input-substitution benefits. This productivity-driven mitigation pathway is explicitly recognized in the Plano ABC+ 2020–2030, which identifies bio inputs — including BNF and PGPM — as a priority technology for low-carbon agriculture, and is supported by the regulatory framework established under Federal Law 15.070/2024 (Marco Legal dos Bioinsumos). Together,

[42] Brazil´s National Inventory Report of Anthropogenic Emissions by Sources and Removals by Sinks of Greenhouse Gases
[43] ANDA; National Fertilizer Plan
[44] World Bank
[45] Embrapa / CONAB
[46] ANDA — Associação Nacional para Difusão de Adubos: Anuário Estatístico do Setor de Fertilizantes

	the large majority of planted area still dependent on synthetic inputs.[47]			these two channels position bioinputs investments as contributing to the ABC+ Plan's mitigation target of ~1.07 Gt CO_2e avoided by 2030 across Brazilian agriculture.[48]
Sector: Efficient Use of Resources Water & Waste Management	Brazil generated 81.6 million tons of municipal solid waste in 2024, of which 40.3% was sent to environmentally inadequate destinations (dumps and controlled landfills) where methane is released without capture.[49] Only ~62% of the population has access to sewage collection services and ~51% of collected wastewater is actually treated, leaving the majority of domestic and industrial effluents discharged untreated and emitting methane and N_2O along watercourses.[50] Brazil's waste sector accounted for 4.5% of national GHG emissions, predominantly as methane from the anaerobic decomposition of solid waste in landfills and dumps and from untreated	Deploy capital in industrial effluent treatment solutions, including biological treatment systems, to reduce methane and N_2O emissions from untreated wastewater discharge. Deploy capital in solid waste management infrastructure with biogas capture and biomethane upgrading, converting fugitive landfill methane into a substitute for natural gas in industrial, transport, and power applications.	Scaling waste treatment and biomethane requires aggregating reliable and predictable feedstock across dispersed municipal and industrial sources, and orchestrating long-term offtake agreements that do not yet exist at entry. Reaching the project scale needed to attract infrastructure financing requires active ownership and value-chain coordination that existing financing structures cannot provide.	Investments in waste treatment and biogas/biomethane infrastructure contribute to Brazil's commitment under the Global Methane Pledge to cut methane emissions by 30% by 2030, supported by the national framework established by the Programa Nacional do Biogás e Biometano (Decree 11.003/2022, "Metano Zero") and the universalization targets of Lei 14.026/2020 (Marco Legal do Saneamento) for 90% sewage treatment coverage by 2033.[52]

[47] Mascarin et al.: The Current Increase and Future Perspectives of the Microbial Pesticides Market in Agriculture: The Brazilian Example, Frontiers in Microbiology, 2025
Kynetec: Bioinputs Market Moves $827 Million in Brazil, 2023
[48] MAPA: Plano Setorial para Adaptação à Mudança do Clima e Baixa Emissão de Carbono na Agropecuária (Plano ABC+ 2020–2030)
[49] ABREMA: Panorama dos Resíduos Sólidos no Brasil 2025
[50] SNIS – Sistema Nacional de Informações sobre Saneamento: Diagnóstico dos Serviços de Água e Esgotos 2023
[52] Decreto Federal nº 11.003/2022: Programa Nacional do Biogás e do Biometano; Lei Federal nº 14.026/2020: Marco Legal do Saneamento Básico; Global Methane Pledge (COP26, 2021)

	industrial and domestic effluents. Methane is a short-lived but high-potency greenhouse gas (~80x CO_2 over a 20-year horizon), making waste mismanagement a disproportionate near-term climate driver.[51]			
Sector: Efficient Use of Resources Sub-sector: Sustainable Construction[53]	Brazil generates approximately 48 million tons of construction and demolition waste annually, the vast majority disposed of without material recovery, reflecting a construction model overwhelmingly reliant on in-situ reinforced concrete with high embodied carbon per m² built.[54] Brazil's civil construction sector represents ~10% of GDP and is the country's largest industrial consumer of natural resources. A housing deficit of ~6 million units in 2023 – compounded by projected demographic demand for an additional 6.6 million dwellings over the next decade – creates a structural pipeline of new construction that, if delivered through conventional in-situ reinforced concrete meth-	Deploy capital in modular and off-site construction capacity, shifting production from in-site concrete methods to factory-controlled prefabrication, reducing embodied carbon per unit built through lower material volumes, reduced concrete consumption, and minimized on-site construction waste. The reusability and disassembly potential of modular components also extends building lifecycles and enables circular material recovery at end-of-use, reducing demand for virgin inputs across construction value chains.	Brazil's housing deficit creates structural demand, but incumbent contractors have no incentive to shift from in-situ concrete. Scaling modular construction requires consolidating sub-scale players and converting major developers to new specifications, an active ownership mandate that falls outside minority PE and infrastructure mandates.	Investments in modular construction capacity contribute to the buildings and cities sectoral mitigation pathway under the Plano Clima 2024-2035, supporting Brazil's NDC commitment to reduce net GHG emissions by 59-67% below 2005 levels by 2035.[56]

[51] Brazil´s National Inventory Report of Anthropogenic Emissions by Sources and Removals by Sinks of Greenhouse Gases
[53] Note: Sustainable Construction (modular and off-site construction) is presented as an illustrative area of investment under the Circularity & Efficient Use of Resources vertical, distinct from the cement decarbonization rationale addressed under Industry Decarbonization. Sustainable Construction currently has no dedicated company in the indicative pipeline.
[54] ABRELPE – Associação Brasileira de Empresas de Limpeza Pública e Resíduos Especiais: Panorama dos Resíduos Sólidos no Brasil 2022
[56] Governo Federal do Brasil: Plano Nacional sobre Mudança do Clima 2024-2035 (Plano Clima); Brazil: Second Nationally Determined Contribution (NDC), submitted to the UNFCCC

	ods, will lock in decades of embodied carbon.[55]			
Sector: Efficient Use of Resources Sub-sector: Industry Decarbonization	Brazil's cement industry has 91 plants producing ~65 million tons of cement per year, with average emissions intensity of ~564 kg CO_2 per ton of cement, of which ~63% derives from the calcination process and is intrinsic to clinker production.[57] Despite Brazil's electricity mix reaching 88.2% renewable in 2024, industry's energy renewability stood at only 64.4%, with fossil fuels supplying 35.6% of industrial energy demand – concentrated in hard-to-abate sectors where high-temperature thermal processes and non-substitutable process emissions resist electrification.[58] Industrial Processes and Product Use (IPPU) accounted for 5% of Brazil's GHG, concentrated in hard-to-abate sectors – particularly cement, lime, steel, and chemicals – where process emissions arise directly from chemistry	Deploy capital in clinker substitute production capacity – including supplementary cementitious materials such as calcined clays – reducing the clinker-to-cement ratio and displacing the most emissions-intensive component of cement manufacturing (potentially reducing in 84% the total GHG emissions per ton of produced cement[60]). Deploy capital in circular economy solutions, industrial recycling capacity, and process efficiency upgrades across hard-to-abate industries, displacing virgin material extraction, reducing thermal energy demand, and lowering embedded emissions in the broader industrial value chain.	Clinker substitute and circular metallurgy platforms represent emerging business models in Brazil that require scale to become commercially viable and attract institutional follow-on financing. Reaching that scale requires active ownership to structure offtake agreements, build capital structures, and coordinate value chains from entry, a mandate that falls outside infrastructure funds and minority PE.	Investments in clinker substitutes and industrial circularity contribute to the sectoral mitigation pathway for industry under the Plano Clima 2024-2035, supporting Brazil's NDC commitment to reduce net GHG emissions by 59-67% below 2005 levels by 2035, and aligned with the Brazilian cement sector's roadmap target of cutting emissions intensity to 375 kg CO_2 per ton of cement by 2050 (a 34% reduction from 2019 levels).[61] Investments in industrial circular economy solutions — including the reprocessing of mining tailings and industrial residues to recover strategic minerals such as nickel — contribute to the sectoral mitigation pathway for industry under the Plano Clima 2024-2035 and to Brazil's Política Nacional de Minerais Estratégicos (PNME). Secondary mineral recovery presents materially lower car-

[55] Abrecon – Associação Brasileira para Reciclagem de Resíduos da Construção Civil e Demolição: Relatório Setorial 2019; Fundação João Pinheiro/Ministério das Cidades: Déficit Habitacional no Brasil 2023; CBIC – Câmara Brasileira da Indústria da Construção: Investimentos para Equacionamento do Déficit Habitacional e Infraestrutura, 2024

[57] SNIC – Sindicato Nacional da Indústria do Cimento: Roadmap Tecnológico do Cimento – Potencial de Mitigação das Emissões de CO_2 da Indústria do Cimento Brasileira até 2050

[58] EPE/MME: Balanço Energético Nacional (BEN) 2025

[60] Pipeline company estimate

[61] Governo Federal do Brasil: Plano Nacional sobre Mudança do Clima 2024-2035 (Plano Clima); Brazil: Second Nationally Determined Contribution (NDC), submitted to the UNFCCC; SNIC – Sindicato Nacional da Indústria do Cimento: Roadmap Tecnológico do Cimento – Potencial de Mitigação das Emissões de CO_2 da Indústria do Cimento Brasileira até 2050

	(calcination of limestone) and high-temperature thermal requirements that cannot be eliminated by switching to renewable electricity alone.[59]			bon intensity than primary extraction, reducing embedded emissions across hard-to-abate value chains while supplying the critical minerals required for battery manufacturing and the broader electrification of the Brazilian economy.

Exposure of Target Sectors to Climate Hazards

Extreme climate events in Brazil are intensifying, with growing impacts on energy, agriculture, and resource use. Heatwaves increase power demand and reduce hydropower efficiency, while also harming crops and livestock. Droughts constrain hydropower generation, reduce agricultural yields, and disrupt water-dependent industries. At the same time, more frequent extreme rainfall events damage energy infrastructure, cause crop losses, and severely disrupt industrial and logistics operations. Overall, these trends create structural pressure on key sectors and increase risks to economic stability and resource availability, as seen better detailed in the first table below. In the following section, it is shown how the Fund will address both mitigation and adaptation to climate hazards within the target sectors.

Hazard	Trends[62]	Energy	Agriculture	Industries & Resources
Heat-Waves	Using days with maximum temperatures above 35°C as a metric, Brazil experienced an average of 16.5 hot days per year between 1995 and 2014, with a worsening trend as average temperatures continue to rise. Under the SSP3-7.0 scenario, this number is projected to increase to 53 days per year by 2040–2059 and reach 128 days by 2080–2099.	• Rising temperatures structurally threaten average hydropower generation, reservoir levels and UHE efficiency.[63] • Cooling-degree-day spikes raise peak load, forcing thermal dispatch and price volatility	• 2023–24 heat event: ~10% drop in national soybean harvest, driven by direct thermal stress, not water shortage[64] • Pigs faced severe heat stress for 20 days in key regions; dairy and reproductive losses in cattle[65] • +3°C scenario: ~24% reduction in suitable soybean planting area; coffee output −15%, soybean output −14%.[66]	• Elevated demand for water, both for human/animal consumption and industrial cooling.
Drought	Utilizing CDD (maximum yearly number of consecutive dry	• Droughts significantly affect hydropower output,	• Low precipitation directly affects the yield of every crop,	• Water availability can disrupt many

[59] Brazil´s National Inventory Report of Anthropogenic Emissions by Sources and Removals by Sinks of Greenhouse Gases
[62] The World Bank: Climate Country Risk Profile Brazil
[63] EPE: Roadmap para Fortalecimento da Resiliência do Setor Elétrico
[64] FAO/WMO, Extreme Heat and Agriculture Report (2025), case study on the 2023–24 Brazilian heat event
[65] Ibid.
[66] EMBRAPA–Unicamp–INPE: Aquecimento Global e Cenários Futuros da Agricultura Brasileira

		days, <1mm daily) as a metric, Brazil has experienced a significant increase in drought intensity over the past five decades, with a trend of +4.2 additional dry days per decade between 1971–2020 and 1991–2020. According to CMIP6 projections, this trend is expected to persist, with CDD increasing from an average of 42 days in 1995–2014 to 49 days in 2040–2059 and reaching 54 days by 2080–2099, consistent with declining precipitation patterns.	which are +40% of Brazil's electricity capacity. In the 2020-2021 water deficit, hydropower generation fell by 8.5%, which was mostly compensated by more polluting and costly thermal generation[67].	also reducing irrigation capacity, further reducing the viability of agriculture in many regions.	industrial processes (cement, mining, steel etc.) and logistic operations
	Extreme Precipitation	Using return period of extreme single-day precipitation events as a metric (i.e., the expected frequency of the largest historical rainfall events), Brazil has already observed a baseline in which a 100-year event corresponds to approximately 124 mm of rainfall in a single day during the period of 1985–2014. Under the SSP3-7.0 scenario, these events are projected to become significantly more frequent, with the historical 100-year event occurring 1.83 times more often by	• Intense rainfall & floods may significantly affect energy infrastructure. In the 2024 flood in Rio Grande do Sul, hydropower dams suffered partial breaches, and distribution and transmission infrastructure were damaged[68]	• Crop losses from drowning • Erosion and nutrient leaching reduce crop yield	• Extreme rainfall can severely disrupt industrial and logistics operations. A survey of the 2024 Rio Grande do Sul floods found that 81% of industries were impacted, with 63% experiencing operational shutdowns.[69]

[67] Ministério da Fazenda: First Biennal Transparency Report
[68] ANA: As enchentes no Rio Grande do Sul: lições, desafios e caminhos para um futuro resiliente
[69] FIERGS: Consulta da FIERGS sobre as enchentes de maio de 2024 no Rio Grande do Sul

	2035–2064 (reducing its return period to ~56 years) and 2.98 times more often by 2070–2099 (reducing it to ~36 years), indicating a structural increase in the probability and frequency of extreme precipitation events over time.			

Climate Rationale for Adaptation:

Sector & Sub-Sector	Hazard	Baseline	Climate Impact Pathway	Proposed Adaptation Solution
Sector: Energy Security & Efficiency Sub-sector: Energy Efficiency & Storage	• Drought • Extreme Precipitation	Brazil's electricity system depends on hydropower for ~60% of generation, with reservoirs concentrated in regions increasingly affected by drought; transmission and distribution networks are predominantly aboveground and exposed to storms, floods, and high winds, leaving large portions of consumer load directly vulnerable to climate-driven supply disruptions.	Brazil's electricity system is structurally exposed to climate physical risks on two fronts. Droughts reduce hydropower availability – which supplies ~60% of generation – forcing costly emergency thermal dispatch and raising the risk of supply rationing, as seen in 2015 when reservoir levels fell below 19% of capacity and electricity tariffs to consumers rose 50–70%. Concurrently, extreme precipitation events increasingly damage transmission and distribution infrastructure: in November 2023, gale-force storms in São Paulo left 2.1 million customers without power, with 500,000 still disconnected three days later. In December 2025 a further severe-weather event left ~4.2 million	Deploy capital in utility-scale and C&I battery energy storage systems (BESS), providing on-site energy reserves that maintain operational continuity during grid disruptions caused by extreme weather events – storms, floods, and drought-driven supply shortfalls – without reliance on diesel backup generation. Paired with on-site solar and built to climate-hardened standards, BESS recharges autonomously rather than depending on fuel-resupply logistics, which themselves fail during extreme events, as in the 2024 Rio Grande do Sul floods, when blocked roads and damaged infrastructure cut off supply. Its near-zero marginal dispatch cost, versus recurring diesel fuel costs, allows sustained and repeated discharge through prolonged disruptions[72]; it

[72] GSL Energy, Commercial Energy Storage vs Diesel Generators, 2025

			consumer units without power in metropolitan São Paulo; ANEEL monitoring of the distributor found interruptions exceeding 24 hours rose from 0.3% to 8.9% in severe-event months, confirming that grid performance does not improve when climate shocks hit[70],. Both hazards are projected to intensify under climate change scenarios.[71]	also avoids the fuel-theft exposure of on-site diesel storage.
Sector: Sustainable Agriculture Sub-sector: Bioinputs	• Heatwave • Drought	Brazilian agriculture is highly exposed to climate-driven productivity losses: ~90% of national production is rainfed, and extreme weather events are already causing average annual losses of ~R$13 billion (~USD 2.6 billion). Agricultural land has progressively expanded into areas of higher vapor pressure deficit, while later-starting rainy seasons and more intense dry seasons have made double-cropping practices – central to Brazil's grain output – increasingly difficult to sustain. Soybean, coffee, and sugarcane plantations face mounting biotic pressure from a wider range of fungi, bacteria, viruses, oomycetes, and nematode pa-	Rising temperatures and intensifying drought are amplifying biotic stress on Brazilian crops: higher temperatures shorten pest life cycles and extend their active season, while shifting the geographic range of plant diseases and reducing the effectiveness of conventional fungicides. The 2024–25 heatwaves drove temperatures above the critical 30°C threshold on more than 60% of soybean growing-season days, contributing to an estimated ~10% reduction in the harvest, with heat also facilitating proliferation of pests such as whiteflies and fungi. Climate change is projected to continue shifting pest and disease pressure across	Deploy capital in biofertilizer and biopesticide production capacity, addressing climate-driven agricultural stress on multiple fronts: (i) biopesticides and biological control agents respond to the rising pest and disease pressure driven by higher temperatures, which shorten pest life cycles, expand their geographic range, and reduce the efficacy of conventional chemical defensives; (ii) biofertilizers and bioinoculants strengthen soil microbiome activity and root development, improving nutrient uptake, soil moisture retention, and plant tolerance to drought and heat stress; and (iii) biostimulants directly enhance crop physiological response to abiotic stressors, supporting yield stability under increasingly variable climate conditions.

[70] ANEEL, Nota Técnica nº 9/2026-SFT/ANEEL (11 Feb 2026) and Nota Técnica nº 36/2026-SFT/ANEEL

[71] Pereira et al.: A Review of the Causes, Impacts and Solutions for Electricity Supply Crises in Brazil, Renewable and Sustainable Energy Reviews, 2018; PAC World: Blackout Watch Issue 066, December 2023

		thosystems migrating across the country's main producing regions.[73]	Brazil's main agricultural regions.[74]	
Sector: Sustainable Agriculture Sub-sector: Irrigation	• Drought	Brazil's agriculture is overwhelmingly rainfed: of 351 million hectares of agricultural land, only 8.2 million hectares (2.3%) were irrigated as of 2021, leaving the vast majority of production directly exposed to rainfall variability and drought events with no buffer against increasingly frequent dry spells.[75]	Brazil has experienced a significant increase in drought intensity over the past five decades (+4.2 additional consecutive dry days per decade between 1971–2020). The 2012–18 Northeast drought placed 96% of Northeastern municipalities in a state of emergency; the 2023–24 event affected 59% of national territory. According to CMIP6 projections, consecutive dry days are expected to increase from an average of 42 days (1995–2014) to 49 days by 2040–2059 and 54 days by 2080–2099, compounding water stress on rainfed agricultural systems that dominate Brazil's food-producing regions.[76]	Deploy capital in efficient irrigation infrastructure – drip, pivot, and precision systems – enabling productive use of degraded or marginally arable land that currently lacks sufficient water access to sustain commercial agriculture. By unlocking productivity on land already cleared but underutilized, irrigation reduces pressure to convert additional native vegetation to compensate for drought-induced yield losses on rainfed areas, while building resilience of existing agricultural operations against increasingly frequent dry spells.

Related Projects/Interventions Complementarity:

The Green Climate Fund has financed a set of relevant programmes in Brazil, notably FP143 on rural climate resilience in the Northeast, SAP031 on diversified agroforestry in the Marajó archipelago and FP301 on deforestation and conversion-free soy production in the Cerrado. These programmes address critical land-use, water-security and commodity-specific challenges, but they share a common architecture: concessional resources flow through public or international accredited entities and reach end-beneficiaries (smallholders, family farms, commercial producers) directly, within geographically or sectorally bounded perimeters.

[73] World Bank: Brazil Country Climate and Development Report, 2023; Woodwell Climate Research Center: Climate Change is Pushing Brazil's Farmland Out of Agricultural Suitability Range, 2021; Hamada et al.: A Comprehensive Review of Climate Change and Plant Diseases in Brazil, Plants (MDPI), 2024

[74] FAO: The State of Food and Agriculture 2025 – Heatwaves Impact on Brazilian Agriculture; Hamada et al.: A Comprehensive Review of Climate Change and Plant Diseases in Brazil, Plants (MDPI), 2024

[75] ANA: Atlas da Irrigação

[76] The World Bank: Climate Country Risk Profile Brazil; Marengo et al.: Drought in Northeast Brazil: A Review of Agricultural and Policy Adaptation Options for Food Security, Climate Resilience and Sustainability, 2022; ACAPS: Brazil – Impact of Drought in the Brazilian Amazon and 2025 Outlook, January 2025

The Programme proposed here is positioned on a complementary layer of the same agenda, with a primarily supply-side orientation. It deploys growth equity into the mid-cap companies that provide the technologies, inputs and services on which sustainable production depends, while preserving the option to invest directly in larger-scale productive operations where the ticket size and impact profile warrant it. This supply-side focus is what unlocks national-scale replicability: a single capitalized supplier of bio inputs, distributed energy or sustainable-agriculture technology can serve thousands of producers across multiple states, biomes and commodities, in a way that geographically or commodity-bound facilities cannot. By lowering the unit cost and expanding the commercial availability of the categories of solutions on which programmes such as FP143, SAP031 and FP301 rely, the Fund builds the supplier ecosystem that makes the replication of these models economically viable beyond their original perimeters, across the three interconnected pillars of clean energy, sustainable resources and sustainable agriculture.

The private capital landscape for climate investment in Brazil spans several categories of investors with distinct mandates and risk profiles. Infrastructure funds have channeled substantial capital into proven, large-scale solutions such as renewable energy generation and sanitation, but operate within contracted cash flow requirements and regulated return profiles that concentrate deployment in the less capital-starved segments of the transition. Venture capital funds have supported early-stage climate technology companies, typically in less capital-intensive businesses whose scale limits the magnitude of mitigation achievable per investment. Active minority private equity funds, including GEF Capital Partners (GEF LatAm Climate Solutions Fund IV, currently seeking GCF support under FP285), Just Climate and Lightrock, occupy a further segment, targeting growth-stage companies with established governance structures and cash flow visibility and deploying capital as financial sponsors without taking controlling positions. Each category plays an important role. Collectively, however, they leave a category of high-impact transactions underfunded: those requiring the active assembly of offtake agreements, supply arrangements and equity partnerships with strategic co-investors from an early stage, and the creation of bankable capital structures where none yet exist at entry. These fall simultaneously outside the entry requirements of minority PE, the capital-intensity tolerance of VC, and the risk profile of infrastructure investors. The Programme's control-oriented strategy and deal orchestration capabilities are designed to address this gap as a meaningful part of its investment mandate, directing capital toward transactions with some of the highest mitigation potential in Brazil's transition agenda. The table below details, for each comparable programme and fund, the specific gaps the Programme is positioned to address.

Related Project	Description	Gaps for Complementarity	How this Programme Complements
FP143 — "Planting Climate Resilience in Rural Communities of the Northeast (PCRP)"	US$ 99.5 million from GCF (≈ 57% grant, 43% concessional loan). Accredited Entity: IFAD; Executing partners: state agriculture secretariats. The project includes (i) installation of 43,000 solar-powered drip-irrigation kits and 750 community water-harvesting systems; (ii) climate-smart agronomy packages (drought-resistant seeds, no-till, biological fertilizers) across 1.2 M ha; and (iii) gender-responsive rural-extension and micro-credit services for women and youth.	Geographic scope: confined to the semi-arid Northeast and routed through state agriculture secretariats, with no built-in mechanism for replication outside the contracted territories. Vehicle: concessional capital flows to households and to public-sector executors but does not reach the mid-cap companies that supply the technologies and inputs on which the project depends, and whose expansion to national scale is required for similar interventions to become commercially viable beyond grant-funded perimeters.	FP143 channels concessional capital directly to smallholders and to state executors within a defined territory. The Programme operates on a complementary layer of the same problem, deploying growth equity into the companies that provide irrigation, bio-inputs and other technologies and services that enable scalability of sustainable agriculture. By capitalizing the supplier side rather than the beneficiary side, the Programme expands the commercial availability and lowers the unit cost of the same categories of solutions that FP143 distributes at the household level, allowing equivalent interventions to be replicated across other states

			and biomes without continued dependence on grant capital.
SAP031 — "Marajó Resiliente: Enhancing the resilience of smallholders to climate-change impacts through diversified agroforestry systems in the Marajó Archipelago"	US$ 9.8 million small-scale grant (Simplified Approval Process) for more than 74,000 vulnerable island smallholders facing salt-water intrusion, including (i) five regional nurseries and 5.6 million seedlings (açaí, cacao, andiroba); (ii) climate-field-schools and gender hubs for 7,400 lead farmers; (iii) two river-logistics hubs and an e-commerce platform; and (iv) community mangrove-restoration and small-scale solar cooling. Accredited Entity: Fundación Avina.	Geographic scope: highly localized in three municipalities of the Marajó archipelago, with approximately 800 hectares of demonstration plots and no built-in mechanism for replication beyond the project area. Vehicle: small-scale grants and technical assistance reach community-level producers, but do not channel growth capital to the mid-cap companies whose technologies and inputs would be needed to translate the agroforestry models tested in Marajó into a commercial sector at larger scale, in the Amazon or elsewhere.	The Programme does not invest at the community-plot or smallholder-cultivation level addressed by SAP031. It deploys growth equity into mid-cap companies that provide technologies and inputs for sustainable agriculture, with a preference for projects of larger scale where private capital can shift the unit economics of an entire sub-sector. This builds the commercial base that allows agronomic models proven in pilots such as SAP031 to be carried beyond demonstration territories into commercial operations of broader reach, complementing rather than duplicating SAP031's community-level work.
FP301 — "Responsible Commodities Facility, Deforestation and Conversion Free: Finance for soy production in the Cerrado (RCF-DCF Project)"	US$ 425 million programme (US$ 85 million GCF). Executing Entity (PSAA): Sustainable Investment Management Limited (SIM). The facility issues Green CRAs to approximately 1,000 commercial soy farms in the Cerrado that commit to deforestation and conversion-free production, structured with concessional and commercial tranches. The programme targets approximately 1 M ha of sustainable production, protection of 379,949 ha of native vegetation and avoided emissions of 25.6 Mt CO2e.	Commodity and biome scope: focused exclusively on soy production within the Cerrado, with no direct mechanism to address other commodities or biomes facing similar pressures. Vehicle: the facility provides concessional debt to farmers conditional on land-use commitments, but does not capitalize the upstream supply of technologies and inputs whose availability and cost determine whether sustainable production can compete commercially with conventional production at national scale.	FP301 and the Programme operate on different and complementary layers of the same value chain. FP301 disburses concessional capital directly to farmers under specific land-use covenants, addressing the producer side of sustainable commodity production. The Programme deploys growth equity into companies that supply technologies and inputs for sustainable agriculture, expanding their commercial reach and supporting their growth at scale. This positioning increases the likelihood that models such as FP301's can be sustained and broadened over time, since the supporting ecosystem of sustainable solutions grows

			in parallel and becomes available to producers, commodities and regions not currently covered by an equivalent facility.
FP285 — GEF LatAm Climate Solutions Fund IV	USD 400 million target private equity fund seeking GCF equity participation of USD 70 million. Accredited Entity: GEF Brasil Investimentos Ltda (subsidiary of GEF Capital Partners). The Fund targets 8 to 10 mid-market companies in Brazil across three sectors: (i) clean energy; (ii) sustainable land use and agriculture; and (iii) urban solutions. The Fund operates as an active minority investor with a 10-year horizon (5-year deployment, 5-year divestment).	FP285 deploys active minority equity into mid-market companies that already present governance structures and cash-flow visibility at entry.	The Programme complements this approach through control-oriented investments in which offtake, supply and capital structures are built alongside the investment, including greenfield and capital-intensive platforms.

B.2 (a). Theory of change narrative and diagram (max. 1500 words, approximately 3 pages plus diagram)

Present the theory of change (ToC) that contains a goal statement and describes how the proposed project/programme will con-tribute towards the goal statement by using results chain links from activities, outputs, to outcomes. By referring to the sample ToC diagram template available in the guidance note, present a ToC diagram (approximately 1 page) which visually represents the same logic in the narrative description. The ToC diagram and narrative may include a wide range of co-benefits as applicable in the context of the project/programme.

Note all co-benefits will need to be further elaborated in section D.3 (sustainable development potential) and correspondent co-benefit indicators should be provided under section E.5 (project/programme specific indicators).

The theory of change should also include any relevant barriers (social, gender, fiscal, regulatory, technological, financial, ecologi-cal, institutional, etc.) that need to be addressed as well as risks and assumptions. Note that the assumptions can be elaborated further in sections E.3 (GCF outcome level: reduced reduced emissions and increased resilience) and E.5 (project/programme specific indicators) for each relevant indicator, as appropriate

Goal

To accelerate the decarbonization of NDC-critical sectors in Brazil by deploying growth equity directly into climate-oriented companies in New Energies, Food Security, and Circular Economy – sectors that are systematically underfunded despite being central to Brazil's emissions reduction and climate resilience commitments.

Barriers

- Barrier 1 – Climate finance misallocation: 53% of climate finance allocated to the energy sector in Brazil, with 80–90%[77] concentrated in mature technologies such as on-shore wind and solar, while NDC-critical sectors – biomethane, industrial decarbonization, climate-resilient agriculture, and circular production – receive less than 10–20% of available capital. Long-tenor FX risk, high upfront capex, and absent track record in these sectors deter the risk-bearing growth equity they require, leaving potential mitigation unrealized and national climate targets underfunded.

[77] CLIMATE POLICY INITIATIVE. Global Landscape of Climate Finance 2025. San Francisco: CPI, 2025.

- Barrier 2 – Value-chain fragmentation prevents systemic decarbonization: climate investments in target sectors remain uncoordinated – production, distribution, and offtake are disconnected, preventing the scale required to implement NDC priorities. Individual technology deployments without value-chain integration do not achieve a paradigm shift.
- Barrier 3 – Weak MRV capacity undermines climate accountability: most growth-stage climate companies lack credible GHG baselines, additionality assessments, and emissions tracking systems aligned with national reporting frameworks. Without robust MRV, private-sector mitigation contributions cannot be attributed to NDC progress, and the sector cannot access blended finance or impact-linked capital at scale.
- Barrier 4 – Governance deficits limit durable climate outcomes: mid-sized companies lack the institutional structures to implement and sustain environmental safeguards, climate performance systems, and MRV beyond a single investment cycle. Without durable governance, climate interventions do not persist post-investment – and emissions reductions are not locked in.
- Barrier 5 – Exclusion of vulnerable groups weakens adaptation reach: climate solutions that bypass women, informal workers, and smallholders fail to reach the populations most exposed to climate shocks, limiting both the depth and durability of adaptation outcomes.

Inputs

The Fund's intervention is anchored in three complementary inputs. First, FX protection capital deployed within the Fund's blended-finance structure, specifically designed to absorb FX tail risk and reduce currency-related barriers for international investors. Second, eB Climate's track record in scaling growth-stage businesses in Brazil and its established relationships with domestic and international institutional investors. Third, a proprietary climate investment framework and deal pipeline built through eB Climate's experience as a fund manager, covering sector selection, due diligence, and ESG integration across New Energies, Food Security, and Circular Economy value chains.

Activities

Each of the five barriers is addressed by one or more targeted Fund activities:

- Activity 1 – Addressing Barrier 1 (climate finance misallocation): the Fund deploys a blended-finance structure with a FX protection tranche sized specifically to cover FX volatility for international investors, reducing the primary deterrent to institutional capital in NDC-critical sectors and enabling its flow into segments currently bypassed by climate finance.
- Activity 2 – Addressing Barrier 2 (value-chain fragmentation): the Fund pursues a platform-based investment strategy, consolidating subscale players and integrating value chains to create larger, more efficient, and institutionally investable businesses capable of systemic decarbonization at scale.
- Activity 3 – Addressing Barrier 3 (weak MRV): the Fund implements a portfolio-wide MRV framework (including GHG inventories and ESG KPIs) aligned with recognized standards and national reporting frameworks, making climate contributions attributable and verifiable.
- Activity 4 – Addressing Barrier 4 (governance deficits): the Fund strengthens governance, management capabilities, and ESG frameworks within portfolio companies during the active ownership phase, institutionalizing climate performance systems that persist beyond the investment period.
- Activity 5 – Addressing Barrier 5 (exclusion of vulnerable groups): the Fund embeds gender inclusion and social safeguards into its value creation strategy, incorporating them into governance structures, management incentives, and operational processes across portfolio companies.

Outputs

The Fund's activities produce four interconnected outputs that collectively enable systemic change in Brazil's climate finance landscape.

- Output 1: Fund capitalized and operational with blended-finance structure. A blended-finance private equity vehicle is live, with a targeted FX protection for international investors and institutional co-investors in senior tranches. This structure creates a credible, replicable channel for domestic and international capital to reach NDC-critical sectors.

- Output 2: Growth equity deployed into New Energies, Food Security, and Circular Economy companies. Capital reaches the underfunded missing middle – businesses in NDC-critical sectors with validated models that lack access to institutional equity. This is the Fund's direct climate intervention: financing companies that deliver measurable mitigation and adaptation outcomes.
- Output 3: ESG practices, governance frameworks, and gender inclusion institutionalized across portfolio companies. Each portfolio company exits the Fund's active ownership phase with durable governance and climate performance systems (MRV, environmental safeguards, gender inclusion practices) that persist beyond the investment relationship.
- Output 4: Financial and climate performance monitored throughout the investment period. The Fund tracks GHG inventories and ESG KPIs across portfolio companies, making climate impact measurable, transparent, and attributable to NDC progress throughout the investment period.

Intermediate Outcome: Increased Flow of Crowd-In Private Investment into Climate Sectors

GCF's entry as a catalytic anchor investor strengthens investor confidence and governance, helping mobilize capital into the Fund. At the USD 200 million first close, GCF will commit 20% (USD 40 million), alongside USD 160 million from other investors. This capital will enable the Fund to invest in New Energies, Food Security, and Circularity companies in Brazil. As these investments deliver results, the Fund is expected to reduce perceived risk, establish MRV and governance benchmarks, and demonstrate replicable business models, encouraging further private investment in these sectors.

Outcomes

- Outcome 1 – GHG Emissions Avoided (MRA 1–4): portfolio companies in New Energies, Food Security, and Circular Economy sectors collectively deliver verified, measurable emissions reductions, through displacement of fossil energy, sustainable agricultural practices, and circular production models, directly contributing to Brazil's NDC targets. These reductions are attributable, tracked through portfolio-wide MRV, and aligned with national reporting frameworks.
- Outcome 2 – Climate Resilience Improved (ARA2-3): portfolio companies across Food Security and Circular Economy improve resilience in agricultural and water systems through more efficient irrigation, sustainable agricultural inputs, and resource management (ARA2), while investments in distributed energy and behind-the-meter BESS strengthen the resilience and reliability of critical energy infrastructure and operations exposed to climate-related disruptions (ARA3). The Programme explicitly targets the physical fortification of infrastructure assets (ARA3) against acute physical hazards, ensuring that clean energy storage (BESS) and distributed generation infrastructure are built to climate-hardened standards, thereby securing downstream continuity of service and reducing supply disruptions during extreme events.

Impact

IF the Fund deploys growth equity into NDC-critical climate companies in Brazil, THEN verified emissions reductions will be achieved and the resilience of vulnerable communities and value chains will be strengthened, BECAUSE directly financing and scaling businesses in underfunded sectors, combined with durable governance and MRV, delivers measurable climate outcomes, reduces perceived risk, and enables replication at scale.

Co-Benefits Generated

Co-benefit – Green jobs: Supporting the creation of qualified green jobs across New Energies, Food Security, and Circular Economy value chains.

Paradigm Shift

- **Potential for scaling up and replication:** The Fund is designed to catalyze a structural shift in how climate investments are deployed in Brazil by demonstrating a scalable model for mobilizing private capital into mid-market climate solutions. By combining capital with FX protection features with a disciplined private equity approach, the Fund reduces perceived risk and establishes a replicable structure for future vehicles. At the portfolio level, the

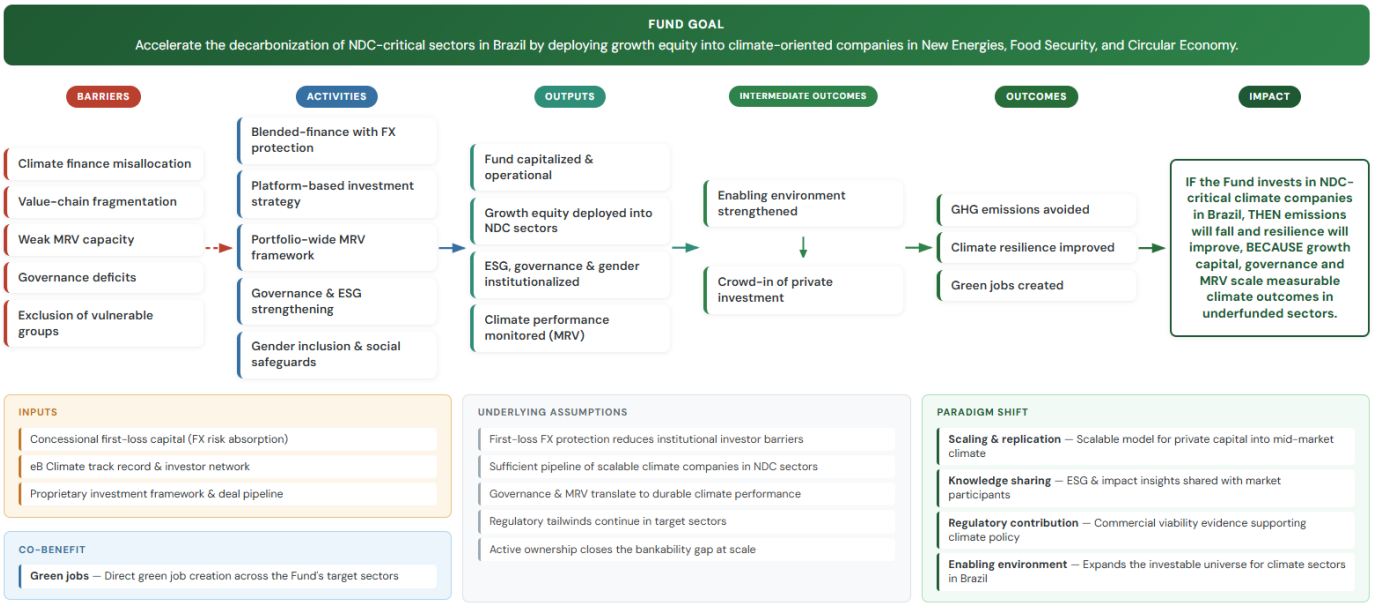
scaling of companies in New Energies, Food Security, and Circular Economy sectors is expected to create reference cases demonstrating the climate and commercial viability of sectors today perceived as non-bankable, accelerating the adoption of similar business models and investment strategies.

- **Potential for knowledge sharing and learning:** The Fund contributes to knowledge generation through its active ownership model and structured monitoring of financial and ESG performance. Insights derived from portfolio companies – including GHG measurement, emissions reduction methodologies, operational improvements, ESG integration, and impact measurement practices – are expected to inform both internal processes and broader market participants. Where appropriate, learnings may be shared with investors, co-investors, and ecosystem stakeholders, helping reduce information asymmetries and supporting the maturation of the climate investment landscape in Brazil.
- **Contribution to regulatory frameworks and policies:** While not directly involved in policymaking, the Fund contributes to the evolution of regulatory frameworks by translating existing climate policy frameworks into bankable projects with demonstrated climate performance. Successful investments and exits provide practical evidence that can support the design and refinement of public policies, particularly those related to energy transition, circular economy, and sustainable agriculture. In addition, the Fund operates in alignment with existing ESG and climate standards, reinforcing their adoption across the private sector. This engagement operates at two levels, led at CEO level to carry appropriate institutional weight. Outward-facing, the Fund contributes real private-sector implementation experience to regulatory processes, through bilateral dialogue, formal consultations and multi-stakeholder forums, always representing the perspective of the private equity industry rather than the Fund's own commercial interests. A current example is eB Climate's participation in the Brazilian National Treasury's process to define a trusted MRV system for blended finance projects. Inward-facing, the Fund monitors regulatory developments with precision at the portfolio company level: in sectors where frameworks are still being defined, parameters such as mandate scope, eligible feedstocks and implementation timelines can be decisive for project bankability, as illustrated by the biomethane mandate under Brazil's Combustível do Futuro program.
- **Contribution to the creation of an enabling environment:** By demonstrating that companies in underfunded climate sectors can achieve institutional-grade governance, robust MRV systems, and verified emissions reductions, the Fund strengthens the broader climate investment ecosystem in Brazil. Successful exits establish market benchmarks for climate performance in hard-to-abate sectors, expanding the investable universe beyond mature technologies. The blended-finance model reinforces this by providing a replicable template for how catalytic capital can crowd in private investment into climate sectors at scale.

Assumptions

- FX protection meaningfully reduces the primary barrier for international institutional investors in Brazilian climate assets.
- Sufficient pipeline of scalable climate companies capable of absorbing growth equity exists in NDC-critical sectors.
- Governance and MRV improvements translate into durable climate performance and enhanced investability.
- Regulatory tailwinds continue to support New Energies, Food Security, and Circular Economy sectors in Brazil.
- Hands-on platform building and active ownership can close the bankability gap and unlock systemic decarbonization at scale.

Diagram



B.2 (b). Outcome mapping to GCF results areas and co-benefit categorization

Fill in the GCF results area table below to map each project/programme outcome identified in section B.2(a) to the contributing GCF results area(s) by referring to the description of eight results areas provided in the guidance note.

Outcome number	GCF Mitigation Results Area (MRA 1-4)				GCF Adaptation Results Area (ARA 1-4)			
	MRA 1 Energy generation and access	**MRA 2** Low-emission transport	**MRA 3** Building, cities, industries, appliances	**MRA 4** Forestry and land use	**ARA 1** Most vulnerable people and communities	**ARA 2** Health, well-being, food and water security	**ARA 3** Infrastructure and built environment	**ARA 4** Ecosystems and ecosystem services
Outcome 1	☒	☒	☒	☒	☐	☐	☐	☐
Outcome 2	☐	☐	☐	☐	☐	☒	☒	☐

If any co-benefits have been identified in section B.2(a), fill in the Co-benefit table below to map each co-benefit to the corresponding category as defined in the FP guidance note.

Co-benefit number	Co-benefit					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Co-benefit 1	☒	☒	☒	☐	☐	☐

B.3. Project/programme description (max. 2500 words, approximately 5 pages)

Define the project/programme. Describe the proposed set of components, outputs and activities that will be undertaken by the project/programme to attain the intended outcomes elaborated in Section B.2 (a). Please also elaborate how the project/programme activities will address the barriers described in Section B.2.

This section of the funding proposal should be consistent with sections C.2 (financing by component), E.5 (project/programme results level) and E.6 (project/programme activities and deliverables).

Referring to the feasibility study, describe why this set of interventions was selected instead of alternative solutions and how the project/programme can help unlock the needed support in a sustainable manner. Also identify trade-offs of the selected interventions, if applicable.

For Enhanced Direct Access (EDA) proposals and projects/programmes with financial intermediation (loans or on-granting), describe the selection criteria of the sub-project and types.

The eB Capital Energy Transition and Climate Solutions Fund II, branded externally as eB Climate Fund II, is a blended-finance private equity programme designed to mobilize institutional capital into climate mitigation and adaptation solutions in Brazil. The Fund will invest growth equity and expansion capital in a concentrated portfolio of approximately 6-10 climate-aligned companies and greenfield platforms across three priority verticals: New Energies, Food Security, and Circularity and Efficient Use of Resources.

The programme will be implemented through a 10-year closed-end private equity vehicle, with a five-year investment period followed by a five-year divestment period. The GCF will invest up to USD 50 million in equity, capped at 20% of total Fund commitments, within a vehicle targeting USD 400 million – with capacity to scale up to USD 500 million depending on final investor demand. GCF's capital will play a critical role by supporting a structure designed to address one of the main barriers to international commercial investment in Brazil: long-term FX volatility, while also providing a catalytic and signaling effect that can help attract other investors.

The Fund's Theory of Change is built around five activities that respond directly to the barriers identified in Section B.2 and generate four outputs, which together lead to increased private investment in climate-aligned companies in Brazil. The following section describes each output, its associated activities, and the specific mechanism by which each addresses the corresponding barrier.

Table 1 below presents the Fund's intervention logic in structured form. Each barrier identified in Section B.2 is directly addressed by one or more activities, organized under the relevant output area. Detailed descriptions of each activity follow in subsequent sub-sections.

Output area	**Barrier**	**Activities and sub-activities**
Output 1 Fund capitalized and operational with blended-finance structure	**Barrier 1** Climate finance misallocation: FX risk deters institutional capital from NDC-critical sectors	**Activity 1 – Establish blended-finance vehicle with GCF FX risk coverage** *Finalize legal documentation, LP subscription process, governance, capital-call procedures, and compliance framework* *Design and operationalize the FX de-risking mechanism — scoped exclusively to abnormal currency depreciation; explicitly excludes commercial, operational, and exit risk coverage* *Complete LP fundraising from domestic and international institutional investors*
Output 2 Growth equity deployed into New Energies, Food Security, and Circularity companies	**Barrier 2** Value-chain fragmentation prevents systemic decarbonization at scale	**Activity 2.1 – Multi-stage investment screening and selection** *Exclusion list → climate eligibility → commercial fit → E&S risk → IC approval* **Activity 2.2 – Platform-building and value-chain orchestration** *Market consolidation: identify and acquire subscale players within target subsectors* *Offtake and supply structuring: negotiate long-term bankable agreements with industrial buyers and upstream suppliers where applicable* *Operator attraction: recruit specialized technical managers and sector operators to new platforms*

		Capital structure design: prepare companies to absorb follow-on capital from infrastructure investors, lenders, and strategics
Output 3 ESG practices, governance frameworks, and gender inclusion institutionalized across portfolio companies	**Barrier 4** Governance deficits limit durable climate outcomes beyond the investment period	**Activity 4.1 – Active ownership and governance strengthening** *Year 1–2: 100-day plan; board formation; governance committee creation; executive hiring; financial controls; KPI dashboard implementation* *Year 2–4: strategic planning cycles; operational improvements; institutional reporting* *Year 4–5: exit readiness; continuity and succession planning* **Activity 4.2 – ESG integration and environmental/social safeguards** *ESG action plan at entry; occupational health and safety; grievance mechanisms; stakeholder engagement procedures; supply-chain standards* *ESG performance incorporated into management incentive structures*
Output 3 ESG practices, governance frameworks, and gender inclusion institutionalized across portfolio companies	**Barrier 5** Exclusion of vulnerable groups weakens adaptation reach and social durability of climate outcomes	**Activity 5 – Gender inclusion and social safeguard considerations** *Gender inclusion and social safeguard considerations incorporated into governance structures and operational processes across portfolio companies*
Output 4 Financial and climate performance monitored throughout the investment period	**Barrier 3** Weak MRV capacity undermines climate accountability and access to blended finance	**Activity 3 – Portfolio-wide MRV framework implementation** *Define company-specific KPI set (GHG avoided, fossil fuels displaced, waste recovered, methane abated, ha/beneficiaries made resilient, jobs created, gender indicators)* *Annual GHG inventory and ESG KPI reporting aligned with GCF frameworks and Brazil's NDC national reporting* *Third-party verification where required by GCF or investor reporting standards*

Output 1: Fund capitalized and operational with blended-finance structure

The first output is the establishment of a fully operational blended-finance private equity vehicle with GCF capital in a catalytic FX protection position. This output addresses Barrier 1 (climate finance misallocation driven by FX risk and low investor confidence in NDC-critical sectors), and is delivered primarily through Activity 1 (establish blended-finance vehicle with GCF FX protection tranche sized for FX tail-risk coverage).

The Fund will finalize its legal documentation, governance arrangements, investor subscription process, compliance framework, capital-call procedures, and reporting obligations. It will also establish the GCF-supported FX de-risking mechanism,

which will be designed to address abnormal currency depreciation scenarios for international commercial investors. This mechanism will not provide project-level downside protection, general return enhancement, or coverage for execution, commercial, operational, or exit risks. It is narrowly designed to improve the risk-return perception of long-duration Brazilian climate investments while preserving market discipline.

By creating a professionally governed institutional vehicle with GCF participation, the Programme provides a credible channel for domestic and international LPs to allocate capital to Brazilian climate solutions.

Output 2: Growth equity deployed into New Energies, Food Security, and Circularity companies

The second output is the deployment of growth equity into companies and projects that are aligned with the Fund's three priority verticals and capable of delivering measurable mitigation and adaptation outcomes. This output directly addresses Barrier 2 (value-chain fragmentation). It is delivered through two interconnected activity streams: the investment screening and selection process (Activity 2.1) and the platform-building and value-chain orchestration model (Activity 2.2).

The Fund will originate, assess, structure, and invest in growth-stage companies and greenfield platforms across sectors such as biomethane, biofuels, green hydrogen, batteries, renewable energy, biological inputs, specialty and green fertilizers, irrigation infrastructure, precision agriculture, recycling, waste management, low-carbon materials, modular construction, and water or wastewater treatment.

In several of these markets, climate opportunity is not yet available as an institutional-grade asset. Companies are often subscale, fragmented, dependent on short-term commercial relationships, or unable to secure bankable offtake and supply arrangements. eB Climate's role will therefore go beyond capital provision. The Fund will help build platforms by supporting market consolidation, structuring long-term offtake and input supply agreements, attracting specialized operators, designing bankable capital structures, and integrating value chains.

By backing scalable platforms rather than isolated assets, the Fund will help create larger, more efficient, and more investable companies capable of attracting follow-on capital from strategic buyers, infrastructure investors, commercial lenders, and other institutional investors.

Output 3: ESG practices, governance frameworks, and gender inclusion institutionalized across portfolio companies

The third output is the institutional strengthening of portfolio companies through improved governance, management capability, ESG systems, MRV capacity, and gender inclusion practices. This output directly addresses Barrier 4 (governance deficits) and Barrier 5 (exclusion of vulnerable groups). It is delivered through Activities 4.1, 4.2, and 5.

Under Activity 4.1 (active ownership and governance strengthening), the Fund will strengthen governance and management capabilities within portfolio companies during the active ownership phase. eB Climate will support portfolio companies through board participation, management reinforcement, 100-day plans, financial planning, internal controls, KPI discipline, strategic planning, operational improvements, and institutional reporting. Where required, the Fund will support the hiring of senior executives, creation of governance committees, professionalization of finance functions, and implementation of recurring management routines. Regulatory engagement is embedded in the active ownership model as a structured value creation lever. At Cirklo, this meant hiring an external advocacy consultancy and a leading specialist in waste management and reverse logistics, and actively supporting public consultation contributions on the Plastics Decree — covering recycled-content targets, reverse-logistics enforcement and traceability — work later recognized by sector stakeholders as a meaningful contribution to its approval. eB Climate will hold control, joint control, or material governance rights in all portfolio companies, and will use these rights to implement a structured value-creation programme across three phases of the investment period.

Under Activity 4.2 (ESG integration and environmental and social safeguards), each portfolio company will develop and implement an ESG Action Plan at entry, covering environmental management, occupational health and safety, stakeholder engagement, supply-chain standards, and grievance mechanisms. The Fund will also apply IFC Performance Standards and GCF E&S safeguards across the portfolio throughout the investment period.

Under Activity 5 (gender-lens screening and social safeguards), the Fund embeds gender inclusion and social safeguards into its value creation strategy, incorporating them into governance structures, management incentives, and operational processes across portfolio companies.

By institutionalizing these practices during ownership, the Fund will strengthen company resilience, improve access to capital, and create benchmarks that can be replicated by suppliers, competitors, and future investors.

Output 4: Financial and climate performance monitored throughout the investment period

The fourth output is the implementation of a portfolio-wide impact measurement and monitoring framework. This output directly addresses Barrier 3 (weak MRV capacity) and is delivered through Activity 3 (portfolio-wide MRV framework).

Each investment will be assessed against a defined mitigation and/or adaptation rationale. The Fund will track relevant climate and ESG indicators, including GHG emissions avoided or reduced, GHG inventories, fossil fuels displaced, renewable or low-carbon energy supplied, waste recovered, methane emissions avoided, synthetic inputs substituted, hectares or beneficiaries made more climate-resilient, jobs created, and gender-related indicators. Metrics will be tailored to each business model and monitored throughout the investment period.

Monitoring activities will be conducted internally by the Fund team, supported by specialized third-party consultants where appropriate. This includes, for example, external support for GHG inventories, decarbonization plans, and other climate-related measurement and reporting processes.

By creating transparent, comparable, and verifiable performance data, the Fund will support GCF reporting, strengthen investor confidence, and help demonstrate that Brazilian climate private equity can deliver both financial and climate outcomes at scale.

Investment selection and sector prioritization framework

Potential investments will be selected through a disciplined, multi-layered screening process. Before diligence resources are committed, each opportunity will be assessed against the Fund's exclusion list, climate eligibility criteria, commercial fit, E&S risk profile, and expected mitigation and/or adaptation contribution.

The Fund's exclusion list (set out in full in the Fund's ESMS, Annex 6) will screen out sectors and activities considered climate-harmful or inconsistent with the Fund's low-carbon and climate-resilient mandate. This includes activities whose core business model would materially increase GHG emissions, lock in long-lived high-emission infrastructure, drive deforestation or conversion of natural habitats, violate applicable environmental and social safeguards, or fail to demonstrate a credible transition or climate-positive rationale. Fossil-fuel-related opportunities will only be considered where they demonstrably enable emissions reduction, resilience, or transition outcomes, such as verifiable displacement of higher-emission fuels or methane abatement, and will be rejected where they represent unabated expansion of high-emission activities.

Climate eligibility is determined through the screening process set out in the Fund's ESMS (Annex 6), applied to every opportunity before diligence resources are committed. At the Market Screening stage, four overlapping filters are applied:

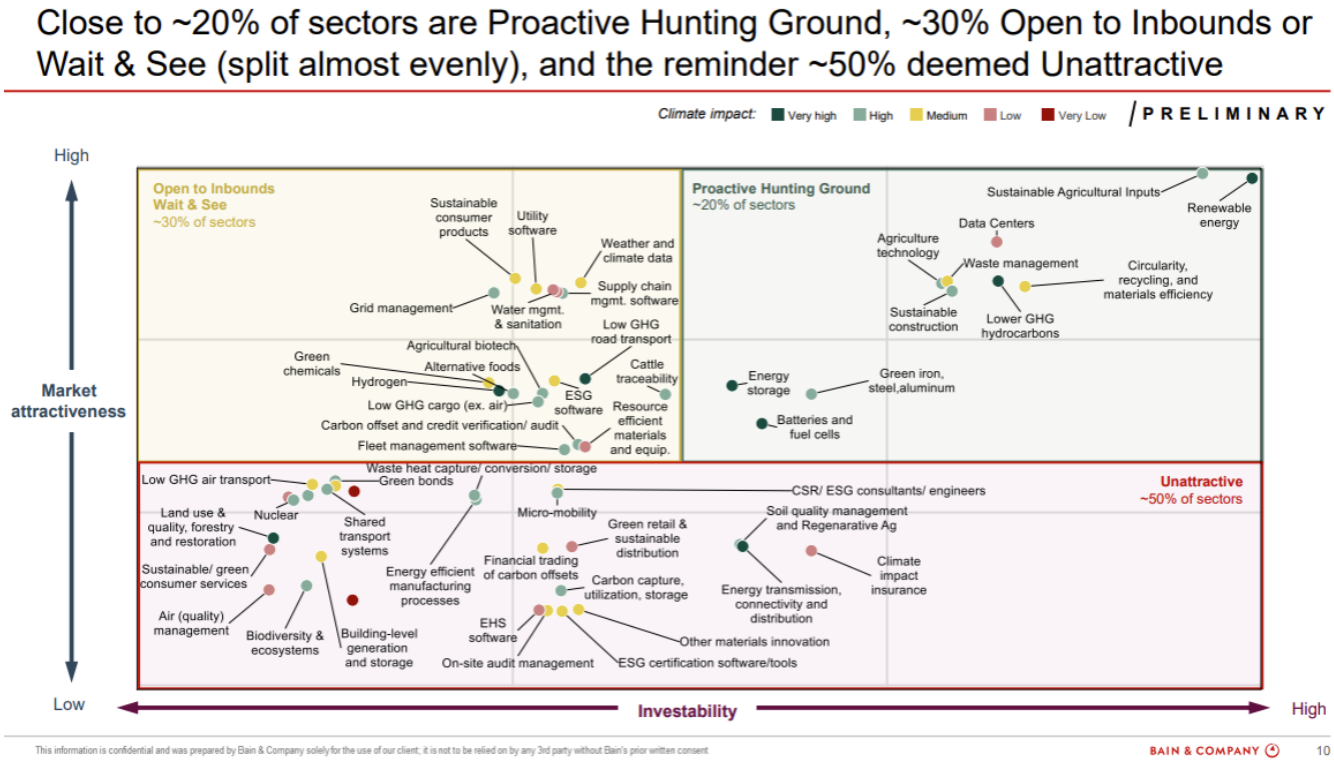
- Thematic investment: the opportunity must fall within the Fund's pre-selected, climate-aligned sectors, which map to its three verticals: New Energies, Food Security, and Circularity & Efficient Use of Resources (Section B.1).
- Positive screening: the climate and ESG rationale must be core to the business model, not a compliance overlay.
- Negative screening: the Exclusion List described above is applied to reject activities incompatible with the Fund's mandate or the IFC Performance Standards.
- SDG mapping: the opportunity must demonstrably contribute to at least one Sustainable Development Goal.

Opportunities that clear screening are then stress-tested at the first investment memorandum (IM1, Pre-NBO), where the sustainability thesis is assessed against the Impact Management Project's Five Dimensions of Impact (Who, What, How Much, Contribution, and Risk) producing the measurable mitigation and/or adaptation rationale on which a Non-Binding Offer is conditioned. The pre-selected sectors referenced above are themselves the output of a proprietary climate investment framework developed with Bain and Systemiq. The framework began with a broad climate taxonomy covering approximately 10 investment themes, around 60 sectors, and roughly 400 subsectors. These were organized into themes such as greener energy, sustainable food systems, clean manufacturing and materials, built environment, mobility, natural capital, consumer, software, financial services, and enabling technologies and services.

From this broad universe, sectors were prioritized using a combination of top-down and bottom-up analysis. The initial sector prioritization assessed each sector across four main criteria: climate impact, technological maturity, market tailwinds,

and target availability. Climate impact assessed whether a sector could materially reduce emissions or address high-emitting or tipping-point sectors. Technological maturity assessed whether solutions were still in concept or prototype stage, commercializing in niche markets, or ready for mass-market adoption. Market tailwinds considered growth outlook, global and regional PE activity, margins, and unit economics. Target availability assessed whether there were enough companies or carve-out opportunities capable of absorbing meaningful equity tickets.

Each sector was then mapped according to market attractiveness and investability, with climate impact used as an additional prioritization layer. This generated four categories: proactive hunting ground, open to inbound opportunities, wait and see, and unattractive. Only sectors with sufficient climate relevance, commercial attractiveness, and investability were prioritized for proactive origination.



The second stage involved deeper subsector assessment across approximately 11 prioritized sectors and 50-70 subsectors, using a broader set of criteria to evaluate strategic fit, attractiveness, and investability. This analysis was complemented by an assessment of value-chain pain points and potential JV or partnership opportunities with large industrial groups.

The process ultimately led to the prioritization of the Fund's three verticals: New Energies, Food Security, and Circularity & Efficient Use of Resources, as these sectors consistently ranked among the strongest across the assessment criteria. In particular, they combined high mitigation and/or adaptation potential, strong alignment with Brazil's decarbonization needs and comparative advantages, favorable long-term market tailwinds, a sufficiently mature ecosystem of technologies and industrial participants, and opportunities for deal orchestration. The Fund intentionally prioritizes scalable solutions where the primary challenge is not technology development itself, but rather execution, integration, structuring, and scaling. In many cases, the investment thesis depends not only on the underlying company itself, but also on eB Climate's ability to help connect and align key commercial, operational, and financing counterparties around the project or platform. This dynamic is particularly relevant in climate sectors that are essential to Brazil's decarbonization pathway and NDC goals, but which still face fragmented value chains, limited institutional capital, and insufficient coordination among key market participants.

At the company level, investment candidates must meet five requirements. First, they must be located in Brazil or generate clear Brazil-based climate impact. Second, they must operate in, or directly enable, New Energies, Food Security and Circularity. Third, they must present a measurable mitigation and/or adaptation rationale. Fourth, they must comply with the Fund's exclusion list, ESMS, IFC Performance Standards, GCF safeguards, and Brazilian regulation. Fifth, they must have an acceptable E&S risk profile, with Category A or I-1 investments excluded.

The screening process is conducted jointly by the investment, ESG, and compliance teams, with ESG integrated throughout the full investment workflow rather than assessed as a parallel exercise. All opportunities initially undergo a market-screening stage, followed by successive investment memorandums ("IM1", "IM2", and "IM3"), ESG due diligence, site visits, Investment Committee discussions, and post-investment action plan definition. ESG considerations are formally documented and revisited throughout each stage of the process.

During screening and target evaluation, the Fund assesses a combination of climate, ESG, operational, governance, and commercial indicators. Climate-related KPIs may include GHG emissions avoided or reduced, renewable or low-carbon energy generated, methane abatement, waste recovered, fossil-fuel displacement, hectares or beneficiaries made more resilient, and other business-model-specific mitigation or adaptation indicators. ESG and governance analyses also cover topics such as health and safety practices, labor conditions, environmental compliance, waste and water management, governance maturity, reputational risks, ethics and integrity matters, stakeholder management, and alignment with applicable safeguards and regulations.

The Fund also applies internationally recognized frameworks, including the SDGs, the IMP Five Dimensions of Impact (What, Who, How Much, Contribution, and Risk), IFC Environmental and Social categorization methodology, and Theory of Change analyses. Opportunities are evaluated not only based on absolute climate impact, but also on their relative advantage versus incumbent or "grey" alternatives in terms of scalability, economics, operational feasibility, and long-term competitiveness.

Gender and inclusion considerations are incorporated into both due diligence and portfolio monitoring, particularly regarding workforce practices, governance structures, health and safety, access to services, and potential impacts on underserved or vulnerable populations. Over time, the Fund expects to further strengthen gender-related KPIs and action plans in alignment with international best practices and applicable GCF requirements.

Commercially, the Fund will prioritize sizeable companies or platforms with proven business models, mature or near-commercial technologies, strong market tailwinds, credible management teams, scalable unit economics, identifiable demand, and clear exit potential. The Fund will generally target companies or projects where eB Climate can deploy meaningful equity tickets (USD 30 – 60 million) and secure material governance influence, including control, joint control, board representation, veto rights, or contractual rights over key decisions.

The Fund's legal relationship with each Portfolio Company will be governed by binding transaction documents, including a Share Purchase Agreement ("SPA") and a Shareholders' Agreement ("SHA"). These agreements will include binding obligations on ESG standards, gender-related commitments, reporting requirements, and other investment-specific matters, with the level of detail and rigor of these provisions tailored to the ESG due diligence findings and specific circumstances of each investment. Board participation will support the monitoring and enforcement of these obligations, which will be contractually embedded in the SPA and/or SHA.

Enforcement is calibrated to the Fund's level of control: in control or significant-influence investments the Fund directs implementation through its governance rights, while in minority positions it promotes alignment through board representation and engagement. Remedies for material non-compliance are graduated:

- Written notice and an agreed 60-day remediation plan;
- Escalation to the ESG and Investment Committees;
- Judicial exercise of contractual remedies for unresolved or repeated breaches;
- Inclusion in investor reporting;
- Constrained access to follow-on capital from the Fund where no credible remediation is provided.

Implementation costs are borne by the portfolio company as part of the value-creation plan, while fund-level ESG oversight is funded within the management fee.

The Fund's controlling or influential ownership approach is a central component of its value creation strategy. Following investment, eB Climate intends to actively support portfolio companies through strategic, operational, financial, governance, and ESG initiatives. This may include implementing 100-day plans, strengthening governance structures and committees, professionalizing management teams, supporting hiring and incentive plans, improving financial controls and reporting, establishing ESG committees and KPI monitoring routines, assisting with commercial strategy and strategic partnerships, supporting decarbonization and climate reporting initiatives, and helping companies access growth capital and strategic counterparties. Post-investment stewardship activities are expected to evolve throughout the holding period. During the first

12-24 months, the focus is typically on governance implementation, operational stabilization, ESG corrective action plans, KPI definition, management structuring, and strategic repositioning. In later years, efforts are expected to increasingly focus on scaling operations, optimizing capital structure, pursuing acquisitions or partnerships, expanding climate impact metrics and reporting sophistication, and preparing the company for exit. The Fund expects to monitor portfolio companies through quarterly KPI reviews, ESG committees, board participation, annual re-underwriting exercises, and ongoing engagement with management teams. Exit readiness will be assessed continuously throughout the investment period, including evaluation of strategic positioning, governance maturity, ESG performance trajectory, reporting quality, scalability, management depth, and alignment with the expectations of potential buyers, infrastructure investors, strategic acquirers, or public markets. The Fund believes that stronger ESG and climate performance can contribute to improved resilience, broader buyer interest, and more attractive exit outcomes over time.

Thematic eligibility by vertical

Eligibility under the thematic filter is assessed against what an activity does to reduce emissions or build climate resilience within each vertical. The Fund's investable universe derives from the proprietary climate taxonomy described above — approximately 10 climate themes, 60 sectors and over 400 subsectors, subsequently aligned with the Brazilian Sustainable Taxonomy — from which the prioritized sector guide and the accompanying sector materiality matrix were built. These instruments, together with the Exclusion List at Appendix A of the ESMS, are the operative references applied at Market Screening. Below we outline illustrative examples within each vertical, which may evolve as technologies, market conditions and regulation develop over the Fund's life.

(i) New Energies

Illustrative eligible investments

• Battery Energy Storage Systems (BESS), including behind-the-meter, microgrid and utility-scale applications.

• Biomethane production, upgrading, liquefaction, compression and injection infrastructure.

• Distributed renewable energy generation integrated with industrial or commercial decarbonization.

• Electrification of industrial processes replacing fossil-fuel-based thermal energy.

• Smart grid, grid digitalization and flexibility infrastructure enabling higher penetration of renewable electricity.

• EV charging infrastructure where directly linked to fleet electrification.

• Green hydrogen production and downstream applications where supported by renewable electricity and a credible commercial pathway.

Illustrative ineligible investments

• Natural gas-fired generation or infrastructure, including assets marketed as "transition fuel".

• Fossil fuel extraction, processing, transport or storage.

Leakage

Where an intervention increases the availability or reduces the cost of energy, load growth and rebound are assessed as part of the GHG rationale. Reductions are measured against the displaced counterfactual rather than gross output. In addition, fugitive emissions and feedstock-diversion effects are assessed.

(ii) Food Security

Illustrative eligible investments

• Biological crop protection products and biofertilizers.

• Biological inputs replacing synthetic fertilizers or agrochemicals.

• Precision agriculture technologies reducing fertilizer, pesticide or water use.

• Irrigation technologies improving water-use efficiency.

• Controlled-environment agriculture.

• Technologies improving soil health, carbon sequestration or climate resilience.

• Climate-resilient livestock production systems.

• Food loss and waste reduction technologies across the agricultural value chain.

Illustrative ineligible investments

• Expansion of agricultural production involving deforestation or conversion of natural ecosystems.

• Inputs with significant adverse environmental or biodiversity impacts.

• Conventional agricultural expansion without measurable climate benefits.

Leakage

For investments in input, equipment or technology providers, leakage risk is addressed qualitatively as part of the climate rationale of the investment thesis. Where the Fund invests directly in land-based operations or infrastructure, such as irrigation platforms or productive systems, the assessment extends to the operational footprint itself, including the land under management and its land-use history, guaranteeing no deforestation.

(iii) Circularity & Efficient Use of Resources

Illustrative eligible investments

• Mechanical and chemical recycling.

• Waste-to-value technologies producing secondary raw materials.

• Recovery of metals and minerals from mining waste and tailings.

• Recovery of industrial by-products for use as construction materials.

• Circular business models extending product life through reuse, remanufacturing or refurbishment.

• Industrial water reuse and wastewater recovery.

• Technologies reducing virgin material consumption through circular production systems.

Illustrative ineligible investments

• Landfills and waste disposal activities without material recovery.

• Waste incineration where energy recovery is the primary value proposition.

• Activities that increase primary extraction without a resource-efficiency benefit.

Leakage

Assessments must confirm that the feedstock counterfactual is disposal rather than an existing recovery route with similar efficiency. Substitution factors between secondary and virgin materials are quantified rather than assumed at one-for-one.

Rationale for the selected intervention set

This intervention set was selected because Brazil's climate investment gap is not only a capital gap. It is also a bankability, governance, scale, and verification gap. Many climate solutions in Brazil are commercially promising but are not yet institutional-grade investment opportunities. They require growth equity, active ownership, stakeholder orchestration, bankable contracts, stronger governance, ESG systems, and credible impact measurement.

Alternative approaches were considered less effective. Grants would not create a sustainable commercial market signal. Senior debt alone would not address the need for risk-bearing capital. Guarantees would not provide sufficient governance influence to build platforms. A single-sector fund would not capture the interdependencies between energy, agriculture,

industry, waste, and resource systems. A traditional private equity fund without GCF participation would remain constrained by FX risk and would likely mobilize less international capital.

The proposed structure combines targeted concessionality, platform-building, active ownership, ESG and gender integration, and impact verification. This allows the Fund to transform undercapitalized climate opportunities into scalable businesses capable of continuing to grow after eB Climate's exit.

Illustrative Investments

The main trade-off is that the Fund is a blind-pool private equity vehicle, so the exact final portfolio cannot be fully determined at approval. However, the Fund already has a defined sector focus and an active pipeline of opportunities under evaluation. As a result, while individual investments may evolve over the investment period, the expected portfolio profile, climate rationale, and sector exposure are already substantially identifiable.

For illustrative purposes, the indicative pipeline currently under analysis is presented below as a reference for the expected investment profile and sector focus of the Fund. This is further reinforced through the Fund's clearly defined mandate, exclusion list, sector prioritization framework, eligibility criteria, ESMS, Investment Committee governance, and impact reporting procedures. More detailed information can be found at the Pipeline Highlights Annex.

Identifier	Result Areas	Sub-Sector (link to calculation sheet)	Company Description	Business Model
Company A	Health, food, and water security	Ag bio inputs (crop protection and nutrition)	Develops and distributes biological solutions (beneficial insects, microorganisms, and bio-inputs) to replace chemical pesticides and enhance sustainable agricultural productivity.	Sale of biological crop protection inputs and bio-stimulants
Company B	Buildings, cities, industries and appliances	Wastewater Treatment	Produces biological inputs for wastewater treatment, replacing conventional chemical alternatives with more sustainable bio-based solutions.	Sale of biological wastewater treatment inputs and services
Company C	Health, food, and water security	Irrigation	Develops large-scale irrigation infrastructure to convert degraded or low-productivity land into resilient irrigated farmland, enabling stable agricultural production through water channels, pumping systems, energy access, soil preparation, and on-farm irrigation systems in climate-vulnerable regions.	Irrigated farmland infrastructure development
Company D	Buildings, cities, industries and appliances	Cement decarbonization	Develops circular economy solutions focused on decarbonizing the cement industry, including the recovery and processing of waste into alternative fuels and raw materials (e.g., RDF), reducing clinker usage and lowering CO_2 emissions in cement production.	Waste processing + sale of alternative materials
Company E	Buildings, cities, industries and appliances	Nickel Waste-to-value	Operates a circular economy platform that recovers critical minerals from metallurgical by-products, producing commercial alloys and concentrates.	Recovered nickel products

Company F	Transport	Lower GHG logistics	Provides integrated logistics and transportation services and is actively expanding its fleet by replacing conventional diesel trucks with biomethane-powered vehicles, targeting decarbonization of hard-to-abate heavy-duty transport.	Freight services (transportation contracts)
Company G	Energy generation and access	Waste treatment and biomethane production	Provides waste treatment and environmental services, with a strategy to expand into biomethane production by converting organic waste into renewable gas, supporting decarbonization and circular resource use.	Waste treatment fees + biomethane sales (under long-term offtake agreements)
Company H	Energy generation and access	Energy Efficiency (batteries)	Develops energy management and optimization solutions, typically focused on improving efficiency, reliability, and performance of energy systems (e.g., batteries, grids, or industrial consumption).	Energy optimization services

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

Provide a description of the project/programme implementation structure, outlining legal, contractual, institutional and financial arrangements from and between the GCF, the Accredited Entity (AE) and/or the Executing Entity(ies) (EE) or any third parties (if applicable) and beneficiaries.

- *Provide information on governance arrangements (supervisory boards, consultative groups among others) set to oversee and guide project implementation. Provide a composition of the decision-making body and oversight function, particularly for Enhanced Direct Access (EDA) proposals.*
- *Provide information on the financial flows and implementation arrangements (legal and contractual) between the AE and the EE, between the EE or any third party and beneficiaries. For EEs that will administer GCF funds, indicate if a Capacity Assessment has been carried out. Where applicable, summarize the results of the assessment.*
- *Describe the experience and track record of the AE and EEs with respect to the activities (sector and country/region) that they are expected to undertake in the proposed project/programme.*

Provide a diagram(s) or organogram(s) that maps such arrangements including the governance structure, legal arrangements, and the flow and reflow of funds between entities.

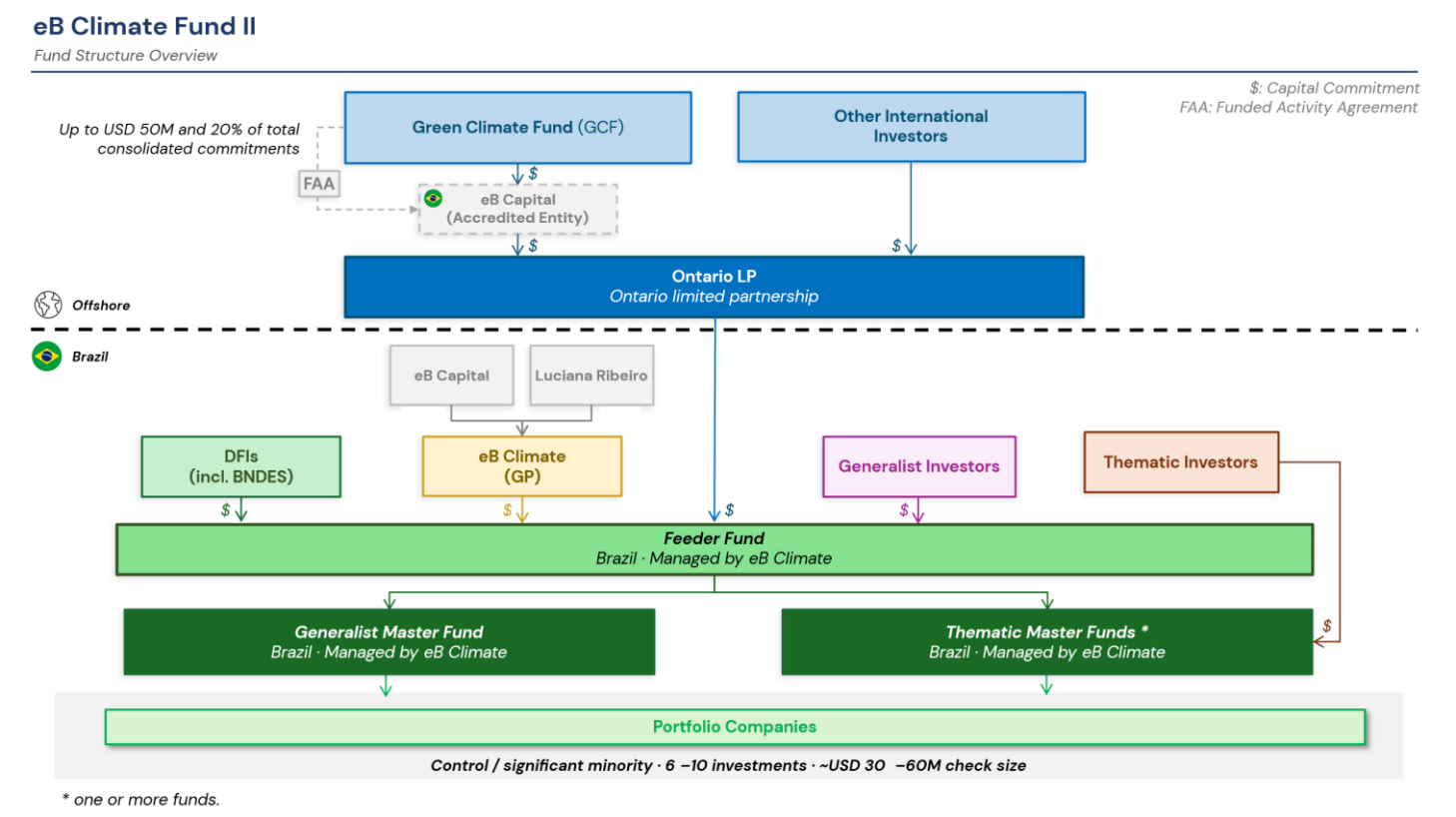
Implementation Structure and Legal Arrangements

Fund II (the "Fund") will be structured through an integrated, multi-layered investment platform designed to accommodate different investor profiles, jurisdictions and investment strategies, while preserving capital allocation flexibility across eB Climate's broader investment mandate. The structure is intended to provide tax efficiency and operational flexibility, allowing investors to participate through vehicles that best suit their regulatory, tax and strategic requirements.

The overall fund structure (the "Fund Structure") will comprise both an offshore and an onshore investment platform. The offshore platform will consist of an Ontario-based limited partnership, the Ontario LP, through which international investors, including GCF, will participate in the Fund Structure. The onshore platform will comprise two levels: (i) a Brazilian feeder fund, which will aggregate investments from the Ontario LP and other Brazilian investors; and (ii) Brazilian master funds, through which portfolio investments will ultimately be executed.

eB Capital Gestão de Recursos Ltda will act as the Accredited Entity ("AE"), while the Executing Entities ("EEs") will include the entities that receive, channel, manage or have discretion over GCF Proceeds or the implementation of the Project. The expected Executing Entities include: (i) eB Climate Participações Ltda. (Flying Rivers Capital),as an Executing Entity and the Investment Manager of the Fund, primarily responsible for investment management and portfolio execution; (ii) the Ontario LP, the offshore limited partnership through which GCF and other international investors will participate in the Fund Structure; (iii) Flying Rivers Capital LLC, a limited liability company registered under the Laws of Delaware, as a General

Partner of the Ontario LP; (iv) the Brazilian feeder fund, which will aggregate capital from the Ontario LP and Brazilian investors and invest into the Brazilian master funds; (v) the Brazilian master funds, including the Generalist Fund and any Thematic Funds that receive, channel or have discretion over GCF Proceeds; (vi) any parallel vehicles, feeder funds, SPVs or holding companies established to structure investments or accommodate specific investor, tax, legal or regulatory requirements, to the extent they receive, channel or have discretion over GCF Proceeds; and (vii) fund service providers, including BRL TRUST INVESTIMENTOS LTDA. as administrator and BRL Trust Distribuidora de Títulos e Valores Mobiliários S.A. as the custodian, or any other service provider, to the extent they exercise discretion over GCF Proceeds or Project implementation.



Vehicle	Legal Form	General Partner	Investment Manager	Administrator	Limited Partners / Quotaholders
Ontario LP	Ontario limited partnership	Flying Rivers Capital LLC	eB Climate Participações Ltda. (Flying Rivers Capital)	*TBD*	GCF + other international investors
Brazilian Feeder Fund	Brazilian investment fund (FIP)	N/A	eB Climate Participações Ltda. (Flying Rivers Capital)	BRL Trust DTVM	Ontario LP + other Brazilian investors
Brazilian Master Funds	Brazilian investment funds (FIP)	N/A	eB Climate Participações Ltda. (Flying Rivers Capital)	BRL Trust DTVM	Feeder Fund (+ other investors, in the case of the Thematic Funds)

The Fund Structure will be governed by a layered legal and contractual framework, with each level of the structure being subject to its own constitutive and operational documents. The relationship between the Green Climate Fund ("GCF") and the Accredited Entity ("AE") will be governed by the Funded Activity Agreement ("FAA"), entered into under the Project-Specific Assessment Approach ("PSAA"). At the fund level, each investment vehicle will be governed by its own constitutive documents, including the Ontario LP Limited Partnership Agreement ("LPA") and the Brazilian funds' bylaws (regulamentos), together with the respective management, administration and custody agreements. At the investment level, each portfolio investment will be governed by transaction documents, including Share Purchase Agreements ("SPAs"), Shareholders' Agreements ("SHAs") and other investment-specific agreements, through which ESG, climate, gender and reporting obligations will flow down to portfolio companies.

Taken together, these documents create a cascading governance framework. The FAA establishes the obligations applicable to the Project between the GCF and the AE. The obligations under the FAA will be passed down by the AE to eB Climate and any other applicable Executing Entities through a Subsidiary Agreement. Such obligations will also be reflected,

as applicable, in the relevant subscription agreements, investment management agreements and other Executing Entity Agreements. The Subsidiary Agreement and the applicable Executing Entity Agreements will constitute the Covered Agreements, as defined in the final FAA.

Offshore Structure

International investors, including GCF, will invest through the Ontario LP, established specifically to facilitate the participation of non-resident investors in the Fund Structure. Organized under Ontario law, the Ontario LP provides an internationally recognized legal framework familiar to global institutional investors, offers structural clarity for cross-border capital flows, and is expected to support an efficient and well-established tax and regulatory treatment for non-resident investors. The Ontario LP will have Flying Rivers Capital LLC as its General Partner.

The Ontario LP will be a purpose-limited vehicle, with no independent investment mandate, established solely to channel international capital into the Brazilian Fund Structure. The Ontario LP will invest into the Brazilian feeder fund and will participate in Fund investments on a proportionate basis, according to its share of total commitments. Capital committed through the Ontario LP will participate pari passu with other investors within the consolidated Fund Structure.

GCF's commitment will be limited to the lesser of (i) USD 50 (fifty) million and (ii) 20% (twenty percent) of total committed capital across the consolidated Fund Structure. For purposes of this calculation, commitments made by GCF and other investors to the Fund Structure will be aggregated across the Ontario LP, Brazilian feeder fund, master funds and any other investment vehicles established as part of the Fund, counting each underlying investor commitment only once and excluding internal commitments between Fund vehicles. Accordingly, GCF's share of commitments to any individual vehicle may exceed 20% (twenty percent), provided that its share of total consolidated commitments across the Fund Structure remains within the applicable 20% (twenty percent) threshold.

The legal relationship between the GCF and the AE will be governed by a Funded Activity Agreement ("FAA"), to be entered into pursuant to the Project-Specific Assessment Approach ("PSAA") executed between the parties and consistent with GCF's standard terms and conditions. The FAA will establish the terms governing the GCF financing, including capital call procedures, eligible use of proceeds, reporting and monitoring obligations, environmental and social requirements, remedies, and the conditions applicable to the distribution or repayment of any reflows to the GCF.

Upon the submission of a request for disbursement by the Applicant to GCF, the GCF Proceeds will be transferred to the Applicant, as the Accredited Entity, in accordance with the relevant request for disbursement. The GCF Proceeds will be held by the Applicant in the GCF Account. When GCF is obligated to pay a capital call to the Ontario LP, subject to there being sufficient funds in the GCF Account, the Applicant will transfer the relevant amount from the GCF Account to the Ontario LP.

Onshore Structure

At the Brazilian level, the onshore platform will comprise two levels. The first level will consist of a feeder fund, which will aggregate capital from the Ontario LP and Brazilian investors. The feeder fund will not have an independent mandate to invest directly in portfolio companies; their purpose will be limited to aggregating capital and investing into the Brazilian master funds.

The second level will consist of the Brazilian master funds, through which portfolio investments will be executed. The master funds will comprise (i) one Generalist Fund, invested exclusively by the feeder fund and designed to pursue investment opportunities across the full breadth of the Fund's investment strategy; and (ii) one or more Thematic Funds, focused on specific sectors or opportunities and which may have investors other than the feeder fund. This structure allows the Fund to accommodate both investors seeking broad exposure to the platform and investors with specific thematic mandates. The Manager may also establish additional parallel vehicles, feeder funds or special purpose vehicles in any jurisdiction to accommodate the tax, legal, regulatory or business requirements of specific investors. All such vehicles will be consolidated for purposes of calculating GCF's 20% (twenty percent) ownership cap.

Portfolio investments will be executed at the master fund level, which will be responsible for deploying capital into portfolio companies. Capital will be deployed through sequential capital calls over the Fund's five-year investment period, aligned with the execution of individual portfolio investments. No sub-granting or on-lending of GCF funds to third parties occurs; all capital flows downstream as equity into real-economy companies.

The Fund's legal documentation will be finalized as part of Activity 1 and will include, among other documents: (i) the by-laws (regulamentos) of each Brazilian feeder and master fund; (ii) the management agreements between each fund and eB

Climate Participações Ltda. (Flying Rivers Capital); (iii) the Limited Partnership Agreement ("LPA") governing the Ontario LP; (iv) subscription agreements or instruments executed by investors for each investment vehicle; (v) administration and custody agreements with BRL TRUST INVESTIMENTOS LTDA. and BRL Trust Distribuidora de Títulos e Valores Mobiliários S.A. respectively; (vi) any side letters entered into with the GCF or other investors regarding specific governance, reporting, ESG, MRV or information rights; (vii) any additional agreements required for parallel vehicles, SPVs or feeder structures established within the Fund Structure; and (viii) the Subsidiary Agreement (if required) and the relevant Executing Entity Agreements (which may include the applicable management agreements), through which the relevant obligations under the FAA will be passed down to eB Climate and any other applicable Executing Entities. The final documentation will be reflected in an updated version of this Annex following completion of Activity 1.

Quota Subclasses

The relevant fund vehicles are expected to issue multiple subclasses of quotas designed to accommodate different investor profiles, commitment sizes, subscription timing and investment vehicles. While the final structure remains under development and may evolve as fundraising progresses, dedicated subclasses are expected to be created for: (i) development finance institutions (“DFIs”) and public-sector investors; (ii) large anchor investors, such as BNDES; (iii) qualified domestic private and institutional investors; (iv) off-shore feeder vehicles through which international investors will participate in the Fund; and (v) the GP commitment and associated skin-in-the-game allocation.

Governance Arrangements

General Quotaholders’ Meeting

At each Brazilian fund level within the Fund Structure, the supreme governance body will be the General Quotaholders’ Meeting, whether ordinary or extraordinary, with authority to resolve on all material matters relating to the relevant fund, as set forth in the applicable fund’s Bylaws. The Ontario LP will be governed in accordance with its LPA, acting through its general partner, Flying Rivers Capital LLC (the “Offshore Fund General Partner”), with limited partners exercising the rights expressly reserved to them under the LPA. Resolutions will generally be passed by a majority of quotas present at the meeting, unless the Bylaws establish a qualified quorum applicable to certain matters or specific veto rights applicable to certain quota subclasses. At the Ontario LP level, meetings of the Limited Partners are expected to require a quorum of Limited Partners holding more than 50% of aggregate commitments, with resolutions adopted by a majority in interest of the Limited Partners present and voting, and special meetings may be requested by Limited Partners holding at least 25% of aggregate commitments.

The main reserved matters of the Fund will be subject to approval by the General Quotaholders’ Meeting, including, among others, the early termination of the relevant fund, subject to a qualified quorum, and the removal and replacement of the Manager and the Administrator. The final list of reserved matters, applicable approval thresholds and any veto rights attached to specific quota subclasses remain under discussion and will be reflected in the final Bylaws. Each quota will carry one vote, subject to any specific voting limitations, conflict-of-interest restrictions or subclass rights set forth in the Fund’s Bylaws.

The Fund’s Bylaws will establish a comprehensive conflict-of-interest framework applicable to the Manager, the Administrator, any quotaholder holding 5% or more of the subscribed quotas and their respective related parties. The Manager and the Administrator, as well as their respective partners, directors, officers, employees and related parties, will be prohibited from voting at General Quotaholders’ Meetings and excluded from quorum calculations on any matter in which they have a conflicting interest. Quotaholders will also be prohibited from voting on matters where their personal interests conflict with those of the Fund.

Certain related-party transactions at the level of the Brazil Feeder Fund and the Master Funds will require prior approval by the General Quotaholders’ Meeting. At the Ontario LP level, any transaction involving an actual or potential conflict of interest will require prior disclosure to, and approval by, the LPAC (or, where the LPAC is itself conflicted, by a majority in interest of the non-conflicted Limited Partners), and the Offshore Fund General Partner will maintain a conflicts register available to the LPAC. Where a conflict-of-interest matter at the Brazil Feeder Fund level requires quotaholder approval, the Ontario LP will vote only in accordance with an express instruction obtained through a meeting of its Limited Partners or, where appropriate, the LPAC.

Multi-Vehicle Governance Mechanism

Given the multi-vehicle Fund Structure, governance matters requiring quotaholder approval will be resolved through a pass-through voting mechanism. Any matter submitted to the quotaholders' meeting of the Brazil Feeder Fund will first be submitted to the Limited Partners of the Ontario LP, in their pro rata portion within the Brazil Feeder Fund, at a duly convened meeting under the Ontario LPA, and the Ontario LP will vote at the Brazil Feeder Fund in accordance with the resolution adopted by its Limited Partners (instrução de voto) and the Brazil Feeder Fund Bylaws. Matters requiring approval at the level of a Master Fund in which the Brazil Feeder Fund is a quotaholder will be preceded, where applicable, by an equivalent consultation within the Brazil Feeder Fund and any parallel vehicles participating in the overall structure.

Each vehicle within the Fund Structure will organize its internal voting process in advance, in accordance with the applicable investment documents, so that a voting instruction can be determined and subsequently carried to the General Quotaholders' Meeting of the relevant fund. The specific mechanics for this process, including quorum requirements, voting thresholds and the treatment of non-responses, will be set forth in the Ontario LPA, the applicable fund Bylaws, subscription documents and/or investment agreements.

The use of multiple investment vehicles will not affect governance rights among investors. Investors participating through different vehicles will invest pari passu, on a pro rata basis, in each Investment. Economic terms, including management fee, preferred return and carried interest, vary by investor category and quota subclass, as set out in the Term Sheet.

GCF Consent and Exit Rights

Where GCF's consent is required under the FAA, including any matter contemplated under the GCF Policy on Restructuring and Cancellation, the Ontario LP will exercise its voting or similar rights in the Brazil Feeder Fund or any Master Fund only upon receiving GCF's written consent. Where any such matter is submitted to a meeting of the Limited Partners or to the LPAC, the Offshore Fund General Partner will ensure that GCF's consent is sought before the matter is approved or implemented, irrespective of the governance process otherwise applicable. The Accredited Entity will promptly provide GCF with any notice of quotaholders' meetings and any consent request at the Brazil Feeder Fund or any Master Fund relating to such matters.

GCF may exit Fund II upon an uncured event of default under the FAA. The specific consent process, including indirect consents at the Brazil Feeder Fund and Master Fund levels, and the exit mechanism will be set out in the FAA and the Ontario LPA and/or a side letter.

Manager Authority

The Brazil Feeder Fund and the Master Funds will be managed on a discretionary basis by eB Climate, as Investment Manager and Executing Entity, which will have full authority, within the limits of the Fund's Bylaws and applicable law, to conduct the Fund's investment policy and execute investment and divestment decisions. The Ontario LP will act through the Offshore Fund General Partner, Flying Rivers Capital LLC, which will also act as its investment manager, and will have no independent investment mandate. No investor or quotaholder committees will be established at the level of the Brazil Feeder Fund or the Master Funds, and no investor body will have authority to direct or veto investment decisions of the Manager.

At the Manager level, eB Climate operates an Investment Committee and other internal decision-making bodies, supported by established policies and procedures designed to ensure sound portfolio management and compliance with the Fund's regulatory documents. These include, among others: (i) ESG Investment Pol-icy; (ii) Insider Trading Prevention Policy; (iii) Compliance Manual; (iv) Voting Policy; and (v) Risk Management Policy. Further details on the Manager's governance bodies, responsibilities and decision-making procedures are set out in the respective Terms of Reference.

Manager Level

The Investment Committee ("IC") and Advisory Board are bodies of the Manager. The Fund's primary decision-making body is the IC, which holds exclusive authority over all investment approvals and divestments. The IC convenes at minimum quarterly and on a deal-by-deal basis, operating through a formal deliberative process structured across three sequential stages – Pre-NBO (IM1), Intermediate (IM2), and Final Approval (IM3). No investment proceeds without explicit IC sign-off, including formal approval from the ESG Officer (Fernanda Toledo), who is a standing member with approval authority on all ESG and climate matters.

The ESG Committee currently comprises Luciana Ribeiro (Founder and CEO), Renan Henrique (Managing Partner), and Fernanda Toledo (ESG Officer), together with members of the Investment Team participating in advisory capacity, and external ESG specialists engaged where warranted. The ESG Committee meets semi-annually to review ESAP progress, KPI performance, and material ESG developments across the portfolio.

Execution capacity is further reinforced by a structured Advisory Board of senior professionals drawn from the operational, financial, and institutional dimensions of the Fund's target sectors. The Advisory Board is strictly non-deliberative – it may provide sectoral expertise, origination support, strategic input and financial structuring perspectives to the IC and the Manager, but it has no authority to approve, direct, veto or otherwise control investment or divestment decisions. Also, consultation with the Advisory Board occurs at the Manager's discretion.

Investors will not participate in the IC, Advisory Board or any other body with authority to direct or veto investment decisions. Material governance matters will be addressed through the approval mechanisms set forth in the Ontario LPA, the applicable fund Bylaws, investment agreements and/or quota subclass terms. These mechanisms may include investors' meetings, specific voting procedures, qualified quorums and/or veto rights, as applicable, and remain under discussion. Conflicted parties will be subject to the voting restrictions and quorum exclusion rules set forth in the relevant fund documents.

At the Portfolio Company level, the Fund's legal relationship with each Portfolio Company will be governed by binding transaction documents, including Share Purchase Agreements ("SPAs"), Shareholders' Agreements ("SHAs") and, where applicable, subscription agreements, investment agreements or other ancillary transaction documents. These agreements will incorporate binding ESG, climate, gender, MRV and reporting obligations, including climate KPIs, ESG Action Plans, grievance mechanisms and any other investment-specific commitments required under the FAA and the Fund's internal policies.

eB Climate will seek board representation and the establishment of ESG Committees as part of its post-investment governance framework. Board participation and ESG Committees will support the monitoring and enforcement of these obligations, including climate KPIs, ESG Action Plans, MRV obligations, grievance mechanisms and gender inclusion commitments. These governance structures are designed to help institutionalize climate and operational improvements and support their continuity beyond eB Climate's exit.

Remedies for material non-compliance are graduated: corrective action under the ESAP, a 60-day remediation plan, escalation to the ESG and Investment Committees, judicial exercise of contractual remedies, inclusion in investor reporting, and constrained access to follow-on capital where credible remediation is not delivered.

LP Advisory Committee

The Offshore Fund General Partner, Flying Rivers Capital LLC, will establish a Limited Partner Advisory Committee ("LPAC") in respect of the Ontario LP, comprising representatives of no fewer than three (3) and no more than seven (7) Limited Partners appointed by the Offshore Fund General Partner, with GCF entitled to appoint one (1) representative as of right. No investor or quotaholder committees will be established at the level of the Brazil Feeder Fund or the Master Funds.

The LPAC will: (i) review and approve or disapprove conflicts of interest and related-party transactions at the Ontario LP level; (ii) approve extensions of the Investment Period or the term of the Ontario LP, other than extensions already provided for in the Ontario LP documents; (iii) provide guidance to the Offshore Fund General Partner on other matters referred to it; and (iv) exercise any other rights specifically conferred upon it in the definitive documents. The LPAC will meet at least once annually and act by majority vote of its members, who will owe no fiduciary duties to the Ontario LP or the other Limited Partners in that capacity.

The LPAC will not participate in the day-to-day management of the Fund, nor will it have authority to direct or make investment decisions or otherwise act on behalf of the Fund. Responsibility for the Fund's investment decisions will remain exclusively with the Investment Manager, acting within the limits of the Fund documentation. The LPAC is intended to provide governance oversight and investor representation on specified matters without assuming management responsibilities in respect of the Fund's operations.

Financial Flows

GCF proceeds pass through the Accredited Entity and the Fund's investment vehicles before reaching portfolio companies. The GCF commits up to USD 50 million, capped at 20% of total consolidated commitments, as a limited partner equity

commitment, deployed through capital calls into the Fund's account structure over the five-year investment period. Upon the submission of a request for disbursement by the Applicant to GCF, the GCF Proceeds will be transferred to the Applicant, as the Accredited Entity, in accordance with the relevant request for disbursement. The GCF Proceeds will be held by the Applicant in the GCF Account. When GCF is obligated to pay a capital call to the Ontario LP, subject to there being sufficient funds in the GCF Account, the Applicant will transfer the relevant amount from the GCF Account to the Ontario LP. The Ontario LP will then invest into the Brazilian feeder fund. The Brazilian feeder fund invests into the Brazilian master funds, including the Generalist Fund and, where applicable, Thematic Funds. The Brazilian master funds deploy equity capital into 6–10 portfolio companies through SPAs and SHAs, with ticket sizes of USD 30–60 million per investment. Portfolio companies deploy the equity capital to fund capex, working capital, acquisitions, and operational expansion, generating climate mitigation and adaptation outcomes verified through the Fund's portfolio-wide MRV framework.

Distributions to the GCF are generated primarily through portfolio exits — strategic sales, secondary transactions, or IPOs – expected to occur primarily in years 6–10 of the Fund's life. The GCF participates pari passu with all other LPs. Distributions attributable to GCF are paid by the Ontario LP into the GCF Account held by the Accredited Entity, which transfers Reflowed Funds to GCF in accordance with the FAA. Only the portion of GCF proceeds exceeding the recovery of the GCF's own principal in USD terms may be directed toward the FX protection mechanism for international commercial investors, ensuring the GCF first preserves its own principal before any FX protection is provided.

Co-investment opportunities may also be made available to LPs and other investors on a deal-by-deal basis, under the same terms and conditions as the Fund's own investments.

Experience and Track Record of the AE/EE

eB Capital is a Brazil-based investment manager founded in 2017 by Pedro Parente, Eduardo Melzer and Luciana Ribeiro, more than USD 1 billion[78] in assets under management and activities across private equity, real estate and capital solutions. In 2021, eB Capital established its dedicated climate investment vertical, eB Climate, to pursue opportunities related to the transition economy. In 2025, this vertical was spun off into Flying Rivers Capital, a specialized climate investment platform with its own dedicated team, investment mandate and internal policies, while continuing to benefit from eB Capital's broader institutional platform and track record. Investment decisions are made through the Manager's Investment Committee.

eB Climate (Flying Rivers), as the Manager, is a signatory to the Principles for Responsible Investment (PRI) and operates its ESMS in compliance with IFC Performance Standards and GCF Environmental and Social Standards.

Fund II is a direct continuation and scale-up of Fund I, with 73% of Fund I capital deployed in sectors that are direct extensions of Fund II's three target verticals. Fund I has delivered attractive returns, based on independent Big Four valuations as of December 2025, demonstrating that climate investments in Brazil can generate institutional-grade financial returns alongside verified climate and ESG outcomes.

Two prior investments are particularly illustrative of eB Capital's capabilities in the areas most relevant to Fund II:

- Cirklo – Brazil's largest independent PET recycler – was built by eB Climate through the merger of two separate companies (Green PCR and Global PET), a complex multi-shareholder transaction requiring active coordination across fragmented ownership structures. eB Climate led the full value creation programme: executive team professionalization; integration of complementary geographic footprints; realization of operational, logistics, and tax synergies; divestment of two underperforming facilities; and development of a nationwide reverse-logistics and collection infrastructure. eB Climate also orchestrated the entry of Circulate Capital – a globally recognized circular economy investor – as a strategic minority shareholder, injecting growth capital and expanding access to major global brands. This investment demonstrates eB Climate's capacity to build institutional-grade circular economy platforms through consolidation, operational improvement, governance professionalization, and the attraction of institutional and impact-oriented capital – precisely the playbook that Fund II intends to replicate across the Circularity vertical and beyond.
- Bioo – a biomethane production platform developed by eB Climate from inception (greenfield) in partnership with a specialized biomethane EPC operator – converts agro-industrial waste into biomethane, biogenic CO_2, and biofertilizers. eB Climate built the entire organization from scratch, recruited the management team (including CFO), structured the commercial strategy and long-term offtake agreements, and secured project financing from BNDES using

[78] Of the total AuM, 60% is in direct equity investments

Fundo Clima resources. In November 2025, BNDESPAR made a follow-on equity investment of USD 17 million to support plants 2 and 3. This investment demonstrates eB Capital's capacity to originate and scale complex greenfield climate platforms that require coordination across multiple stakeholders – directly relevant to Fund II's New Energies vertical and its broader orchestration model.

Together, these investments illustrate the core capabilities that underpin Fund II's strategy: identifying emerging climate opportunities, building scalable platforms, professionalizing management teams, structuring complex financings, attracting strategic capital, and driving operational value creation. Fund II seeks to apply this same platform-building approach across its target sectors, leveraging the experience developed through investments such as Cirklo and Bioo to scale the next generation of climate businesses in Brazil.

Beyond these climate investments, eB Capital has also demonstrated platform-building capabilities in other sectors. BR Supply, a corporate procurement platform acquired, consolidated, and exited by eB Capital between 2017 and 2020, was built through the integration of three companies, management professionalization, governance enhancements, and disciplined execution — illustrating the same core capabilities that underpin Fund II's investment approach. The capabilities of the team and the Fund's organizational structure are described in greater detail in the "Capacity to Deliver the Project" section.

Beyond its investment track record, eB Capital has also demonstrated a strong fundraising capability across multiple market cycles and investor segments. Since inception, the firm has successfully raised capital from a diversified base of Brazilian and international investors, including leading family offices, ultra-high-net-worth individuals (UHNWIs), financial institutions, fund-of-funds, development finance institutions, and private banking platforms. One of its earliest and largest vehicles, EB Fibra, which pioneered investments in Brazil's independent fiber infrastructure sector through Alloha Fibra, raised USD 300 million in committed capital. Approximately USD 160 million of this amount was distributed through XP, Brazil's largest independent investment platform, making EB Fibra the first private equity fund managed by an independent asset manager to be distributed through XP. This transaction demonstrated eB Capital's ability to access a broad investor base while maintaining strong relationships with some of Brazil's leading entrepreneurial families and attracting international investors. Subsequently, EB Loja do Mecânico raised USD ~70 million from a select group of UHNWIs and family offices. eB Capital has continued to broaden and diversify its fundraising platform across subsequent vehicles. EB Educação (Education Fund) attracted capital ~USD 40 million from family offices and major financial institutions.

More recently, eB Climate Fund I raised approximately USD 180 million from a diversified base, including fund-of-funds and private banking platforms of leading financial institutions, multi-family offices, a public offering on a retail investment platform and a state development agency. This demonstrated ability to access multiple distribution channels and cultivate long-term relationships with institutional and private investors provides a strong foundation for the successful fundraising of Fund II, particularly in combination with the catalytic role expected from GCF and other anchor investors.

The Fund is led by Luciana Ribeiro (CEO and Founder), Ricardo Mussa (Managing Director and Senior Advisor, former CEO of Raízen and Chair of SB COP30), and Renan Henrique (Managing Partner).

Capacity to Deliver the Project

eB Climate is well positioned to execute Fund II given that the strategy is a direct continuation and scale-up of its first climate fund. Fund I has already validated the team's ability to originate, structure and scale climate-aligned private equity opportunities in Brazil. Importantly, 73% of Fund I capital was deployed in themes and sectors that are direct extensions of Fund II's target verticals, creating a highly relevant execution base rather than a new, untested strategy. The Fund has also delivered strong financial performance[79], based on independent Big Four valuations as of December 2025, demonstrating that climate investments in Brazil can generate attractive risk-adjusted returns while delivering measurable mitigation and adaptation outcomes.

eB Climate's current portfolio already provides concrete evidence of the team's capacity to deliver in Brazil. Cirklo, Brazil's largest independent PET recycler, was built by eB Climate through the merger of two companies[80], demonstrating the team's capability to consolidate fragmented value chains into scalable decarbonization platforms with attractive returns. Bioo, a biomethane platform developed by eB Climate as a greenfield project in partnership with a specialized operator,

[79] Portfolio valuation obtained from a third-party Fair Market Value independent report (Big4 firm), as of December 2025.
[80] Portfolio valuation obtained from a third-party Fair Market Value independent report (Big4 firm), as of December 2025.

converts agro-industrial waste into biomethane, biogenic CO2 and biofertilizers. In November 2025, Bioo received an additional equity investment from BNDESPAR to finance plants 2 and 3. Together, these investments reinforce eB Climate's ability to originate, structure and scale complex climate platforms that require coordination across multiple stakeholders and operational capabilities, transforming decarbonization solutions into scalable businesses with measurable impact and strong financial performance.

The Fund's implementation capacity is underpinned by an experienced investment team, an Investment Committee and Advisory Board with complementary sector expertise, and an active ownership model that ensures the investment team remains directly involved throughout the investment lifecycle. The Investment Committee brings together extensive experience in both private equity investing and company building, providing the Fund with the expertise required to identify, execute, and actively support investments.

eB Climate is the only woman-led private equity manager in Brazil[81] with a dedicated climate investment strategy. Luciana Ribeiro is one of Brazil's leading climate private equity investors and an active participant in the country's climate finance agenda, including as Chair of the Finance Working Group for SB COP30, former Chair of the Finance & Infrastructure Taskforce at the B20 during Brazil's G20 presidency, Chair of the Brazil Climate Summit, Advisory Board member of the Global Climate Finance Centre, and Board member of the Mission Possible Partnership. In addition, Luciana has led eB Climate's investment strategy since inception and has executed more than fifteen private equity investments. Prior to founding the Firm, she led M&A and corporate development at RBS Group, executing a series of private transactions within the group (values undisclosed), including the 2012 sale of RBS SC — the largest media sale in Brazil — the acquisitions of Guia da Semana (2010), Himedia (2013) and Pontomobi (2014), the sales of Canal Rural to JBS (2015) and Classificados Pense to Globo (2016), and a 2012 joint venture with Globo to launch Geo, an events company in Brazil.

Renan Pereira combines private equity experience at GP Investments with consulting experience at Bain & Company and has led investment execution and value creation initiatives across the portfolio, including eB Climate's investments in Green PCR, Global PET, and monitoring of Blue Health and Hilab (~US$ 100 mm in total checks). His prior deal experience includes the IPO of Grupo SBF (US$ 300 million raised) and SBF's acquisition of Nike's distribution operation in Brazil, the sale of BHG's hotel operations to Louvre Hotel Group, and investments in The Craftory (a CPG-focused venture vehicle) and LEON (fast food in the UK).

To complement the Investment Committee, Eduardo Sirotsky Melzer contributes more than two decades of investment and executive leadership experience, while Marcelo Claure brings global investment and operating experience through leadership positions at SoftBank, Brightstar, Bicycle Capital and Claure Group.

The Advisory Board further strengthens the Fund's implementation capacity by providing strategic guidance and sector expertise across the Fund's core investment themes. Its members combine decades of executive leadership in climate, energy, industrials, circular economy and sustainable finance. Ricardo Mussa, former CEO of Raízen and Chairman of Brazil Climate Summit, brings extensive experience in bioenergy, energy transition and climate policy. Fernando Musa, former CEO of Braskem, contributes deep expertise in industrial operations, petrochemicals and circular economy. André Clark, former Regional President of Siemens Energy, adds significant experience in energy infrastructure and industrial decarbonization. Marina Cançado is one of Brazil's leading specialists in climate finance and sustainable capital allocation, while Luisa Palacio, Senior Research Scholar at Columbia University's Center on Global Energy Policy, contributes internationally recognized expertise in energy transition and global energy markets. Diogo Bassi complements the Advisory Board with extensive experience leading operational transformations and scaling private equity-backed businesses, providing practical support on value creation and execution. Veronica Scotti contributes with deep expertise in risk management as the former chairperson of Public Sector Solutions at Swiss Re, one of the world's leading reinsurance groups. Together, these advisers and operating partners strengthen the Fund's ability to originate, execute and scale climate investments. Execution capacity will increase further as senior professionals transition from Fund I to Fund II during the investment period. A distinguishing characteristic of eB Climate's investment model is its hands-on involvement in portfolio companies. While not formally codified in an internal policy, the Firm has historically assigned investment professionals to work alongside portfolio company management teams whenever this was deemed important to accelerate execution and support the management. Examples include Renan Pereira, who previously served as COO of Loja do Mecânico; Felipe Matsunaga, currently CFO of Alloha; Diogo Bassi, eB Capital's Operating Partner and current CEO of Loja do Mecânico; Lucas Garrigós, a former member of the investment team who currently serves as CFO of Bioo; and Pedro Castro, who worked full-time at Cirklo.

[81] In Leader's League's ranking of Brazil's top 36 Private Equity firms, eB was the only one led by women.

Relationship Between eB Climate and eB Capital

eB Climate was established as a spin-off from eB Capital's climate investment vertical and today operates as an independent asset manager, with its own investment team responsible for sourcing, evaluating, executing and managing investments. To support its operations, eB Climate currently shares certain resources with eB Capital, including (i) a shared support back-office team providing legal, compliance, FP&A, investor relations, operations and executive assistance services, and (ii) shared office and physical infrastructure.

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

Explain why the project/programme requires GCF funding to address mitigation or adaptation measures, i.e. Why is the project/programme not currently being financed by public and/or private sector? Which market failure is being addressed with GCF funding? Are there any other domestic or international sources of financing?

Explain why the proposed financial instruments were selected in light of the proposed activities and the overall financing package. i.e. What is the coherence between activities financed by grants and those financed by reimbursable funds? How were co-financing amounts and prices determined? How does the concessionality of the GCF financing compare to that of the co-financing? If applicable, provide a short market read on the prevailing of the pricing and/or financial markets for similar projects/programmes.

Justify why the level of concessionality of the GCF financial instrument(s) is the minimum required to make the investment viable. Additionally, how does the financial structure and the proposed pricing fit with the concept of minimum concessionality? Who benefits from concessionality?

In your answer, please consider the risk sharing structure between the public and private sectors, the barriers to investment and the indebtedness of the recipient. Please reference relevant annexes, such as the feasibility study, economic analysis or financial analysis when appropriate.

Addressing Market Failures and Investment Gaps

Brazil presents a structural paradox: a large pipeline of economically viable climate investments coexists with a persistent inability to mobilize sufficient capital at scale. This programme directly addresses this gap.

Brazil requires approximately R$1.0–1.2 trillion in climate investments by 2030 (~10% of GDP), yet mobilized only ~US$60 billion in 2023 (~3% of global climate finance). Climate finance remains heavily concentrated in mature technologies: CPI data shows that 53% of international climate finance was allocated to the energy sector, with approximately 80% of that concentrated in solar and wind generation, while AFOLU – responsible for nearly three-quarters of Brazil's GHG emissions – received only 11%[82]. Approximately 90% of current climate funding originates from domestic investors, as international capital remains constrained by high perceived risk, FX exposure, and a shortage of investment-ready projects. Roughly 80% of tracked climate finance was directed toward mitigation in 2021–2022, with adaptation remaining predominantly reliant on public funding[83].

As a result, higher-impact segments – including agricultural bioinputs, wastewater treatment, irrigation infrastructure, cement decarbonization, biofuels, lower-GHG logistics, waste treatment and biomethane production, and battery-based energy efficiency – remain significantly underfunded despite strong long-term climate and commercial fundamentals. This mismatch has left an estimated pipeline of >US$20 billion in bankable projects unable to reach financial close.

Sector-Level Funding Gaps

The Programme's target sectors are not only aligned with Brazil's NDC priorities but are demonstrably underserved by existing capital flows. Across each sector, low market penetration rates reflect the combined effect of high capital intensity, long project maturation, regulatory complexity, and the absence of growth-stage equity providers willing to underwrite pre-bankability risk. As detailed in the sector analysis, penetration rates in the Fund's target segments are low, quantifying the extent to which private capital has systematically bypassed these sectors in favor of more mature asset classes.

Identifier	Result Areas	Sub-Sector	Funding Status

[82] CLIMATE POLICY INITIATIVE (CPI/PUC-RIO). Brazil surpasses global growth in climate finance, but international resources for forests still fall short of potential. August 2025.
[83] CLIMATE POLICY INITIATIVE (CPI). Closing Brazil's Climate Finance Gap: The Role of Blended Finance and Financial Innovation. 2024.

Company A	Health, food, and water security	Ag bioinputs (crop protection and nutrition)	Brazil's biological inputs sector remains materially underpenetrated relative to the broader agricultural inputs market. Biological inputs represent approximately R$3.8 billion in market size, compared with an estimated R$325 billion total agricultural inputs market, implying only ~1.2% penetration. This illustrates a significant scaling and funding gap for biological solutions relative to the size of the mainstream input system they seek to complement or partially replace.[84]
Company B	Buildings, cities, industries and appliances	Wastewater Treatment	Brazil's wastewater and effluent treatment sector remains structurally underfunded relative to the country's water-quality and sanitation gap. The effluent treatment market is only ~R$5 billion, while Brazil still requires R$454.1 billion in sanitation investments by 2033, or R$45.1 billion per year. However, average annual investment between 2019 and 2023 was only R$20.7 billion, less than half of what is required, reinforcing the need for scalable biological treatment solutions.[85]
Company C	Health, food, and water security	Irrigation	Brazil has only ~8 million hectares of irrigated land, compared with ~97 million hectares of planted area. Brazil's National Water Agency (ANA) indicate that irrigation could expand to nearly 55 million hectares, given Brazil's favorable combination of arable land, water availability and agricultural conditions. However, expansion is constrained by limited private capital to finance large-scale infrastructure and farmer adoption.[86]
Company D	Buildings, cities, industries and appliances	Cement decarbonization	Brazil sells approximately 65 million tons of cement per year, but the market remains overwhelmingly supplied by traditional cement producers and conventional formulations. While the sector's decarbonization roadmap identifies clinker substitution through SCMs as a key mitigation lever, scaled circular SCM initiatives remain scarce.[87]
Company E	Buildings, cities, industries and appliances	Nickel waste-to-value	Brazil is the 8th largest global nickel producer, with output of approximately 77kt of contained nickel in 2024. Ferronickel smelting operations generate substantial volumes of slag as an industrial by-product, which currently accumulates as an unprocessed environmental liability across producing sites in in Brazil. Circular beneficiation of this waste stream remains nascent in Brazil and requires significant capital to scale.[88]
Company F	Transport	Lower GHG logistics	Brazil has ~4.9 million trucks and buses in circulation, most still diesel-powered, while only ~1.5–2.5 thousand trucks run on gas/biomethane. This implies just ~0.03–0.05% penetration, highlighting a large scaling gap for lower-carbon road logistics solutions.[89]
Company G	Energy generation and access	Waste treatment and biomethane production	Brazil generates ~81 million tons of municipal waste per year, yet less than 5% is recycled and nearly 2,600 dumpsites/uncontrolled landfills remain. Biogas production is ~4.96 billion Nm³/year[90] versus a short-term potential of

[84] THE AGRIBIZ. *O mercado de bioinsumos vai crescer dois dígitos. Falta regulamentar*. São Paulo: The AgriBiz, 2025.
[85] INSTITUTO TRATA BRASIL. *Distante da meta, investimento em saneamento precisa mais que dobrar*. São Paulo: Instituto Trata Brasil, 2025.
[86] ANA – AGÊNCIA NACIONAL DE ÁGUAS E SANEAMENTO BÁSICO. *Atlas Irrigação: uso da água na agricultura irrigada*. Brasília: ANA, 2021.
[87] SNIC – SINDICATO NACIONAL DA INDÚSTRIA DO CIMENTO. *Relatório Anual 2024*. Rio de Janeiro: SNIC, 2025.
[88] USGS Mineral Commodity Summaries 2025.
[89] ANFAVEA – ASSOCIAÇÃO NACIONAL DOS FABRICANTES DE VEÍCULOS AUTOMOTORES. *Anuário da Indústria Automobilística Brasileira 2025*. São Paulo: ANFAVEA, 2025
[90] CIBiogas – Mapeamento do Biogás no Brasil, 2024.

			~10.8 billion Nm³/year, leaving ~160% headroom and a clear capital gap for waste-to-biogas infrastructure.[91]
Company H	Energy generation and access	Energy Efficiency (batteries)	Brazil's distributed solar already represents 5.6% of total generation and ~13% of regulated market consumption, but the country had only ~685 MWh of installed battery storage in 2024, ~70% of it off-grid. This shows that C&I and grid-connected storage remain highly underpenetrated despite a projected R$22.5–23.0 billion investment need by 2030.[92]

The Growth-Stage Financing Gap

Also, a persistent structural gap exists in the growth orchestration and scale-up segment of Brazil's climate investment landscape – the so-called "missing middle." Earlier-stage capital (angel, seed, VC) is reasonably well-supplied for concept and proof-of-concept companies. At maturity, large-scale private equity, infrastructure, and project finance providers offer abundant capital to de-risked, cash-flowing assets. The intermediate segment – where companies have demonstrated commercial viability but require significant capital to build platforms, structure offtake, and reach bankability – is served by very few dedicated players.

This gap is particularly acute in Brazil. The climate investment ecosystem skews heavily toward early-stage venture (often international, impact-first vehicles) or late-stage infrastructure capital (dominated by large global asset managers with return requirements incompatible with pre-bankability risk). Growth equity with the sector expertise, local presence, and operational engagement required to underwrite this transition remains scarce. The result is a financing void that explains why many commercially viable climate projects fail to reach financial close despite strong underlying fundamentals.

Structural Market Failures

The underlying causes of this gap are structural:

- **Long-tenor FX risk:** International investors face hedging costs of ~8–10% p.a., which erode expected returns over a 10-year horizon. No domestic institution currently has the mandate or balance sheet to absorb this risk at scale.
- **Missing catalytic capital:** Concessional capital represents only ~10% of global climate finance, despite its demonstrated capacity to mobilize multiples of private investment. The result is chronic under-provision of the risk-absorbing capital required to unlock complex, early-stage projects.
- **Bankability gap for growth-stage assets:** Projects in NDC-critical sectors exhibit high upfront capex, long maturation timelines, and dependence on offtake structuring that does not yet exist – creating a coordination failure. Maturation horizons range from 1–2 years for modular solutions such as biological inputs and distributed energy, to 3–5 years for capital-intensive greenfield platforms such as biomethane, irrigation infrastructure, and industrial decarbonization. During this window, offtake agreements must be structured, operations professionalized, and capital stacks designed before long-tenor instruments – debentures, CRAs, infrastructure bonds – can enter at scale. The market failure lies precisely in the growth equity required to create these conditions.
- **Capital allocation inefficiency:** Capital is disproportionately concentrated in low-risk, mature technologies, despite higher marginal abatement potential and resilience benefits in less mature segments.

Without intervention, projects either remain unfunded, proceed at subscale, or rely on fragmented financing structures – in all cases delaying Brazil's ability to meet its NDC commitments. GCF's participation addresses this directly: by providing protection to mitigate long-tenor FX volatility, GCF catalyzes private investment into sectors and stages that remain structurally underserved by conventional climate finance, while signaling confidence in the Fund and its investment strategy to other investors.

Alternative Domestic and International Sources of Financing

[91] ABIOGÁS – ASSOCIAÇÃO BRASILEIRA DO BIOGÁS. *White Paper Biogás & Biometano*. São Paulo: ABiogás; CBIE Advisory, 2023.
[92] EPE – EMPRESA DE PESQUISA ENERGÉTICA. *Distributed Generation & Behind-the-Meter Battery Energy Storage Systems: PDE 2035*. Rio de Janeiro: EPE, 2024.

Existing financing sources are insufficient to address these barriers:

Domestic sources:

- Institutions such as BNDES and local pension funds provide capital but are primarily focused on local-currency lending or equity, with limited capacity to assume FX risk.
- Public programmes (e.g., climate investment platforms) improve returns but do not address currency volatility, which is the primary barrier for international capital.
- Local LPs face concentration limits (typically 15–25% per fund), constraining their ability to scale commitments.

International sources:

- Commercial investors show strong interest in Brazil's pipeline (with expected IRRs >20% in BRL), but remain unwilling to commit capital without FX risk mitigation.
- DFIs and MDBs typically provide project-level debt or minority equity, not fund-level catalytic risk absorption. According to CPI, between 2021 and 2022, 65% of tracked international climate finance received by Brazil was structured as debt, while multilateral DFIs provided 97% of their flows as commercial-rate credit, highlighting the limited availability of risk-bearing equity capital.

As a result, there is no existing instrument capable of addressing the key constraint: long-term FX risk for equity investors at fund level.

The GCF is uniquely positioned to fill this gap by providing catalytic capital that enables participation of international commercial investors, thereby complementing - rather than crowding out - existing sources.

Selection of Financial Instruments

The proposed instrument is an equity tranche with an embedded FX option at the fund level, specifically designed to address the identified market failure.

Rationale for equity:

- Target companies require growth capital, long-term horizons, and active governance, which debt instruments cannot provide.
- Equity enables flexibility, scaling, and operational transformation, consistent with the fund's "orchestrator" model.

Rationale for the FX option structure:

- The binding constraint is downside risk from FX volatility, not lack of expected returns.
- An FX option embedded in the equity tranche allows GCF to absorb abnormal FX-driven losses, while preserving market discipline.

Coherence within the financing package:

- GCF capital (FX protection provider): absorbs tail FX risk only.
- Commercial LP capital (FX protection receiver): finances underlying investments at market terms.
- Domestic/public programmes: enhance returns but do not alter risk allocation.

There are no grants, reflecting that:

- Technical feasibility is not the constraint;
- The barrier lies in financial structuring and risk allocation.

Pricing and market context:

- Brazilian growth equity targets ~20–25% IRR in BRL, consistent with market benchmarks.
- USD return expectations for emerging markets (~12–16%) cannot be met after hedging costs, explaining lack of international participation.
- The proposed structure restores risk-adjusted USD returns without distorting underlying project economics.

Level of Concessionality

The proposed concessionality - USD 50 million (capped at 20% of fund size) - is calibrated as the minimum required to mobilize private capital (as detailed in Annex 3).

Why this is the minimum:

- The FX protection mechanism is highly targeted and applies **exclusively** to international commercial investors. MDBs, DFIs, domestic investors, and other public-sector participants will not benefit from any FX protection.
- The mechanism is designed solely to mitigate more adverse FX tail-risk scenarios over the Fund's long duration, rather than ordinary expected volatility.
- Protection is triggered only in cases where the depreciation of the Brazilian Real materially exceeds a pre-defined threshold broadly equivalent to the inflation differential between Brazil and the United States, thereby capturing only deviations significantly above expected long-term FX adjustment dynamics.
- The trigger based on the Brazil–U.S. inflation differential reflects long-term macroeconomic fundamentals. Under purchasing power parity, exchange rates are expected to adjust broadly in line with inflation differentials over time. Accordingly, the mechanism does not protect investors against this expected component of BRL depreciation. Instead, protection is limited exclusively to depreciation exceeding the inflation differential, which historically has reflected additional Brazil-specific risk premia, such as periods of heightened macroeconomic, political, or market stress. Furthermore, the mechanism preserves the GCF's principal in USD before any FX support may be provided. These design features deliberately constrain the scope of concessionality, ensuring that GCF support addresses only non-diversifiable macroeconomic tail risks that private investors cannot reasonably price or hedge over a long-term private equity horizon. Given these inherent limitations, the proposed USD 50 million allocation represents the minimum size required to provide a meaningful level of protection to international commercial investors and mobilize the targeted private capital. A smaller GCF commitment would provide only marginal perceived protection and would therefore be unlikely to materially influence investors' allocation decisions.
- Only the portion of GCF proceeds exceeding the recovery of the GCF principal amount (in USD terms) may be used to support this mechanism. As a result, the GCF first preserves its own principal before any potential FX support is provided to international investors.
- Even in qualifying FX stress scenarios, protection is capped and only applies until international commercial investors reach the USD net return threshold defined in the Term Sheet. The mechanism therefore does not create return enhancement above market expectations and only mitigates severe downside scenarios.
- The mechanism does not cover operational, construction, market, execution, commodity-price, liquidity, or credit risks, all of which remain fully borne by private investors.
- Smaller GCF commitments would not materially alter investor behavior given the magnitude of Brazil's historical FX volatility, the long holding periods associated with private equity.

Recipients of the FX protection mechanism:

- Direct: International commercial investors (through reduced FX tail risk).
- Ultimate: Climate projects and beneficiaries, via increased capital availability.

Risk sharing:

- GCF: absorbs limited FX tail risk.
- Private sector: bears full project and market risks, and retains upside.
- This creates a high mobilization ratio (7x, at target fund size) of private capital.

Incentive Alignment

- In the absence of adverse FX tail-risk events, GCF participates *pari passu* with all other equity investors in the Fund's returns. This structure ensures that GCF capital is deployed as a genuine co-investor rather than a pure loss-absorber, preserving return discipline and aligning incentives across the capital structure – while the FX protection mechanism remains available exclusively as a backstop for severe downside scenarios.

Consistency with financial and economic analysis:

- Financial models (Annex 3[93]) demonstrate that, absent FX mitigation, USD returns fall below investor thresholds in atypical FX devaluation scenarios.
- The feasibility and pipeline analysis confirm that projects are viable in local currency but fail to attract capital due to risk allocation constraints.

B.6. Exit strategy (max. 500 words, approximately 1 page)

Explain how the project/programme will successfully exit once implementation is completed, including how results and benefits will continue beyond the project/programme period and how the contribution to paradigm shift will be maintained.

Include information pertaining to the longer-term ownership, project/programme exit strategy, operations and maintenance of investments (e.g. key infrastructure, assets, contractual arrangements). In case of private sector, please describe the GCF's financial exit strategy through Initial Public Offerings, trade sales, etc.

Provide information on additional actions to be undertaken by public and private sector or civil society as part of the project/programme to ensure sustainability of the results attained.

From entry, the Fund focuses on transforming portfolio companies into institutionally robust platforms with long-term impact sustained beyond eB's involvement. Sustainability of impact is ensured through the following mechanisms:

- **Robust governance and professionalization:** eB Climate implements best-in-class governance frameworks across portfolio companies, including strengthened boards, transparent decision-making processes, management incentive alignment, and ESG oversight.
- **Operational and strategic resilience:** The Fund will actively support portfolio companies in developing scalable business models, diversified revenue streams, long-term offtake or supply agreements, and resilient operating structures. This reduces dependency on concessional capital and enables companies to remain commercially viable and climate-positive post-exit.
- **Ongoing monitoring and evaluation:** Throughout the holding period, eB Climate monitors financial, operational, and climate KPIs through a structured monitoring and reporting framework. Performance against predefined milestones is reviewed regularly at board level, reinforcing accountability and long-term value creation.
- **Embedded ESG and impact management:** ESG principles and climate KPIs are integrated into portfolio company operations, targets, and reporting systems. Companies are required to maintain emissions reduction and adaptation indicators aligned with internationally recognized methodologies, ensuring continuity of impact measurement and management after eB's exit.

Exit strategy and routes:

- Sale to strategic acquirers, including sales to industrial players seeking to expand low-carbon or climate-resilient platforms in Brazil and internationally.
- Secondary sales to financial investors, such as infrastructure funds, growth equity funds, or long-term institutional investors aligned with climate strategies.
- Initial Public Offerings (IPOs), for select high-growth platforms that achieve sufficient scale, governance maturity, and market positioning.

The Fund holds a constructive view on exit opportunities across its targeted sectors. These are high-growth markets underpinned by strong structural tailwinds that are expected to sustain investor and strategic interest over the long term. Despite attractive fundamentals, many of these sectors remain underpenetrated, characterized by fragmented value chains and a limited supply of scaled, institutional-grade platforms. Strategic interest is already increasingly visible through public announcements, partnerships, and market positioning initiatives from both industrial players and financial sponsors seeking exposure to climate-transition themes. The Fund's strategy is therefore designed to build and consolidate the types of platforms that strategic and financial acquirers are already looking for – and that remain scarce today.

Value creation milestones and exit timing:

Exits are expected to occur primarily during years 6 - 10 of the Fund's life (with an average investment period of 4-7 years for each invested company), following the achievement of clear value creation milestones, including:

I. institutional-grade governance and management structures;

[93] See Annex 3.

II. proven and scalable business models with sustained profitability;
III. measurable and recurring climate mitigation and/or adaptation outcomes; and
IV. strong market positioning capable of attracting strategic or financial buyers.

By prioritizing durable governance, operational excellence, and embedded climate performance, eB Climate ensures that its exits represent not only a financial transition, but a lasting contribution to Brazil's climate-finance ecosystem - enabling portfolio companies to continue scaling impact and attracting capital long after the Fund's involvement ends.

C. FINANCING INFORMATION

C.1. Total financing

(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	Total amount	Currency
	50	million USD ($)

GCF financial instrument	Amount	Tenor	Grace period	Pricing
(i) Senior loans	-	-	-	
(ii) Subordinated loans	-	-	-	
(iii) Equity	50	10 years	-	
(iv) Guarantees	-	-		
(v) Reimbursable grants	-			
(vi) Grants	-			
(vii) Results-based payments	-			

(b) Co-financing information	Total amount	Currency
	350 (target)	million USD ($)

Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
Private institutional investors (incl. GP commitment)	Equity	200	million USD ($)	10 years -	-	pari passu
Public investors (incl. DFIs and BNDES)	Equity	150	million USD ($)	10 years -	-	pari passu

(c) Total financing (c) = (a)+(b)	Amount	Currency
	400 (target)	million USD ($)

(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)

Please explain if any of the financing parties including the AE would benefit from any type of guarantee (e.g. sovereign guarantee, MIGA guarantee).

Please also explain other contributions such as in-kind contributions including tax exemptions and contributions of assets.

Please also include parallel financing associated with this project or programme (refer to the co-financing policy).

Co-investments: eB Climate may, at its discretion, provide Limited Partners and other investors with opportunities to co-invest alongside the Fund in Portfolio Investments, under substantially the same terms and conditions, including a pro rata allocation of related expenses. Such co-investments are generally expected to be exited concurrently with the Fund's investment when involving the same security. Limited Partners who have previously indicated interest in co-investments will typically receive priority allocations in proportion to their commitments, with any remaining capacity allocated to other investors at eB Climate's discretion. In addition, eB Climate may inform Fund Partners of potential follow-on financing opportunities for Portfolio Companies that are not directly linked to new Fund investments. Any co-investments made by eB Climate will not be counted toward the Sponsor Commitment. eB Climate may elect to charge fees (including management fees and/or carried interest) on co-investments, although this will be determined on a case-by-case basis.

C.2. Financing by component

Please provide an estimate of the total cost per component and output as outlined in section B.3. above and disaggregate by source of financing. More than one co-financing institution can fund a single component or output. Provide the summarised cost estimates in the table below and the detailed budget plan as annex 4.

Component	Output	Indicative cost million USD ($)	GCF financing		Co-financing		
			Amount million USD ($)	Financial Instrument	Amount million USD ($)	Financial Instrument	Name of Institutions
Investment Fund	eB Capital Energy Transition and Climate Solutions Fund II capitalized and operational	400	50	Equity	350 (target)	Equity	Public and private institutions (confidential)
Indicative total cost (USD)		400	50		350		

This table should match the one presented in the term sheet and be consistent with information presented in other annexes including the detailed budget plan and implementation timetable.

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities?	Yes ☒ No ☐
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☒ No ☐

If the project/programme is expected to support capacity building and technology development/transfer, please provide a brief description of these activities and quantify the total requested GCF funding amount for these activities, to the extent possible.

eB Climate Fund II integrates capacity building and technology development as core components of its investment and value creation model. These activities are embedded throughout the investment lifecycle and are primarily financed through the Fund's operating structure rather than a standalone budget line. Based on historical allocation in Climate Fund I, it is estimated that ~40–50% of the investment team's time is dedicated to post-investment value creation, including operational improvements, governance, ESG integration, and technology adoption across portfolio companies. While GCF resources are not earmarked exclusively for these activities, the GCF investment is catalytic in enabling their deployment at scale by unlocking the underlying investments.

Capacity Building Activities

- **Operational and Governance Strengthening:** Each portfolio company undergoes a structured diagnostic at entry, followed by the implementation of institutional-grade governance frameworks, including board structuring, committees (e.g., ESG, audit), KPI systems, and management incentive plans. This enhances execution capacity and prepares companies for scale and institutional capital.

- **ESG and Climate Capability Building:** Portfolio companies are required to adopt Environmental and Social Management Systems (ESMS) aligned with IFC and GCF standards. This includes climate impact measurement (GHG accounting), ESG reporting, stakeholder engagement plans, and grievance mechanisms. Capacity is built through hands-on support and specialized advisory.

- **Commercial and Strategic Development:** eB Climate actively supports companies in structuring long-term offtake agreements, supply chains, and partnerships—critical capabilities for scaling climate solutions and achieving bankability in complex sectors.

- **Stakeholder and Policy Engagement:** Portfolio companies are supported in engaging with regulators, industry associations, and local stakeholders to navigate regulatory frameworks and accelerate market adoption of climate solutions.

Technology Development and Transfer:

- **Low-Carbon Energy and Infrastructure:** Deployment and scaling of technologies such as biomethane, distributed generation, battery storage, and energy efficiency solutions, including adaptation to local conditions and integration into industrial and isolated systems.
- **Circular Economy Solutions:** Expansion of advanced recycling, waste-to-energy, and resource-efficiency technologies, including integration with supply chains and reverse logistics systems.
- **Climate-Smart Agriculture:** Adoption of technologies such as biological inputs, precision agriculture, and efficient irrigation systems, improving productivity while reducing emissions and climate vulnerability.
- **Localization and Scaling:** Beyond pure technology transfer, the Fund focuses on adapting and scaling proven technologies to the Brazilian context, including developing local supply chains, optimizing cost structures, and enabling large-scale deployment.

Overall, GCF's participation enables the scaling of these capacity-building and technology transfer activities by supporting investments that would otherwise not occur. This results in stronger institutions at the company level, accelerated adoption of climate technologies, and long-term market transformation consistent with Brazil's low-carbon and climate-resilient development pathway.

Engagement with civil society organizations and other relevant stakeholders, including indigenous peoples, women and vulnerable groups

Stakeholder engagement is embedded throughout the Fund's investment lifecycle and ESG framework, involving DFIs, MDBs, private investors, local communities, portfolio companies, and other relevant stakeholders across climate-transition value chains.

At the portfolio-company level, investees will implement stakeholder engagement processes proportionate to their environmental and social risk profile, including grievance mechanisms, consultation procedures, and ESG reporting practices aligned with international standards and GCF requirements.

The Fund also integrates gender and inclusion considerations into its investment strategy and governance framework, supporting inclusive job creation, greater participation of women in leadership and technical roles, and broader access to climate-resilient solutions for underserved populations. In circular economy investments, the strategy also aims to strengthen social inclusion through waste-picker integration and local recycling ecosystems.

Particular attention will be given to vulnerable populations exposed to climate risks, especially in regions affected by droughts, floods, and infrastructure deficits, with adaptation-oriented investments designed to strengthen resilience in food systems, water management, and local infrastructure.

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's Initial Investment Framework.

D.1. Impact potential (max. 500 words, approximately 1 page)

The Fund is expected to deliver approximately 37 million tCO_2eq in avoided emissions over the lifespan of its investments and reach around 4 million direct and indirect beneficiaries across Brazil. These outcomes span the Fund's three investment verticals - New Energies, Food Security, and Circularity & Efficient Use of Resources - and translate into measurable contributions to both mitigation and adaptation outcomes in line with Brazil's NDC priorities.

Outcome 1 - Avoided greenhouse gas emissions:

GCF result area	Avoided Emissions (t CO2e)	Description of mitigation projects	Indicative GCF Core & Supplementary Indicators*
MRA1: Energy generation and access	**Mid-term:** 3,800,520 tCO2e **Final:** 8,271,708 tCO2e **End of lifespan:** 17,313,285 tCO2e	**Company G (Waste treatment and biomethane production)** Provides waste treatment and environmental services, with a strategy to expand into biomethane production by converting organic waste into renewable gas, supporting decarbonization and circular resource use. **Company H (Batteries)** Develops energy management and optimization solutions, typically focused on improving efficiency, reliability, and performance of energy systems (e.g., batteries, grids, or industrial consumption). Reduces	• CI-1: GHG emissions reduced, avoided or removed/sequestered • SI-1.1: Annual energy savings

		emissions by substituting thermal power generation on the grid and diesel generators on C&I and Agro applications.	
MRA2: Low-emission transport	**Mid-term:** 150,524 tCO2e **Final:** 580,054 tCO2e **End of lifespan:** 1,594,249 tCO2e	**Company F (Low GHG Logistics)** Provides integrated logistics and transportation services and is actively expanding its fleet by replacing conventional diesel trucks with biomethane-powered vehicles, targeting decarbonization of hard-to-abate heavy-duty transport.	• CI-1: GHG emissions reduced, avoided or removed/sequestered • SI-1.5: Improved low-emission vehicle fuel economy
MRA3: Buildings, cities, industries and appliances	**Mid-term:** 2,660,803 tCO2e **Final:** 7,163,048 tCO2e **End of lifespan:** 16,663,123 tCO2e	**Company B (Wastewater treatment)** Produces biological inputs for wastewater treatment, replacing conventional chemical alternatives with more sustainable bio-based solutions. **Company D (Cement Decarbonization)** Develops circular economy solutions focused on decarbonizing the cement industry reducing clinker usage and lowering CO_2 emissions in cement production. **Company E (Nickel Waste-to-value)**	• CI-1: GHG emissions reduced, avoided or removed/sequestered • SI-1.1: Annual energy savings

		Develops circular economy solutions to recover nickel from mining waste, producing more nickel with ~30x less emissions vs. primary production.	
MRA4: Forestry and land use	**Mid-term:** 219,537 tCO2e **Final:** 684,347 tCO2e **End of lifespan:** 1,613,967 tCO2e	**Company A (Agricultural Bio inputs)** Develops and distributes biological solutions (beneficial insects, microorganisms, and bio-inputs) to replace chemical pesticides and enhance sustainable agricultural productivity.	• CI-1: GHG emissions reduced, avoided or removed/sequestered • CI-4: Hectares of natural resource areas brought under improved low-emission and/or climate-resilient management practices • SI-4.1: Hectares of terrestrial forest, non-forest, freshwater and coastal marine areas brought under restoration and/or improved ecosystems

Outcome 2 – Climate Resilience Improved:

GCF result area	Company	Adaptation Contribution	Key Adaptation Benefits	Indicative GCF Core & Supplementary Indicators*
ARA2: Health, well-being, food and water security	**Company A** (Agriculture Bioinputs)	The adaptation benefit is the incremental resilience generated by applying bio inputs to climate-exposed crops. This should be measured as the ability to preserve yields,	• Provides bio inputs to improve climate resilience of treated agricultural area, benefiting **50,672 direct beneficiaries** who are	• CI-2: Direct and indirect beneficiaries reached (female/male) • SI-2.2: Beneficiaries (female/male)

		reduce production losses, and stabilize producer income compared with a baseline in which farmers remain more exposed to abiotic stress without the biological solution.	economically dependent on the yield of the area treated, considering only the additional growth unlocked by the fund's investment. • Benefits **202,687 indirect beneficiaries** benefiting from a more stable agricultural output beyond the immediate farm level, such as local communities and up and downstream participants in the value chain.	with improved food security
ARA2: Health, well-being, food and water security	**Company B** (Wastewater treatment)	The project delivers adaptation benefits by strengthening the resilience of industrial wastewater treatment systems and reducing pressure on climate-stressed water bodies. By improving effluent treatment performance, the project	• While treating effluents, the project impacts **444,125 direct beneficiaries**, composed of workers and the populations on the immediate influence area of the industrial plants served, wastewater treatment stations and/or effluent discharge points.	• CI-2: Direct and indirect beneficiaries reached (female/male)

		helps reduce pollutant loads during drought periods, when dilution capacity is lower, and mitigates contamination risks during extreme rainfall events. This supports better water quality, lower exposure for nearby communities and greater operational resilience for industrial plants dependent on compliant wastewater treatment.	• Benefits **665,000 indirect beneficiaries**, who are people located in the broader downstream of hydrological area of influence of the industrial plants served by the project, reducing exposure to pollutants discharges and improving the resilience of water bodies and systems.	
ARA2: Health, well-being, food and water security	**Company C** (Irrigation Infrastructure)	The project delivers adaptation benefits by reducing dependence on rainfall and increasing the reliability of water supply for agricultural production. Irrigation infrastructure supports more stable yields, reduces drought-related production losses, enables multiple crop cycles, and improves the economic resilience of	• Benefits **17,671 direct beneficiaries**, who are producers, agricultural operators and workers directly supported by the project. This includes producers receiving access to irrigated land or water supply, workers employed during infrastructure construction and workers involved in agricultural operations benefited.	• CI-2: Direct and indirect beneficiaries reached (female/male) • SI-2.2: Beneficiaries (female/male) with improved food security

		producers and workers exposed to climate variability.	• Benefits **1,131,158 indirect beneficiaries**, which include workers, businesses and communities supported by the expansion of agricultural activity in the surrounding region, and average number of people beneficiated with the increase in productivity.	
ARA3: Infrastructure and built environment	**Company H** (Energy efficiency)	The project delivers adaptation benefits by installing behind-the-meter BESS systems in agricultural and C&I client operations. The systems are designed and installed to climate-hardened standards, protecting on-site energy infrastructure during climate-driven grid disruptions (drought-reduced hydro dispatch, storm-related transmission failures, and extreme weather events) and maintaining continuity of energy-dependent	• Represents approximately **USD 33.2M** in behind-the-meter BESS physical assets made more resilient to climate disruption • Benefits **52,748 direct beneficiaries**, who are the estimated employees of the clients' agricultural and C&I operations, which depend on uninterrupted electricity supply to maintain operational continuity.	• CI-2: Direct and indirect beneficiaries reached (female/male) • CI-3: Value of physical assets made more resilient to the effects of climate change and/or more able to reduce GHG emissions

		productive assets such as irrigation pumping systems. Given the blind-pool structure of the Fund, only the behind-the-meter segment is considered for CI-3, using cumulative BESS capex as a proxy for the value of physical assets made more resilient to climate disruption.	• Benefits **1,480,646 indirect beneficiaries**, considering suppliers, logistics providers, maintenance services, local commerce, communities in the surrounding regions, and people beneficiated with the increase in productivity.	

* Indicative selection based on expected investment themes. Given the blind-pool structure of the Fund, applicable indicators and targets will be confirmed at the time of each investment and reported annually.

Carbon Credits

The Fund does not invest with the primary objective of generating carbon credits. Portfolio companies are expected to derive the vast majority of their revenues from the sale of climate-related products and services, while carbon credits may constitute an ancillary and complementary source of revenue for a limited number of investments. The potential role of carbon credits is expected to vary across sectors and technologies and will ultimately depend on applicable regulations, market conditions, and the specific characteristics of each investment.

Importantly, carbon credit revenues are not incorporated into the representative investment cases used to estimate the Fund's climate impacts, nor are they a prerequisite for achieving the Fund's projected mitigation outcomes. The Fund's expected climate results have therefore been calculated independently of any future issuance, commercialization, or retirement of carbon credits.

To this end, the shareholders' agreements of the relevant Portfolio Companies will include a proportional carbon credit and allowance safeguard, as a continuing covenant to be detailed in the FAA. Under this safeguard, GCF's pro rata share of any carbon credits, allowances or other carbon attributes generated by a Portfolio Company, based on GCF's indirect equity stake, will be permanently retired, while private co-investors may commercialize the remaining share. Where a Portfolio Company has compliance obligations under a national emissions trading system, such as

the planned Brazilian Emissions Trading System (SBCE), GCF's share will be retired or surrendered in addition to the company's legal compliance obligations.

To ensure environmental integrity and avoid any risk of double counting, any emissions reductions, removals, or sequestration associated with carbon credits generated by portfolio companies will be fully deducted from the climate impacts reported to the GCF. Consequently, no mitigation outcomes represented by issued carbon credits will be counted toward the Fund's or the GCF's reported climate results.

The Fund will maintain full transparency regarding carbon credit activities across its portfolio. On an annual basis, the Fund will report to the GCF, for each portfolio company where applicable:

- the type of carbon credit project and underlying activity;
- the standard, registry, or mechanism under which credits are issued;
- the country in which the emissions reductions occur and the jurisdiction in which the credits are recognized, transferred, or transacted;
- whether the credits are generated for voluntary carbon markets, compliance markets, Article 6 mechanisms, or any future regulated frameworks;
- the volume of carbon credits issued, sold, retired, cancelled, or otherwise transferred;
- revenues generated from carbon credit activities;
- the identity and jurisdiction of the purchaser, where disclosure is permissible under applicable confidentiality obligations;
- the associated emissions reductions, removals, or sequestration represented by such credits; and
- the corresponding deductions applied to GCF-reported climate impacts to avoid double counting.

For carbon credits generated in Brazil, the Fund will comply with all applicable national regulations, including any future requirements concerning corresponding adjustments, NDC accounting, authorization procedures, or transfers under domestic or international carbon market frameworks. The Fund will also disclose whether credits are recognized domestically, transferred internationally, or used within voluntary or compliance carbon markets, ensuring full transparency regarding their relationship with Brazil's NDC and the climate impacts reported to the GCF.

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

Paradigm shift potential is defined as 'degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment'. In this section, elaborate on the contribution to paradigm shift and how the proposed project/programme aims to contribute towards it based on the theory of change described in section B2(a). Also describe how and to what extent the project/programme will be able to promote or contribute to paradigm shift through the below.

- *Potential for scaling up and replication*
- *Potential for knowledge sharing and learning*
- *Contribution to the creation of an enabling environment*

- *Contribution to the regulatory framework and policies*
- *Overall contribution to climate-resilient development pathways consistent with relevant national climate change adaptation strategies and plans*

The Fund's paradigm shift potential lies in demonstrating that high-impact climate sectors currently bypassed by institutional capital – such as biomethane, industrial decarbonization, circular economy, and climate-resilient agriculture – can be transformed into scalable, financeable platforms that deliver verified emissions reductions and measurable adaptation outcomes at national scale. This is the primary contribution to paradigm shift: proving that Brazil's NDC-critical sectors can be systematically decarbonized through private capital, not just mature renewable technologies.

Potential for scaling up and replication

By building 6-10 institutional-grade climate platforms across New Energies, Food Security, and Circularity & Efficient Use of Resources, the Fund creates reference cases that demonstrate the commercial and climate viability of solutions that today remain fragmented and undercapitalized. A scaled biomethane platform, a consolidated bioinputs producer, or an industrial decarbonization business with verified emissions reductions fundamentally changes how investors, corporates, and policymakers perceive these sectors – reducing risk perception and enabling replication across geographies and value chains without continued dependence on concessional capital. The FX de-risked blended-finance structure amplifies this impact by unlocking international capital that would otherwise remain sidelined, accelerating the pace at which these climate solutions can reach scale.

Potential for knowledge sharing and learning

The Fund will generate practical evidence on how growth-stage climate companies in hard-to-abate sectors can achieve both financial returns and verified climate outcomes. Insights on GHG measurement, emissions reduction methodologies, and platform-building in sectors such as biomethane, circular economy, and sustainable agriculture will be shared with co-investors, DFIs, and relevant stakeholders – contributing to the development of replicable investment models for NDC-critical sectors across emerging markets. The learnings on FX risk mitigation and capital stack optimization further expand the toolkit available to mobilize private capital into similar climate opportunities globally.

Contribution to the regulatory framework and policies

Through active engagement with policymakers and industry participants, the Fund supports the operationalization of existing climate frameworks – including Fuel of the Future Law, the Marco Legal dos Bioinsumos, and the Plano Clima 2024-2035 – by translating policy signals into bankable projects with demonstrated climate performance. Portfolio companies operating at scale generate practical evidence that strengthens the case for sustained policy support

and accelerates the deployment of similar climate solutions across Brazil. This commercial validation of climate policy frameworks creates the conditions for deeper regulatory commitment and faster market adoption over time.

Contribution to the creation of an enabling environment

By demonstrating that companies in underfunded climate sectors can achieve institutional-grade governance, robust MRV systems, and verified emissions reductions, the Fund strengthens the broader climate investment ecosystem in Brazil. Successful exits to strategic and financial buyers establish market benchmarks for what climate performance looks like in hard-to-abate sectors, signaling to domestic and international investors that Brazil's climate transition extends well beyond wind and solar – expanding the investable universe into sectors with significantly higher marginal abatement potential. The blended-finance model reinforces this by providing a replicable template for how catalytic capital can crowd in private investment into climate sectors at scale.

D.3. Sustainable development (max. 500 words, approximately 1 page)

Describe the wider benefits and priorities of the project/programme in relation to the Sustainable Development Goals and provide the potential in terms of:

- *Environmental co-benefits*
- *Social co-benefits including health co-benefit*
- *Economic co-benefits*
- *Gender-sensitive development benefit*

Environmental co-benefits (SDGs 6, 7, 12, 13, 15)

The programme promotes resource efficiency, emissions reduction, and ecosystem preservation across key sectors. Investments in circular economy solutions (SDG 12) reduce waste generation, increase recycling rates, and lower methane emissions from landfills. Sustainable agriculture and biological inputs improve soil health and reduce chemical runoff (SDGs 6 and 15), enhancing water quality and biodiversity. Clean energy and low-carbon fuels (SDG 7) displace fossil fuel use, contributing to improved air quality and reduced greenhouse gas emissions (SDG 13). These interventions collectively support more sustainable land use, reduced environmental degradation, and enhanced resilience of natural systems.

Social co-benefits, including health (SDGs 2, 3, 6, 7, 11)

The Fund enhances quality of life and resilience, particularly for vulnerable populations. Climate-resilient agriculture and irrigation infrastructure improve food security (SDG 2) and reduce exposure to climate shocks. Investments in waste management and cleaner energy reduce air and water pollution, generating public health benefits (SDG 3). Improved access to reliable and affordable energy (SDG 7) and more resilient urban infrastructure (SDG 11) strengthen livelihoods and economic participation. Additionally, circular economy platforms create more inclusive

value chains, benefiting low-income workers, including informal waste-pickers, through improved income stability and working conditions.

Economic co-benefits (SDGs 8, 9, 10, 12)

The programme drives economic development by catalyzing private investment and strengthening competitive, low-carbon industries. By mobilizing large-scale capital, the Fund supports job creation and income generation (SDG 8), while fostering innovation and industrial transformation (SDG 9) in sectors such as renewable energy, sustainable agriculture, and advanced materials. It reduces structural dependencies on imports (e.g., fertilizers and fossil fuels), improving economic resilience and trade balance stability. The Fund also promotes more inclusive growth (SDG 10) by expanding access to climate solutions across regions and supporting underserved markets, while enhancing resource productivity (SDG 12).

Gender-sensitive development benefits (SDG 5, cross-cutting)

Gender equality is embedded across the investment strategy in alignment with SDG 5 and the GCF Gender Policy. The Fund promotes women's participation in climate-relevant sectors through inclusive employment practices, leadership representation, and governance structures within portfolio companies. Flying Rivers itself is female-led, with Luciana Ribeiro serving as Founder and CEO, reinforcing the Fund's commitment to diversity in leadership and decision-making.

Investments in agriculture and circular economy are expected to disproportionately benefit women by improving access to income opportunities and more resilient livelihoods. Gender considerations are integrated into due diligence, investment decision-making, and monitoring frameworks, ensuring equitable access to benefits and actively addressing gender-based disparities in climate vulnerability.

As part of the monitoring framework, the Fund intends to track gender-related indicators, including women employed and women in leadership and governance positions across portfolio companies. The Fund has mapped recognized market frameworks such as the 2X Global criteria and intends to use them as a reference to help identify and promote gender-positive characteristics across the portfolio over time. While the Fund does not apply mandatory gender eligibility requirements, gender inclusion is viewed as an important value creation and development consideration throughout the investment process, including during post-investment engagement and 100-day value creation planning where relevant.

D.4. Needs of recipient (max. 500 words, approximately 1 page)

Describe the scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme addresses the issue (e.g. the level of exposure to climate risks for beneficiary country and groups, overall income level, etc.). Describe how the project/programme addresses the following needs:

- *Vulnerability of the country and/or specific vulnerable groups, including gender aspects (for adaptation only)*
- *Economic and social development level of the country and the affected population*
- *Absence of alternative sources of financing (e.g. fiscal or balance of payments gap that prevents government from addressing the needs of the country; and lack of depth and history in the local capital market)*
- *Need for strengthening institutions and implementation capacity*

Brazil combines strong structural fundamentals with high and increasing climate vulnerability. Extreme weather events already generate average annual losses of approximately US$ 2.6 billion, with recent shocks - such as the 2024 floods in the South (US$ 15+ billion in damages, >2 million people affected) - highlighting the scale and intensity of exposure. Climate risks are particularly acute in agriculture, water systems, and energy infrastructure, with projected declines of up to 18% in agricultural productivity by 2050. Vulnerability is unevenly distributed, disproportionately affecting rural populations, small producers, and regions with lower adaptive capacity, where access to resilient infrastructure, climate-smart inputs, and stable energy supply remains limited.

The programme addresses these vulnerabilities by channeling capital into sectors that directly enhance resilience and reduce emissions, including sustainable agriculture, water-efficient irrigation, distributed energy, and circular economy solutions. These investments improve productivity, reduce exposure to climate shocks, and strengthen livelihoods - particularly for populations indirectly integrated into these value chains (e.g., small farmers and waste-picker communities). While primarily mitigation-driven, the Fund embeds adaptation co-benefits by prioritizing solutions that enhance resource efficiency, reduce climate sensitivity, and improve system reliability.

From a development perspective, Brazil is an upper-middle-income country with significant regional inequalities and structural gaps in infrastructure and productivity. Climate impacts exacerbate these disparities, particularly in less developed regions where economic activity is more climate-sensitive. The programme supports inclusive economic development by scaling businesses that generate employment, improve access to essential services, and enhance competitiveness in low-carbon sectors—contributing to a more resilient and diversified growth model.

Despite a relatively developed financial system, Brazil faces a structural shortage of long-term, risk-tolerant capital for climate investments. Meeting national climate targets requires R$ 1.0–1.2 trillion by 2030, yet current capital mobilization remains materially below this level. Domestic capital is constrained by concentration limits and risk appetite, while international capital is deterred by FX volatility and the absence of suitable risk mitigation instruments. Public sector balance sheets and development banks are not positioned to absorb this risk at scale, resulting in a persistent financing gap - particularly for growth-stage and more complex climate solutions. This gap is also reflected in Brazil’s private equity market, where there is still limited growth-stage capital available for climate-transition sectors such as biomethane, circular economy, industrial decarbonization, sustainable agriculture, and climate-enabling infrastructure, particularly outside more mature renewable segments such as onshore wind and solar.

The programme directly addresses this constraint by introducing a targeted financial structure that enables international capital participation, complementing domestic sources rather than replacing them. In doing so, it mobilizes additional funding flows into sectors that would otherwise remain underfunded.

Finally, the programme contributes to strengthening institutional and implementation capacity by professionalizing portfolio companies, establishing robust governance frameworks, and enhancing execution capabilities in complex climate projects. Through its active ownership model, the Fund builds institutional-grade platforms capable of structuring bankable investments, coordinating stakeholders, and scaling solutions aligned with national climate priorities. This helps bridge the gap between policy ambition and on-the-ground implementation, reinforcing Brazil's capacity to deliver on its NDC and long-term climate strategy.

D.5. Country ownership (max. 500 words, approximately 1 page)

Please describe how the beneficiary country takes ownership of and implements the funded project/programme. Describe the following:

- *Existing national climate strategy*
- *Existing GCF country programme*
- *Relevance to and alignment with existing policies such as Nationally Determined Contributions (NDCs), Nationally Appropriate Mitigation Actions (NAMAs), and National Adaptation Plans (NAPs)*
- *NDCs, NAMAs, and NAPs*
- *Capacity of Accredited Entities or Executing Entities to deliver*
- *Role of National Designated Authority*
- *Engagement with civil society organizations and other relevant stakeholders, including indigenous peoples, women and other vulnerable groups*

Existing national climate strategy

eB Climate Fund II is fully aligned with Brazil's Nationally Determined Contributions (NDCs) and the programmatic approach under Brazil's Country Programme for the Green Climate Fund (GCF) – the strategic document through which Brazil defines its national climate financing priorities and project pipeline for engagement with the Fund, managed by the National Designated Authority (NDA) at the Ministry of Finance. eB Climate has engaged in regular technical discussions with the National Designated Authority (NDA) to align objectives with national priorities and GCF's mandate to expand climate investment in Brazil. The Fund is included in Brazil's short-term GCF portfolio under the Country Programme 2025, which identifies it as a priority vehicle reflecting alignment with national climate strategies and the GCF's investment criteria. Additionally, eB Climate was selected by BNDES in a highly competitive process ("Chamada de Clima", where 5 managers were selected out of 45 applicants), securing an anchor commitment of approximately USD 100 million for Climate Fund II.

The Fund's three key investment verticals are directly connected to four central national policies guiding Brazil's net-zero transition:

(i) The **Ecological Transformation Plan** (Ministry of Finance), which promotes sustainable, technology-driven development across multiple sectors. Launched in 2023, it is Brazil's overarching economic strategy for implementing its climate commitments, using regulatory reform and financial instruments to expand low-carbon investment; it is also the policy umbrella under which New Industry Brazil and the Brazil Climate Investment Platform below were structured;

(ii) The **New Industry Brazil** (Ministry of Development, Industry, and Commerce), which mobilizes investment toward sustainable agribusiness, bioeconomy, industrial decarbonization, and low-carbon mobility. Launched in 2024, now with over BRL 300 billion in financing through institutions such as BNDES, Finep, and Embrapii, it channels part of the Ecological Transformation Plan's industrial agenda into six missions, one of which is dedicated specifically to decarbonization, directly overlapping with the Fund's target sectors.

(iii) The **Brazil Climate Investment Platform (BIP)**, an interministerial initiative involving BNDES and the GCF to expand decarbonization and sustainable resource use. Secretariated by BNDES, it operationalizes the Ecological Transformation Plan's private-capital mobilization pillar by connecting investors to bankable projects, with the GCF itself among its strategic partners.

(iv) The **Climate Change Plan** (Plano Clima 2024-2035), which establishes mitigation and adaptation strategies through 2035, including resilience-building initiatives such as AdaptaCidades. Launched in 2026, it underpins Brazil's updated NDC and NAP targets.

Brazil's updated NDC commits the country to a 59-67% reduction in net GHG emissions by 2035 compared to 2005 levels, including targets related to renewable energy expansion, industrial decarbonization, sustainable agriculture, methane reduction, climate resilience, and resource efficiency. The proposed Fund directly supports these objectives through investments in low-carbon fuels, battery storage systems, biological agricultural inputs, irrigation infrastructure, advanced recycling, waste-to-energy solutions, and industrial efficiency technologies.

The programme is also aligned with Brazil's National Adaptation Plan (NAP), particularly regarding resilience in food systems, water security, infrastructure, and climate adaptation in vulnerable regions. Investments in irrigation, climate-resilient agriculture, precision farming, and resilient infrastructure are expected to strengthen adaptive capacity

in sectors already exposed to droughts, heatwaves, and hydrological shocks. The Fund additionally remains consistent with Brazil's broader climate policy architecture and nationally appropriate mitigation efforts aimed at accelerating low-carbon development pathways.

Role of National Designated Authority (NDA)

The NDA, housed within the Ministry of Finance, plays a central role in reinforcing country ownership by reviewing and endorsing the proposal, ensuring consistency with Brazil's climate priorities, and facilitating institutional coordination across public stakeholders. Throughout the Concept Note development process, the Fund maintained technical engagement with the NDA and incorporated feedback regarding strategic alignment, catalytic impact, and consistency with Brazil's ecological transformation agenda. Through this alignment process, eB Capital Fund II was included in Brazil's Country Programme 2025 as part of the country's short-term GCF portfolio.

D.6. Efficiency and effectiveness (max`. 500 words, approximately 1 page)

Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers, and providing the minimum concessionality to ensure the project is viable without crowding out private and other public investments. Refer to section B.5 on the justification of GCF funding requested as necessary.

Please describe the efficiency and effectiveness of the proposed project/programme, taking into account the total financing and mitigation/ adaptation outcome the project/programme aims to achieve, and explain how this compares to an appropriate benchmark.

Please specify the expected economic rate of return based on a comparison of the scenarios with and without the project/programme.

Please specify the expected financial rate of return with and without the Fund's support to illustrate the need for GCF funding to illustrate overall cost effectiveness.

Please explain how best available technologies and practices have been considered and applied. If applicable, specify the innovations/modifications/adjustments that are made based on industry best practices.

Financial structure and concessionality

The Fund is designed to address key bottlenecks—FX volatility, lack of growth-stage capital, and execution complexity—while ensuring minimum concessionality. The Green Climate Fund will commit up to USD 50 million, capped at 20% of total fund size, acting as a catalytic anchor investor. Any returns generated on the GCF's commitment above the recovery of its principal provide targeted protection exclusively for abnormal FX volatility

affecting international investors. This narrowly scoped mechanism addresses a clear market failure without offering return enhancement or broad downside protection, thereby avoiding crowding out.

Impact efficiency and allocation discipline

Investment selection prioritizes carbon efficiency (tCO_2e avoided per USD invested) for mitigation investments and beneficiaries reached per USD invested for adaptation investments. These metrics are assessed at the investment level using methodologies aligned with GCF typologies and investment-specific KPIs defined at IM3 stage. Given the Fund's blind-pool structure, portfolio-level efficiency estimates would be subject to material uncertainty at this stage; indicative impact targets are set out in Section E.3.

Scale, deployment, and benchmark comparison

The Fund is expected to deploy ~USD 400 million (target) across 6–10 investments, with tickets of USD 30–60 million, primarily in control positions to ensure governance and implementation of best practices. The portfolio is expected to generate ~37 million tCO_2e of avoided emissions, implying strong impact efficiency relative to comparable private-sector climate funds, particularly given the focus on harder-to-abate sectors.

Economic rate of return (with vs. without programme)

Without the Fund, a significant portion of the pipeline would remain unfinanced or delayed due to FX risk and structuring constraints, resulting in foregone emissions reductions and resilience benefits. The programme generates positive economic returns by enabling these investments and associated climate externalities.

Financial rate of return (with vs. without GCF)

Without GCF support, FX volatility would discourage international investors from allocating capital in Brazil. The FX protection mechanism is deliberately narrow and disciplined. It is not a return support mechanism, nor does it shield investors from project-specific, execution, or market risks.

The protection is triggered only in scenarios where BRL depreciation exceeds a predefined inflation differential between Brazil and the U.S. The principal invested by the GCF is not used for concessionality; where Fund returns exceed the minimum USD hurdle rate for private investors, the GCF participates equally in the upside. Trigger scenarios and their impact on returns are detailed in Annex 3 in the “Outputs” tab. This tab includes different BRL fund performance scenarios (base, bull and bear) across different FX depreciation paths over the Fund’s life.

Execution efficiency and best practices

The Fund operates as an active platform, improving efficiency through structured transactions, long-term offtakes, and optimized capital stacks (including project finance). It prioritizes proven or near-commercial technologies—such as bioenergy, storage, recycling, and sustainable agriculture—while adapting them to local conditions to maximize scalability and performance.

Overall cost-effectiveness

The structure combines targeted concessionality, efficient carbon mitigation costs (USD 10.7 per tCO_2e[94]), and strong capital mobilization, delivering efficient and scalable climate outcomes aligned with GCF objectives.

E. LOGICAL FRAMEWORK

*This section refers to the project/programme's logical framework in accordance with the **GCF's Integrated Results Management Framework** to which the project/programme contributes as a whole, including in respect of any co-financing.*

E.1. Project/Programme Focus

Please indicate whether this proposal is for a mitigation or adaptation project/programme. For cross-cutting proposals, select both.

☒ Reduced emissions (mitigation)

☒ Increased resilience (adaptation)

E.2. GCF Impact level: Paradigm shift potential (max 600 words, approximately 1-2 pages)

This section of the logical framework is meant to help a project/programme monitor and assess how it contributes to the paradigm shift described in section D.2 above by applying three assessment dimensions - scale, replicability, and sustainability.

Accordingly, for each assessment dimension (see the definition per assessment in the accompanying guidance note), describe the current state (baseline) and the potential scenario (target) and rate the current state (baseline) by using the three-point-scale rating (low, medium, and high) provided in the guidance note. Also describe how the project/programme will contribute to that shift/ transformation under respective assessment dimensions (scale, replicability and sustainability). In doing so, please refer to section B.2(a) (theory of change).

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		

[94] For instance, according to the GCF's progress report, between 2015 and 2022 the average cost of approved projects was USD 17.9 per tCO_2e (2.39b Tco2e avoided across USD 42,8b total value or approved projects).

Scale	- Brazil requires ~USD 200bn/year by 2030 to meet climate mitigation and adaptation needs, but current climate finance remains insufficient and concentrated in mature segments (such as wind and solar energy generation, for example). - Many projects face high upfront capex, long payback periods, limited offtake visibility and FX risk, preventing them from reaching bankability. - Existing financing mechanisms (e.g., green bonds, climate funds) have not reached sufficient scale and are often prohibitively expensive for long-tenor climate investments, limiting their effectiveness in mobilizing capital at the required level.	Medium	- Vastly increased private capital mobilized into climate solutions aligned with Brazil's NDC and net-zero pathway. - Greater availability of institutional capital for projects that are currently not bankable without structured equity and active orchestration.	*Describe key applicable outputs and or resulting outcomes relevant to increasing (scaling up) quantifiable results within and beyond the scope of the intervention.* **- Climate-Centric Goals:** Targets high-impact climate platforms across New Energies, Food Security and Circularity, delivering ~37m tCO_2e avoided and ~4m beneficiaries (direct and indirect) through adaptation over the Fund lifecycle. **- Growth Capital:** Deploys USD 400m into 6-10 growth-stage companies and greenfield projects, scaling proven models into institutional platforms with national reach. **- Orchestration Model:** Actively structures non-bankable projects by coordinating stakeholders, securing long-term offtakes, and designing bankable capital structures, unlocking ~50% of the pipeline that would otherwise not reach financial close. Opportunities that require orchestration are often those with the highest climate impact potential, particularly in hard-to-abate and capital-intensive sectors where project viability depends on aligning multiple counterparties, contracts and financing structures. In these sectors, creating bankability is not only a financing exercise, but also an execution challenge that requires integrating industrial operations, feedstock supply, commercial demand and long-term capital into a coordinated platform.

Replicability	- Climate-focused companies in Brazil face structural barriers to scale, including limited access to growth-stage capital, FX constraints, and lack of compatible financing structures; these challenges are particularly acute in sectors such as low-carbon fuels, circularity and climate-resilient agriculture, which require high upfront capex, long maturation periods and complex offtake and stakeholder coordination, and are further compounded by limited track record, weak institutionalization (governance, MRV, ESG) and fragmented knowledge sharing, ultimately constraining the development of commercially viable and replicable models.	Medium	- Proven "orchestration" model enables replication of how non-bankable climate projects can be structured into financeable platforms, creating a repeatable playbook across sectors. - Portfolio companies become reference cases, demonstrating scalable business models with strong governance, MRV and ESG integration, attracting broader investor interest. - Strengthened growth-stage segment, with companies evolving into institutional platforms, supporting supply chain development and replication across regions and climate verticals. - Blended-finance and FX de-risking structure serves as a benchmark to mobilize international capital into emerging markets, reinforcing market confidence and knowledge transfer.	**- Capital allocation to underpenetrated sectors:** By deploying capital into structurally underfunded climate verticals (e.g., biomethane, circularity, resilient agriculture), the Fund helps unlock and scale supply chains, creating more resilient and investable market ecosystems. **- Orchestration as a replicable playbook:** Through active deal structuring (offtakes, capital stacks, stakeholder coordination), the Fund demonstrates how non-bankable projects can be transformed into financeable platforms, enabling replication across similar opportunities. **- Portfolio professionalization:** Via hands-on governance, ESG/MRV implementation and operational support, the Fund institutionalizes growth-stage companies, turning them into benchmark platforms for replication by other investors and operators. **- Market signaling & perception shift:** By delivering attractive risk-adjusted returns in complex climate sectors, the Fund reduces perceived risk and demonstrates investability, crowding in additional private capital and encouraging replication of similar strategies. **- Knowledge dissemination & ecosystem building:** Through engagement with DFIs, MDBs, investors and portfolio companies, the Fund contributes to the development of a more mature climate investment ecosystem in Brazil, facilitating knowledge transfer and broader adoption of best practices.

Sustainability	- Many climate-focused businesses in Brazil face high supply-chain costs, early-stage business models and dependence on short-term financing, which constrain long-term viability. - Private-sector ESG, gender and impact-management practices are improving, but remain uneven and not yet fully embedded across growth-stage companies	Low	- A more competitive climate-investment ecosystem supports supply-chain development, innovation and long-term growth in underdeveloped sectors. - ESG, gender and impact-management practices become more widely adopted across portfolio companies and broader market participants. - Stronger market structures sustain climate investment beyond the Fund's initial deployment cycle.	**- Increasing Competitiveness:** By supporting growth-stage companies in underserved climate sectors, the Fund helps build stronger supply chains and more competitive market ecosystems. **- Driving Behavioural Change:** ESG reporting, gender inclusion and impact-management requirements set a benchmark for portfolio companies and influence broader industry practices. **- Indirect Policy Support:** Through engagement with investors, DFIs, MDBs and industry platforms, the Fund generates practical case studies that can inform sustainable investment standards and support broader market adoption.

E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)

Select appropriate IRMF core and supplementary indicators to monitor project/programme progress. More than one IRMF (core and or supplementary) indicators may be selected as applicable for each GCF results area and project/programme outcome (as defined in the table in section B.2(b)). If IRMF indicators are unable to measure any given project/programme outcomes, project/programme-specific indicators should be developed under section E.5 (project/programme specific indicators).

GCF Result Area	IRMF Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final	
Total amount of GHG emissions reduced, avoided or removed /sequestered	Core 1: GHG emissions reduced, avoided or removed/sequestered	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	0	6,831,384 tCO2e	End of Fund implementation period: 16,699,158 tCO2e End of lifespan: 37,184,624 tCO2e	

MRA1 Energy generation and access	Core 1: GHG emissions reduced, avoided or removed/sequestered	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	0	3,800,520 tCO2e	End of Fund implementation period: 8,271,708 tCO2e End of lifespan: 17,313,285 tCO2e	Estimated emissions avoided by the fund's proposed pipeline, investing in the companies G and H. The calculation reflects EB's attributable share of the emission reductions (enabled by our investment). Therefore, baseline emissions are zero. The detailed calculations for each company are presented in Annex 22. 1. Mid-term – Refers to the cumulative projected emissions reductions up to the year 2031, year that represents the midpoint of the implementation period 2. Final a) end of implementation period - Refers to the cumulative projected emissions reductions up to the year 2036, representing the final value of impact projections during the implementation period. b) End of Lifespan - refer to total amount, including “perpetuity” values (20 years).

MRA1 Energy generation and access	Supplementary 1.1: Annual energy savings	KPI is monitored quarterly based on management data collected and reported by the portfolio company through quarterly investor reports, and is independently validated on an annual basis by a third-party verification firm.	0	80,000 MWh annually	80,000 MWh annually	Estimated energy saving based on the expected outcome of investing in the company H of the fund's proposed pipeline. Considers on-grid applications that store energy that would otherwise be discarded (curtailment), avoiding the generation on thermal plants and behind the meter applications that likely would use diesel. Detailed calculations are available in Annex 22.
MRA2 Low-emission transport	Core 1: GHG emissions reduced, avoided or removed/sequestered	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	0	150,524 tCO2e	End of Fund implementation period: 580,054 tCO2e End of lifespan: 1,594,249 tCO2e	Estimated emissions avoided by the fund's proposed pipeline, investing in company F. The calculation reflects EB's attributable share of the emission reductions (enabled by our investment). Therefore, baseline emissions are zero. The detailed calculations for each company are presented in Annex 22.

MRA2 Low-emission transport	Supplementary 1.5 Improved low-emission vehicle fuel economy	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	14.8 MJ/km	15.4 MJ/km	15.7 MJ/km	Estimated energy consumption per km travelled based on the expected outcome of investing in the Company F of the fund's proposed pipeline. Baseline considers the scenario in which 100% of the energy equivalence of the company's truck fleet is fueled by diesel, instead of substitution by biomethane. Detailed calculations are available in Annex 22.
MRA3 Buildings, cities, industries and appliances	Core 1: GHG emissions reduced, avoided or removed/sequestered	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	0	2,660,803 tCO2e	End of Fund implementation period: 7,163,048 tCO2e End of lifespan: 16,663,123 tCO2e	Estimated emissions avoided by the fund's proposed pipeline, investing in the companies B, D and E. The calculation reflects EB's attributable share of the emission reductions (enabled by our investment). Therefore, baseline emissions are zero. The detailed calculations for each company are presented in Annex 22.
MRA4 Forestry and land use	Core 1: GHG emissions reduced, avoided or removed/sequestered	KPI is monitored through the Annual Impact Report. Portfolio companies are	0	219,537 tCO2e	End of Fund implementation period: 684,347 tCO2e	Estimated emissions avoided by the fund's proposed pipeline, investing in the company A.

		required to hire independent verification of the indicator annually.			End of lifespan: 1,613,967 tCO2e	The calculation reflects EB's attributable share of the emission reductions (enabled by our investment). Therefore, baseline emissions are zero. The detailed calculations for each company are presented in Annex 22.
Total project beneficiaries without overlap	Core 2: Direct and indirect beneficiaries reached	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	0	Direct: 547,545; Female 108,516 / Male 439,029 Indirect: 2,303,821; Female 1,174,949 / Male 1,128,872	Direct: 565,216; Female 111,520 / Male 453,696 Indirect: 3,479,491; Female 1,774,540 / Male 1,704,950	
ARA2 Health, well-being, food and water security	Core 2: Direct and indirect beneficiaries reached	KPI is monitored through the Annual Impact Report. Portfolio companies are required to hire independent verification of the indicator annually.	0	Direct: 494,797; Female 97,439 / Male 397,358 Indirect: 823,175; Female 419,819 / Male 403,356	Direct: 512,468; Female 100,443 / Male 412,025 Indirect: 1,998,844; Female 1,019,411 / Male 979,434	The calculation reflects EB's attributable share of impacted beneficiaries (enabled by our investment). Therefore, baseline measurement is zero. The detailed calculations for each company are presented in Annex 22, based on companies A, B and C.
ARA2 Health, well-being, food and water security	Supplementary 2.2: Beneficiaries (female/male) with improved food security	KPI is monitored through the Annual Impact Report. Portfolio companies are	0	208,847; Female 106,512 / Male 102,335	1,402,187; Female 715,115 / Male 687,072	The calculation reflects EB's attributable share of impacted beneficiaries (enabled by our

		required to hire independent verification of the indicator annually. Data will be based on the companies' sales records.				investment). Therefore, baseline measurement is zero. The detailed calculations for each company are presented in Annex 22, based in companies A and C. Both companies' business models directly tackle food security by increasing agricultural yields (both directly and by reducing potential losses) with sustainable and more climate resilient solutions (bioinputs and irrigation). Therefore, impact will be measured based on the number of families served by the companies' products and services, as better explained in Annex 22.
ARA2 Health, well-being, food and water security	Core 4: Hectares of natural resources brought under improved low-emission and/or climate-resilient management practice	KPI is monitored monthly based on management data collected and reported by the portfolio company through quarterly investor reports, and is independently validated on an annual basis by a third-party verification firm.	0	1,547,208	2,375,234	Assumes projected land conversion for Company C following the development of irrigation infrastructure. Additionally, is assumed the land improved by the products commercialized through company A – following the detailed calculations in Annex 22.

ARA2 Health, well-being, food and water security	Supplementary 4.1: Hectares of terrestrial forest, terrestrial non-forest, freshwater and coastal marine areas brought under resoration and/or improved ecosystems	KPI is monitored monthly based on management data collected and reported by the portfolio company through quarterly investor reports, and is independently validated on an annual basis by a third-party verification firm.	0	21,000	29,200	Assumes projected land conversion for Company C following the development of irrigation infrastructure.
ARA3 Intrastructure and built environment	Core 2: Direct and indirect beneficiaries reached	KPI is monitored monthly based on management data collected and reported by the portfolio company through quarterly investor reports, and is independently validated on an annual basis by a third-party verification firm.	0	Direct: 52,748; Female 11,077 / Male 41,671 Indirect: 1,480,646; Female 755,130 / Male 725,517	Direct: 52,748; Female 11,077 / Male 41,671 Indirect: 1,480,646; Female 755,130 / Male 725,517	The calculation reflects EB's attributable share of impacted beneficiaries (enabled by our investment). Therefore, baseline measurement is zero. The detailed calculations for each company are presented in Annex 22, based on company H.
ARA3: Infrastructure and built environment	Core 3: Value of physical assets made more resilient to the effects of climate change and/or more able to reduce GHG emissions	BESS project agreements, contractor invoices, and asset registers, reviewed annually by the ESG Officer.	0	USD 33.2M	USD +33.2M	Cumulative capex of behind-the-meter BESS installations used as proxy for the value of physical assets made more resilient to climate disruption. Reflects the pipeline at proposal stage, a conservative floor, as the final value is expected to be higher as additional investments are deployed and as the value of client-side productive assets protected (e.g. irrigation

						pumping systems) is quantified at investment stage.

E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)

Select at least two relevant IRMF core (enabling environment) indicators to monitor and elaborate the baseline context and project/programme's targeted outcome against the respective indicators. Rate the current state (baseline) vis-à-vis the target scenario and select the geographical scope of the outcome to be assessed. Describe how the project/programme will contribute towards the target scenario. Refer to a case example in the accompanying guidance to complete this section.

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
Core Indicator 5: Degree to which GCF investments contribute to strengthening institutional and regulatory frameworks for low emission climate-resilient development pathways in a country-driven manner	Brazil has a comprehensive climate policy architecture (NDC, Plano Clima 2024-2035, Plano ABC+, RenovaBio, Marco Legal dos Bioinsumos, Programa Nacional do Biogás e Biometano, Marco Legal do Saneamento, SBCE), but regulatory implementation remains uneven across climate verticals. Several sectoral frameworks are still being defined, regulated, or operationalized, creating uncertainty in subsectors critical to the climate transition.	medium	A regulatory framework that provides clear incentives and predictable rules across the sectors and subsectors driving Brazil's climate economy, supporting the scale-up of low-carbon and climate-resilient pathways and enabling private capital to flow into bankable climate investments at scale.	Active regulatory engagement is a core pillar of eB Climate's orchestration model. The Fund will position portfolio companies as structured articulators between value chains and government, channeling sector-level technical evidence, bottlenecks, and bankability constraints into the regulatory process. Through direct interaction with regulators, ministries, industry associations, and standard-setting bodies, the Fund will support the refinement of frameworks across the sectors and subsectors driving Brazil's climate economy. This systematic	National level (one country)

				engagement strengthens institutional capacity to design implementable climate regulation and accelerates the translation of national climate strategies into scalable private investment. As a concrete example, at Cirklo (Brazil's largest independent PET recycler, built by eB Climate under Fund I) this engagement meant hiring an external public-policy advocacy consultancy and a leading waste-management and reverse-logistics specialist, and supporting the company's contribution to the public consultation on Brazil's Plastics Decree; this participation was later recognized by sector stakeholders as a meaningful contribution to the Decree's approval.	
Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dis-	Brazil has strong technical capabilities and an active innovation ecosystem across renewable energy, bioenergy,	medium	Broader and faster deployment of low-carbon and climate-resilient technologies across Brazilian climate compa-	The Fund's capital will strengthen portfolio companies' capacity to develop, adapt, and deploy climate technolo-	National level (one country)

semination, development or transfer and innovation	bio inputs, and circularity, supported by institutions such as Embrapa, EPE, and major universities. Deployment and scale-up of climate technologies by growth-stage companies remain heterogeneous across sectors, with significant capital required to bring proven solutions to commercial scale.		nies, with portfolio companies operating at commercial scale and contributing to wider market adoption of climate solutions.	gies. Growth equity tickets will fund capex for commercial-scale rollout, R&D, and technology adaptation. Through active ownership, eB Climate will support the institutional and operational capabilities required for portfolio companies to advance their technology agendas.	
Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level	The market for climate-aligned mid-market companies in Brazil is fragmented and lacks dedicated institutional private equity channels at scale. Most climate capital flows toward late-stage infrastructure in mature renewable segments, leaving growth-stage companies in higher-impact verticals reliant on a narrow set of investors and limited follow-on options. Exit pathways for institutional climate platforms remain underdeveloped, constraining capital recycling and the maturation of the asset class.	low	A maturer institutional segment for climate private equity in Brazil, with a broader investor base, more developed exit pathways for growth-stage climate companies, and reference platforms that signal the commercial viability of the asset class to domestic and international capital.	eB Climate's orchestration model and blended-finance structure establish a new template for institutional climate PE in Brazil. By building 6-10 investments with institutional-grade governance, ESG systems, and bankable capital structures, the Fund creates reference cases that anchor commercial expectations for the asset class. Successful exits to strategic and financial buyers expand the universe of acquirers familiar with Brazilian climate assets, supporting capital recycling and replication by other managers and investors.	National level (one country)

E.5. Project/programme specific indicators (project outcomes and outputs)

*This section should list out project/programme-specific performance indicators (outcomes and outputs) that are not covered in sections above (E.1-E.4). List down tailored indicators to monitor /track progress against relevant project/programme results (outcomes/outputs). AEs have the freedom to decide against which outcomes they would like to set project/programme specific indicators. If any co-benefits are identified in sections B.2(a)(b), and D.3, AEs are encouraged to add and monitor co-benefit indicators under the "**Project/programme co-benefit indicators**" section in table below. Add rows as needed.*

Please number each outcome and output as shown below to indicate association of outputs to the contributing outcome. The numbering for outputs under this section should correspond to the output numbering in annex 4 (detailed budget plan).

Project/programme results (outcomes/ outputs)	Project/programme specific Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final	
		Sources of information and methods used to collect and report data/information to measure progress against targets	*The starting point or current value of the indicators before the implementation of the project*	*The estimated value of the indicator at the mid-point of the implementation*	*The estimated value of the indicator at the completion of the implementation*	*Externalities and factors outside project management's control that may impact on the Component* *Data sources and methodologies applied for estimating baseline and targets*
Output 1 Fund capitalized and operational with blended-finance structure	Total capital commitments raised by the Fund	Compilation of Subscription Agreements	0	USD 400M	USD 400M	
Output 2 Growth equity deployed into New Energies, Food Security, and Circularity companies	Amount of capital deployed into portfolio companies	Executed investment agreements, reported in the fund's quarterly reports	0	USD 335M (~84% of total commitments)[95]	USD 335M (~84% of total commitments)	

[95] Estimated share of the total project funding that will be deployed into the portfolio (excluding fees and fund expenses). Section A.4 presents the breakdown of the USD 340M into GCF's Result Areas.

Output 3 ESG practices, governance frameworks, and gender inclusion institutionalized across portfolio companies	Percentage of portfolio companies with a formal ESG governance structure in place	ESG Action Plan / 100-day Plan documented; records of ESG Committee meetings.	n/a	100% of portfolio companies with at least 2 years since the original investment	100% of portfolio companies	A portfolio company is considered to have a formal ESG governance structure in place when it has met the following baseline requirements, formalised in its ESAP at IM3: (i) a designated internal ESG focal point reporting to Flying Rivers' ESG Officer; (ii) an operational grievance channel (Tier 1 per the GRM Annex); (iii) adoption of minimum gender and SEAH policies (per Gender Action Plan); and (iv) annual reporting of sex-disaggregated workforce data. These baseline criteria are expected to be met within 18 months of investment. Additional requirements, proportionate to each investee's E&S risk profile, are defined in the ESAP and verified annually.
Output 4 Financial and climate performance monitored throughout the investment period	Percentage of portfolio companies with climate KPIs monitored on a quarterly basis	Quarterly investor reports	0	100% of portfolio companies with at least 1 year since original investment	100% of portfolio companies	

Intermediate Outcome: Crowd-in of private investment into climate sectors	Capital mobilized into the Fund, beyond the GCF commitment (USD)	Fund financial close records and LP subscription agreements	0	USD 160M (4x the GCF commitment, achieved at GCF's first close)	USD 350M (7x the GCF commitment)	Indicator captures commercial capital mobilized directly into the Fund. The broader systemic crowd-in described in the Theory of Change (additional capital entering the sector independently) is expected to be larger but is not directly attributable and is therefore not targeted
Outcome 1 GHG emissions avoided	Number of portfolio companies with third-party verified GHG inventory	Annual ESG Report; third-party verification certificates;	n/a	50% of portfolio companies with at least 1 year since original investment	100% of portfolio companies with at least 1 year since original investment	
Outcome 1 GHG emissions avoided	Percentage of portfolio companies with a decarbonization plan implemented	ESG Committee records	n/a	50% of portfolio companies with at least 1 year since original investment	100% of portfolio companies with at least 1 year since original investment	
Outcome 2 Climate Resilience Improved	Programme-specific indicators to be defined at the time of investment, based on the climate resilience mechanism of each portfolio company	To be defined at investment stage; reported through Annual ESG Report and/or quarterly investor reports (when applicable)	n/a	To be defined at investment stage	To be defined at investment stage	
Project/programme co-benefit indicators						
Jobs Created	Number of new full-time formal employment positions created in portfolio com-	KPI tracked internally in the ESG Committees of the portfolio, shared with investors on quarterly and annual reports	0	1,500	3,000	Direct jobs defined as full-time, formal employment positions hired through the portfolio companies.

	panies after the investment, disaggregated by gender					

E.6. Project/programme activities and deliverables

All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in annex 5 implementation timetable. Add rows as needed.

Please number the activities as shown below to indicate association of activities to the related outputs provided above in section E.5. Similarly, please number sub-activities as shown below to associate to the related activity.

Activities	Description	Sub-activities	Deliverables
Activity 1: Establish blended-finance vehicle with GCF FX risk coverage	Establishment of a fully operational blended-finance private equity vehicle with GCF capital in a catalytic position, addressing Barrier 1 (climate finance misallocation driven by FX risk)	1.1 Finalize legal documentation, LP subscription process, governance, capital-call procedures, and compliance framework 1.2 Design and operationalize the FX de-risking mechanism, scoped exclusively to abnormal currency depreciation; explicitly excludes commercial, operational, and exit risk coverage 1.3 Complete LP fundraising from domestic and international institutional investors	Approved fund documentation FX de-risking mechanism documented and incorporated into fund legal structure Signed subscription agreements targeting a minimum of USD 200 M at first close
Activity 2.1: Multi-stage investment screening and selection	Screening and evaluation of investment opportunities against the Fund's climate eligibility, commercial, and E&S criteria, addressing Barrier 2 (value-chain fragmentation)	2.1.1 Exclusion list screening 2.1.2 Climate eligibility assessment 2.1.3 Commercial fit evaluation 2.1.4 E&S risk assessment 2.1.5 Investment Committee approval and deployment of capital	100% of investment opportunities formally assessed against exclusion list, climate eligibility, commercial fit, and E&S criteria prior to IC approval, documented in IM1, IM2, and IM3 memos IC approval records

Activity 2.2 Platform-building and value-chain orchestration	Active assembly of bankable climate platforms through market consolidation, offtake structuring, operator attraction, and capital structure design, addressing Barrier 2	2.2.1 Market consolidation: identify and acquire subscale players within target subsectors 2.2.2 Offtake and supply structuring: negotiate long-term bankable agreements with industrial buyers and upstream suppliers 2.2.3 Operator attraction: recruit specialized technical managers and sector operators to new platforms 2.2.4 Capital structure design: prepare companies to absorb follow-on capital from infrastructure investors, lenders, and strategics	6–10 SPAs signed during the fund's investment period (5+1 years); Executed offtake and supply agreements (where applicable)
Activity 3: Portfolio-wide MRV framework implementation	Implementation of a portfolio-wide impact measurement and monitoring framework, addressing Barrier 3 (weak MRV capacity)	3.1 Define company-specific KPI set at investment 3.2 Annual GHG inventory and ESG KPI reporting aligned with GCF frameworks and Brazil's NDC national reporting 3.3 Third-party verification where required by GCF or investor reporting standards	Theory of Change and company-specific KPI framework documented for 100% of portfolio companies at investment; Annual ESG Report delivered to GCF and LPs; Third-party verification certificates (when applicable)
Activity 4.1: Active ownership and governance strengthening	Institutional strengthening of portfolio companies through improved governance and management capabilities, addressing Barrier 4 (governance deficits)	4.1.1 Year 1–2: 100-day plan; board formation; governance committee creation; executive hiring; financial controls; KPI dashboard implementation 4.1.2 Year 2–4: strategic planning cycles; operational improvements; institutional reporting	100-day plan documented and implemented in 100% of portfolio companies; Establishment of monitoring committees and board participation in every portfolio company;

		4.1.3 Year 4–5: exit readiness; continuity and succession planning	Annual re-underwriting reports with exit readiness assessment per company
Activity 4.2: ESG integration and environmental/social safeguards	Integration of ESG practices and environmental and social safeguards across portfolio companies, addressing Barrier 4	4.2.1 ESG action plan at entry; occupational health and safety; grievance mechanisms; stakeholder engagement procedures; supply-chain standards 4.2.2 ESG performance incorporated into management incentive structures	Grievance mechanism operational in 100% of portfolio companies; Recurrent ESG Committees established in 100% of portfolio companies within a reasonable timeframe post-investment
Activity 5: Gender inclusion and social safeguard considerations	Embedding of gender inclusion and social safeguards into governance structures and operational processes across portfolio companies, addressing Barrier 5 (exclusion of vulnerable groups)	5.1 Gender inclusion and social safeguard considerations incorporated into governance structures and operational processes across portfolio companies	Evidence of gender inclusion and social safeguard considerations embedded in governance structures and operational processes across 100% of portfolio companies

E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

Besides the arrangements (e.g. annual performance reports) laid out in Accreditation PSAA FAA, please give a summary of the project/programme specific arrangements for monitoring, reporting and evaluation including a description of the monitoring and reporting system that will be used to assess the climate results of the proposed activity. Please also summarize the types of interim and final evaluations. Describe Accredited Entity (AE) project reporting relationships, including to the National Designated Authority (NDA)/Focal Point and between AE and Executing Entity (EE) as relevant, identifying reporting obligations from the EE to the AE. This should relate to the frequency of reporting on project indicators, implementation challenges and financial status. Please note that interim and final evaluations are expected to embed an assessment of project/programme's contributions to a paradigm shift and enabling environment using a three-point scale rating. Refer to the guidance note for the summary requirements and factor in additional evaluation /assessment activities under this section accordingly.

The programme will implement a structured Monitoring, Reporting and Evaluation (M&E) framework based on the ESG Playbook and integrated with an ESMS aligned with GCF and IFC standards, ensuring consistent tracking of climate, financial, and operational performance across the full investment lifecycle.

Screening, Due Diligence & Structuring. Each investment begins with an Early Impact Assessment to confirm alignment with the Fund's climate objectives and exclusion criteria. This is followed by a detailed ESG due diligence process aligned with IFC Performance Standards, including identification of key environmental, social, and governance risks and opportunities. Based on this assessment, a tailored set of mitigation and adaptation KPIs is defined (e.g., tCO_2e avoided, resource efficiency metrics, number of beneficiaries), which are embedded into investment agreements, ESG action plans, and value creation strategies. Governance structures, reporting requirements, and monitoring protocols are formalized at this stage.

Ongoing Monitoring. During the holding period, portfolio companies are required to report on a quarterly basis to eB Capital. Reporting covers financial performance, operational KPIs, and ESG indicators, including emissions (Scope 1 and 2, and where relevant Scope 3), energy and resource use, health and safety, and governance practices. This data is consolidated into centralized digital dashboards at the fund level, enabling continuous tracking of performance against targets. Results are periodically reviewed at board and investment committee level, ensuring accountability and enabling timely corrective actions where needed.

Quarterly Financial Reports (to LPs). These reports provide a detailed overview of the financial performance of the Fund and its portfolio companies, including revenue evolution, margins, cash flow generation, capital deployment, valuation changes, and key risk factors. The objective is to ensure transparency, support investor decision-making, and monitor financial sustainability and downside risks.

Annual Impact Report. The Annual Impact Report consolidates the Fund's climate and ESG performance, aligned with international frameworks such as TCFD. It includes disclosure of greenhouse gas emissions (Scope 1, 2, and where applicable Scope 3), energy, water, and waste metrics, as well as climate outcomes such as renewable capacity installed, energy generated, emissions avoided, and adaptation and resilience indicators. The report also covers social and governance dimensions, including workforce indicators, health and safety, and compliance practices, providing a comprehensive view of the Fund's sustainability performance.

Annual Performance Report (to GCF). The Fund will submit Annual Performance Reports to the GCF, detailing progress against agreed climate indicators, implementation status, key challenges, and financial performance. These reports will also include updates on risk management, ESG compliance, and any material deviations from the original plan, ensuring full transparency to the GCF and alignment with reporting obligations to the NDA/Focal Point.

Evaluation (Mid-term and Final). The programme will undergo independent interim and final evaluations in line with GCF Evaluation Policy. The mid-term evaluation will assess progress in executing the investment strategy, capital mobilization, and early-stage climate and ESG results, recognizing that assets may still be ramping up. It will identify potential adjustments to enhance performance and impact. The final evaluation will provide a comprehensive assessment of the programme's outcomes, including emissions reductions, resilience improvements, social inclusion, and governance enhancements, as well as its contribution to paradigm shift and strengthening of the enabling environment, applying the GCF's three-point rating scale.

Overall, this framework ensures strong accountability, transparency, and a continuous feedback loop, allowing the Fund to refine its strategy over time and maximize climate additionality and systemic impact.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

Please describe financial, technical, operational, macroeconomic/political, money laundering/terrorist financing (ML/TF), sanctions, prohibited practices, and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures. Insert additional rows if necessary.

For probability: High has significant probability, Medium has moderate probability, Low has negligible probability
For impact: High has significant impact, Medium has moderate impact, Low has negligible impact
Prohibited practices include abuse, conflict of interest, corruption, retaliation against whistleblowers or witnesses, as well as fraudulent, coercive, collusive, and obstructive practices

Selected Risk Factor 1 - Currency Volatility

Category	Probability	Impact
Macroeconomic	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

The Fund's investments are predominantly denominated in Brazilian reais (BRL), while returns to international investors are measured in U.S. dollars (USD). As a result, fluctuations in the BRL/USD exchange rate represent a structural risk that can materially affect both realized returns and the Fund's ability to attract long-term international capital.

From a return perspective, currency depreciation can significantly erode USD-denominated performance even when underlying assets perform strongly in local terms. Even with strong local-currency returns, over a 10-year investment horizon, cumulative BRL depreciation of 3–5% p.a.—which is broadly consistent with long-term inflation differentials between Brazil and the U.S.—can reduce USD IRRs by 300–500bps, bringing returns closer to ~15–17%. In more adverse scenarios (e.g., sustained depreciation of 7–10% p.a., as observed in periods of macro stress), USD returns could fall below ~12%, materially impairing the risk-return profile required by international commercial investors. Given the Fund's long duration, these effects compound over time, making FX one of the most relevant drivers of final investor outcomes.

From a capital mobilization perspective, FX risk is the primary constraint limiting international investor participation in Brazil. Despite the availability of projects with strong local-currency returns and clear climate impact, many global institutional investors are structurally unable to assume long-dated unhedged FX exposure. Hedging solutions for 10-year horizons are either unavailable or prohibitively expensive, with market-implied costs in the range of ~8–9% p.a., which would effectively eliminate the return premium of investing in emerging markets. As a result, even high-quality, climate-aligned opportunities remain unfunded due to a mismatch between project fundamentals and investor risk tolerance.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

To mitigate this risk, the Fund adopts a multi-layered approach:

At the portfolio level, investments will look for businesses with natural hedges, including (i) revenues linked to USD or export markets, (ii) contractual or pricing power to pass through inflation and FX movements, and (iii) cost structures broadly aligned with revenue currencies, reducing currency mismatch. Portfolio companies will also be encouraged to adopt prudent financial strategies, such as aligning debt currency with cash flow profiles and optimizing working capital to reduce FX exposure.

At the fund construction level, the strategy of investing across multiple vintages (i.e., staggered deployment over the 5-year investment period) provides an inherent hedge, smoothing entry FX rates and reducing the risk of deploying capital at a single unfavorable currency point. Similarly, exit timing will be actively managed to optimize USD realization, taking into account FX cycles and market conditions.

At the capital structure level, the Fund introduces a targeted FX de-risking mechanism in partnership with the GCF, whereby a portion of GCF's equity acts as a FX protection buffer exclusively for international commercial investors. This mechanism is

calibrated to cover only abnormal FX depreciation scenarios (beyond inflation differentials and a predefined USD return hurdle), without protecting against normal volatility or project-level risks. By partially absorbing tail-risk outcomes - while preserving full exposure to underlying asset performance - this structure materially improves the USD risk-return profile and enables international investors to allocate capital that would otherwise remain sidelined.

Together, these measures reduce the impact of FX volatility on both realized returns and investor perception of risk, supporting the Fund's ability to mobilize long-term international private capital at scale.

Selected Risk Factor 2 - Country Specific Risks

To Category	Probability	Impact
Macroeconomic	Medium	Low

Description

Please describe the risk to the best of your knowledge at this point in time.

Brazil's macroeconomic environment introduces risks that can directly affect the execution, scalability, and climate impact of the Fund's projects. Periods of lower economic growth can reduce industrial activity and investment appetite, slowing the adoption of climate solutions such as renewable fuels, circular economy infrastructure, and sustainable agriculture practices. This may delay project ramp-up, reduce utilization rates, and ultimately limit the pace at which emissions reductions and resilience outcomes are achieved.

High and volatile inflation increases the cost of key inputs - such as equipment, construction, logistics, and labor—particularly in capital-intensive projects. If not fully offset, this can lead to budget overruns, delays in implementation, or scaling back of project scope, directly affecting the magnitude of expected climate benefits.

Elevated interest rates, which are structurally high in Brazil, increase the cost of financing for both the Fund and its portfolio companies. This can constrain access to long-term capital required for infrastructure build-out, delay investment decisions, or reduce the financial viability of projects that are critical for mitigation and adaptation outcomes.

In addition, changes in fiscal and monetary policy, as well as broader political and regulatory uncertainty, can alter incentive structures, funding availability, and sectoral priorities. For projects that depend on regulatory clarity or coordination with public stakeholders - such as energy transition or waste management - this can result in execution delays, reduced predictability of cash flows, and slower deployment of climate solutions.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

The Fund's strategy is designed to preserve execution and climate impact despite macro volatility. Investments focus on sectors structurally less correlated to the economic cycle, many of which are essential services (energy, food, waste), characterized by low penetration and strong regulatory tailwinds. These features sustain demand even in weaker growth environments, reducing the risk of delays in adoption and scaling of climate solutions.

At the portfolio level, companies are selected for pricing power and cost pass-through capacity, helping absorb inflation shocks, and, where possible, diversified or partially USD-linked revenues, reducing exposure to domestic volatility. Capital structures are optimized to limit sensitivity to high interest rates, including use of long-term or fixed-rate financing.

Execution risks from policy shifts are mitigated through active regulatory engagement and continuous macro monitoring, enabling adaptation to changes in fiscal, monetary, or sectoral frameworks.

Finally, diversification across sectors, staggered deployment (vintages), and flexible exit timing help smooth macro exposure and preserve both financial returns and the delivery of climate outcomes over the Fund's lifecycle. Portfolio concentration is

further mitigated through investment limits of 20% of committed capital per investee company and 30% per economic subsector. Additionally, the Fund will use its best efforts to maintain greenfield exposure within a 30% target, while preserving flexibility to accommodate potential CAPEX overruns and additional capital requirements of existing investments.

Selected Risk Factor 3 – Liquidity and Returns Risk

Category	Probability	Impact
Financial	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Liquidity / Exit Risk: Investments in the Fund are long-term and inherently illiquid. Portfolio companies—often growth-stage or greenfield climate projects - may require extended periods to reach operational maturity, limiting the availability of near-term cash flows. Exit opportunities (e.g., strategic sales, secondary transactions, or IPOs) are uncertain and depend on market conditions, regulatory environments, and sector dynamics at the time of realization. Adverse macroeconomic conditions - such as high interest rates, reduced market liquidity, or weak investor sentiment - can delay exits or reduce achievable valuations, directly impacting capital recycling and the Fund's ability to reinvest in new climate solutions. In some cases, contractual or structural constraints may also limit the timing of divestments. As a result, capital may remain tied up for longer than anticipated, potentially slowing the scaling and replication of climate-positive investments.

No assurance of Investment Returns: Investments made by the Fund are subject to a wide range of risks—operational, market, regulatory, and macroeconomic - many of which are outside the Fund's control. There is no assurance that individual investments will perform as expected, that the portfolio will generate positive returns, or that returns will be commensurate with the risks undertaken. Underperformance at the asset level - whether due to execution challenges, demand shortfalls, cost overruns, or external shocks - can lead to partial or total loss of invested capital. This may reduce the Fund's overall financial sustainability and limit its capacity to scale or replicate high-impact climate solutions over time. In extreme scenarios, limited or no distributions to investors may occur, constraining the mobilization of future private capital into similar climate strategies.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

The Fund mitigates exit risk by preparing portfolio companies for liquidity events from entry. A structured value creation plan focuses on (i) governance and reporting, (ii) margin and operational improvements, (iii) contracted and predictable revenues, and (iv) integration of ESG practices and climate KPIs, increasing institutional quality and buyer attractiveness. The Fund maintains multiple exit routes (M&A, secondary, IPO), actively manages timing, and benefits from diversification and staggered vintages. These measures do not eliminate liquidity risk but reduce the probability of delayed or value-destructive exits from high to moderate.

The Fund mitigates return risk through selective underwriting and active ownership. Investments target scalable businesses in structurally resilient sectors, followed by hands-on execution focused on (i) management and governance strengthening, (ii) operational improvements, (iii) capital structure optimization, and (iv) embedding ESG and climate performance into operations, enhancing resilience and efficiency. Ongoing monitoring and diversification support early intervention and reduce concentration risk.

Selected Risk Factor 4 – Climate Impact and MRV Delivery Risk

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

The Fund's strategy relies on portfolio companies delivering measurable emissions reductions and adaptation outcomes. There can be no assurance that these impacts will be achieved as expected.

Investee companies - often growth-stage or greenfield—may face limitations in establishing robust baselines, implementing planned capex, or consistently measuring and reporting impact data. In addition, the Fund's orchestration model, which requires coordination across multiple stakeholders, may lead to execution delays or deviations in project scope, affecting the timing and scale of climate outcomes.

Any gaps in measurement, implementation delays, or inconsistencies in methodologies may reduce the ability to demonstrate projected impact and may increase monitoring complexity and costs.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

Impact management is embedded throughout the investment cycle. An Early Impact Assessment screens alignment before investment, followed by due diligence with external specialists and a binding ESAP included in shareholder agreements.

Post-investment, the Fund ensures active oversight through board participation and ESG governance structures, with portfolio companies required to measure and report climate indicators from day one using standardized metrics.

Data is consolidated at the fund level and regularly reported, ensuring consistency and transparency.

These measures reduce the probability of material impact deviation from moderate to low.

Selected Risk Factor 5 – Policy and Regulatory Risk

Category	Probability	Impact
Regulatory	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Changes in climate policies, incentives, or regulations may materially affect the economics and execution of the Fund's projects. Many target sectors - such as renewable energy, biofuels, waste management, and sustainable agriculture - depend on regulatory frameworks, including subsidies, tax incentives, carbon pricing mechanisms, and mandatory targets (e.g., recycling or decarbonization mandates).

Revisions, delays, or inconsistent enforcement of these policies may reduce expected revenues, increase compliance costs, or weaken demand for climate solutions. In addition, regulatory uncertainty can delay permitting, project approvals, or access to infrastructure, affecting project timelines and capital deployment. Given the long-term nature of investments, policy shifts over the Fund's lifecycle may alter the risk-return profile of assets and impact the scale and timing of expected climate outcomes.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

The Fund mitigates this risk through continuous policy monitoring and active engagement, allowing early identification and adaptation to regulatory changes. In practice, post-investment actions operate at two levels. At the portfolio company level, investees are called upon to actively monitor and engage with the regulatory environment relevant to their sectors, including participation in industry associations, public consultations, and standard-setting processes. Regulatory topics are treated as standing agenda items in committees and board meetings, ensuring that policy developments are identified, discussed, and addressed at governance level on a recurring basis. At the fund level, the investment team responsible for overseeing each portfolio company maintains ongoing and close monitoring of regulatory developments across target sectors. The fund team participates in relevant industry events, policy forums, and sector discussions, ensuring that regulatory intelligence is continuously fed into portfolio management decisions. These measures reduce the probability of material disruption from moderate to low. Also, investments are focused on sectors aligned with Brazil's long-term climate agenda, reducing exposure to adverse policy shifts.

At the portfolio level, priority is given to business models with limited reliance on subsidies, supported by cost competitiveness or contracted revenues. Finally, diversification across sectors and regulatory regimes reduces concentration risk. These measures reduce the probability of material disruption from moderate to low.

Selected Risk Factor 6 – Physical Climate Risks

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Droughts, floods, and extreme heat may disrupt the operation and performance of portfolio assets, particularly in sectors such as agriculture, energy, and infrastructure. Water scarcity can reduce agricultural yields and limit feedstock availability for bioenergy projects; floods can damage physical assets, disrupt logistics, and delay construction or operations; and extreme heat can affect equipment efficiency, labor productivity, and energy demand patterns.

These events may lead to production shortfalls, increased operating and maintenance costs, delays in project timelines, and, in severe cases, temporary shutdowns. Over time, higher frequency and intensity of such events may also reduce asset lifespans and affect the predictability of cash flows, ultimately impacting the delivery of expected climate mitigation and adaptation outcomes.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

The Fund mitigates these risks by prioritizing assets with climate-resilient design features, such as water-efficient systems, robust infrastructure standards, and redundancy in critical components.

At the investment stage, all projects undergo physical climate risk assessments, incorporating forward-looking climate scenarios to identify vulnerabilities and inform asset design, location, and operational strategies.

Where relevant, adaptation measures - such as irrigation efficiency, flood protection, or heat-resilient technologies—are integrated into project planning to enhance long-term resilience.

These measures reduce the probability and severity of operational disruption from moderate to low.

Selected Risk Factor 7 – Fundraising

Category	Probability	Impact
Technical and operational	Medium	High

Description

Please describe the risk to the best of your knowledge at this point in time.

The Fund's ability to deliver its climate mandate depends on reaching sufficient scale to deploy meaningful equity tickets across a concentrated portfolio of 6 to 10 companies. While USD 400 million remains the Fund’s target size, the Fund is expected to become adequately viable at a first close of USD 200 million. Fundraising risk therefore relates primarily to the possibility that the Fund does not reach its target scale within the expected timeframe, due to: (i) macroeconomic conditions or shifts in investor sentiment toward emerging markets; (ii) risk aversion to Brazil-specific factors such as FX volatility; (iii) delays in the formalization of anchor commitments; or (iv) insufficient familiarity with the blended-finance structure among prospective LPs. A materially smaller fund size relative to the USD 400 million target, even if still viable at first close, would reduce the Fund's ability to pursue platform-building strategies in capital-intensive sectors, limit diversification across verticals, and constrain the overall climate impact achievable within the investment period.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

Several structural features reduce the probability and impact of this risk: (i) the Fund benefits from a strong anchor commitment from BNDES, which is structurally capped at 25% of the total capital commitments and limited to approximately USD 100 million (within a fund target of USD 400-500 million), and was secured through a highly competitive selection process of 5 managers out of 45 applicants, providing strong institutional credibility and a meaningful first-close signal to other investors; (ii) the Fund's track record from Climate Fund I, including institutional-grade returns based on independent Big Four valuations and independently verified climate outcomes, provides a tangible performance reference that reduces perceived execution risk for prospective LPs; (iii) the GCF's participation as a catalytic anchor investor further reinforces investor confidence, particularly for international LPs that require a trusted institutional co-investor to enter the Brazilian market; (iv) the blended-finance structure with targeted FX protection directly addresses the primary barrier cited by international institutional investors, materially improving the USD risk-return profile of a long-duration Brazilian climate investment; (v) Flying Rivers is actively engaged in advanced discussions with several other domestic and international institutional investors, further supporting the Fund's path to a first close at meaningful scale; and (vi) the Fund is targeting a first close of USD 200M by Q1.2027, at which point capital deployment will commence, allowing the Fund to demonstrate in practice its ability to identify and develop winning investment theses — and by doing so, build the track record needed to attract the remaining capital commitments required to reach the Fund's target size.

These measures reduce the probability and severity of operational disruption from moderate to low.

Selected Risk Factor 8 – Exit Strategy

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

The Fund's financial sustainability and ability to recycle capital into climate solutions depends on successfully exiting portfolio investments within the expected timeframe, primarily during years 6 to 10 of the Fund's life. Exit risk arises from the possibility that liquidity events are delayed, unavailable, or achieved at valuations below expectations, due to: (i) adverse macroeconomic conditions or elevated interest rates compressing valuation multiples; (ii) limited depth in Brazil's capital markets for climate-oriented mid-market companies; or (iii) portfolio companies not reaching the governance, operational maturity, and contracted revenue visibility required to attract institutional acquirers within the expected timeframe. Delayed or underperforming exits reduce distributions to investors, constrain capital recycling, and may weaken the market signal that the Fund is designed to generate for the broader climate investment ecosystem in Brazil.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

Exit planning is embedded from the point of investment, with several structural features reducing the probability and impact of this risk: (i) each investment is underwritten with a defined exit thesis, identifying the most likely buyer universe and the value creation milestones required to access each route; (ii) the Fund's active ownership model is designed to build the institutional quality, governance maturity, ESG integration, and revenue visibility that buyers increasingly require, with exit readiness formally assessed annually; (iii) multiple exit routes are maintained simultaneously, reducing dependency on any single liquidity channel or market condition; (iv) diversification across sectors and vintages reduces concentration in any single exit window, smoothing the realization profile across the Fund's life; and (v) growing strategic interest in Brazil's climate transition from domestic and international industrial players and financial sponsors expands the acquirer universe and increases competitive tension in exit processes. Together, these measures reduce the probability of materially delayed or value-destructive realizations from medium to low.

Selected Risk Factor 9 – Financial Integrity, Compliance and Sanctions Risk

Category	Probability	Impact
Regulatory	Low	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

As a fund manager deploying capital across a portfolio of growth-stage companies and greenfield projects in Brazil, eB Capital is exposed to financial integrity risks, including money laundering and terrorist financing (ML/TF), violations of applicable sanctions regimes, prohibited practices (including fraud, corruption, collusive practices, and conflicts of interest), and AML/CFT breaches involving counterparties, investees, or vendors. These risks arise primarily at the counterparty screening and investment due diligence stages, and could, if unmitigated, expose the Fund or the GCF to reputational, legal, and financial harm.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

eB Capital manages these risks through an integrated compliance framework governing all stages of the Fund's investment lifecycle. Pre-engagement, all counterparties (including investees, service providers, and vendors) are subject to formal KYC and AML/CFT due diligence under eB Capital's AML/CFT Prevention Policy (November 2024), covering reputational background checks, sanctions list screening (including UN, OFAC, EU, and UK lists), identification of politically exposed persons (PEPs), and a risk-based counterparty classification system (Low/Medium/High Risk) with re-assessment frequencies of 48, 24, and 12 months respectively. Entities or individuals designated under UNSC sanctions regimes are excluded from engagement.

Prohibited practices and conflicts of interest are governed by eB Capital's Code of Ethics and Conduct, which applies to all partners, staff, and third parties interacting with the Fund. The Code establishes zero tolerance for corruption, fraud, and market manipulation, with a dedicated confidential reporting channel (Canal Confidencial, operated by an independent third party) and formal investigation procedures overseen by the Compliance, Risk, and ESG Committee. Financial risk controls (including transaction authorization thresholds, segregation of duties, and reconciliation procedures) are set out in eB Capital's Financial Risk Management Policy (June 2025), which applies to all Fund operations and GCF-financed activities. Investment agreements with portfolio companies include binding anti-corruption and AML/CFT clauses, with compliance representations required at closing.

These controls are reviewed at minimum annually and updated following material regulatory changes, significant risk events, or the addition of new entities to the eB Capital group. eB Capital confirms that no entities or individuals involved in the project are designated under applicable UNSC sanctions regimes. These measures reduce the probability of a material compliance breach from low to negligible.

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

eB Climate's portfolio is expected to include business activities with limited to minimal adverse environmental or social risks. Accordingly, the programme is classified as Category I-2, with individual investments expected to fall within Categories B or C under the IFC Environmental and Social Categorization framework. Category A investments are explicitly excluded from eB Climate's mandate.

No GCF-supported subproject or follow-on investment may exceed the I-2 / Category B risk ceiling. Re-screening is mandatory where material changes occur after initial investment approval, including site expansion, new facilities, acquisitions, new waste streams, or major construction activity. Where re-screening identifies a change in risk profile, the ESAP is updated prior to any follow-on capital commitment.

Assessment and Management Instruments

The primary instrument governing eB Climate's approach to E&S risk is its Environmental and Social Management System (ESMS), developed in accordance with the IFC Performance Standards (2012) and the GCF Revised Environmental and Social Policy, attached as Annex 6. The ESMS covers: E&S risk categorization; screening, due diligence, and investment decision processes; post-investment monitoring; grievance mechanisms; and specific frameworks for SEAH and Indigenous Peoples.

For each investment, an ESG Action Plan (ESAP) is prepared following the ESG Due Diligence, consolidating findings, risk categorization, identified gaps, time-bound corrective actions, and KPIs for post-investment monitoring.

The ESMS concludes that eB Climate's portfolio is expected to present limited to moderate E&S risks, manageable through the processes described herein.

Key E&S Risks and Mitigation Measures

Given the breadth of eB Climate's investment verticals and the mix of greenfield and operational investments, different combinations of the eight IFC Performance Standards may be triggered depending on the specific investment context. All eight Performance Standards are assessed for every investment during ESG Due Diligence. Where risks are identified, mitigation measures are incorporated into the ESG Action Plan and monitored post-investment.

If any points of concern are identified during the ESG Due Diligence process, eB Climate may: (i) fully discontinue the investment analysis; (ii) send the analysis until the issue is resolved; or (iii) continue analyzing and propose a post-investment action plan. In all cases, the IFC risk categorization framework is applied to determine how to proceed.

Across all stages, eB Climate applies the mitigation hierarchy: first seeking to avoid adverse impacts through screening and positive selection; then minimizing through operational design; mitigating residual impacts through the ESG Action Plan; and, where necessary, restoring or compensating.

Executing Entity Capacity and Oversight

eB Climate's ESG Team, led by the ESG Officer (embedded within the investment team) is responsible for implementing the ESMS across the full investment cycle. E&S considerations are integrated at every stage: market screening, pre-NBO analysis, ESG due diligence, final IC approval, and post-investment monitoring. External advisors are engaged where technically required. Compliance is monitored through quarterly KPI tracking, biannual ESG Committees, annual re-underwriting, and on-site visits.

Grievance Redress Mechanism

At the fund level, eB Climate maintains a secure, independent whistleblowing channel managed by a specialized third party, allowing any stakeholder to report concerns anonymously and confidentially. At the portfolio company level, all investees are required to maintain a formal GRM that is accessible, confidential, time-bound, and documented.

eB Climate adopts a zero-tolerance policy for SEAH; all related grievances are handled through confidential, survivor-centered procedures.

Stakeholder Engagement

eB Climate engages (and will continue to engage) proactively with portfolio company stakeholders (including employees, communities, suppliers, and regulators) through board participation, ESG Committees, and on-site visits. Stakeholder engagement is embedded in the due diligence process and maintained throughout the investment period.

Indigenous Peoples

Given eB Climate's investment verticals and geographic focus on Brazil, where Indigenous territories are present across multiple regions, the potential for investments to operate near or affect Indigenous Peoples cannot be excluded a priori, particularly for greenfield projects. Accordingly, all investments are screened for proximity to officially recognized Indigenous Lands or territories with pending claims as part of the ESG Due Diligence. Where Indigenous Peoples are present and may be affected, portfolio companies are expected to adopt measures consistent with IFC PS 7.

Disclosure

eB Climate's ESMS and ESG Investment Policy are publicly available at:

(English version):
https://flyingrivers.com/documents/
https://ebcapital.com.br/regulatory-documents/

(Portuguese version):
https://flyingrivers.com/documents/
https://ebcapital.com.br/regulatory-documents/

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

A Gender Assessment and Gender Action Plan (GAP) have been prepared for eB Climate Fund II and are provided in full as Annex 8. Both documents were developed by eB Climate's ESG team in alignment with the GCF Gender Policy and IFC Performance Standards. Given the fund's structure as a blind-pool private equity vehicle, the Assessment and GAP are structured primarily at the fund level, with a formal commitment to operationalize gender-responsive actions at the investee level as the portfolio is built.

The Gender Assessment draws on a review of national and sectoral data, Brazilian policy frameworks, and international gender and climate literature. While formal external stakeholder consultations were not conducted at this stage – consistent with the pre-investment nature of the fund – the assessment reflects national policy priorities and the gender dynamics of the Fund's three target verticals: New Energies, Food Security, and Circularity.

The assessment identifies women in low-income, rural, and peripheral urban communities as the most vulnerable group within the Fund's investment context, for three interconnected reasons. First, structural labor market inequalities leave women with a 20-percentage-point participation gap relative to men, a 21.2% average wage gap (widening to 31.8% in higher-skilled roles), and significant underrepresentation in the technical and leadership roles most prevalent in the Fund's target sectors. Second, women in the sectors' value chains are disproportionately concentrated in informal, lower-paid, and less protected roles. Third, climate change acts as a risk multiplier, exacerbating these underlying vulnerabilities.

The GAP operationalizes four priority responses: (i) integrating a Gender Lens Checklist into investment screening and due diligence for 100% of investments; (ii) requiring all portfolio companies to collect and report sex-disaggregated workforce data annually; (iii) establishing minimum gender expectations for portfolio companies within 18 months of each investment, including non-discrimination, equal pay, and SEAH prevention policies; and (iv) promoting women's representation in leadership and governance – ensuring that at least 30% of candidates considered in board and senior recruitment processes supported by eB Climate are women.

The expected outcomes include: 100% of portfolio companies reporting sex-disaggregated data by the end of the first fiscal year post-investment; 100% adopting minimum gender policies within 18 months; and ensuring that at least 30% of candidates considered in all leadership recruitment processes supported by the Fund are women throughout the investment period. To enable these outcomes, a Gender Focal Point will be designated by the Fund at first close, responsible for overseeing GAP implementation and GCF reporting. Gender performance will be included as a standing agenda item at ESG Committee meetings, and progress against GAP targets will be reported annually to the GCF as part of the Fund's impact reporting cycle.

The Fund's active ownership model – with board representation and deep operational involvement – creates a direct mechanism to advance these commitments beyond policy compliance. The Fund is led by Luciana Ribeiro, founder and CEO, with 33% female representation at senior leadership level, providing institutional credibility for gender-responsive engagement with investees.

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

Financial Management and Procurement Framework

eB Climate implements a rigorous financial management and procurement framework designed to ensure transparency, efficiency, compliance with applicable regulation, and protection of investors, the Fund, and the Manager. The framework integrates financial monitoring systems, accounting, auditing, disbursement procedures, and procurement governance to support responsible fund management and mitigate operational, legal, compliance, and reputational risks.

Procurement Risk Management

eB Climate seeks to mitigate procurement risks through:

Approval Hierarchy:

Up to USD 30,000/year: Approved by Legal, Finance, and the relevant Cost Centre Leader.
USD 30,001 – 60,000/year: Approved by Legal, Finance, the relevant Cost Centre Leader, and one Partner.
USD 60,001 – 100,000/year: Approved by Legal, Finance, the relevant Cost Centre Leader, one Partner, and one Founding Partner.
Above USD 100,000/year: Approved by Legal, Finance, the relevant Cost Centre Leader, one Partner, and two Founding Partners.

Documentation Standards:

All engagements must include a defined scope of services, obligations of the parties, payment terms, and applicable compliance provisions. Contracts must include anti-corruption and anti-money laundering clauses, as well as early termination rights in case compliance or reputational risks are identified. Supporting documents, including contracts or service orders, must be archived in the internal system with identification of the person responsible for the engagement.

Procurement Management & Risk Mitigation

eB Climate's procurement policies emphasize:

- Cost Efficiency – Vendor selection considers price, technical qualification, expertise, quality, maintenance costs, useful life, obsolescence risk, budget availability, and overall cost-benefit.
- Transparency & Governance – The procurement process requires documented approvals by the relevant internal areas, including Finance, Legal, Compliance, and the responsible cost centre.
- Compliance & Risk Management – Third parties are subject to background checks, reputational screening, sanctions and AML/CFT list checks, and risk-based monitoring.
- Speed & Agility – Low-materiality or occasional services may follow simplified procedures, while higher-risk or higher-value engagements follow enhanced review and approval processes.

Key Procurement Policies

Professional Services / Due Diligence:

- The area responsible must assess technical fit, pricing, contractual aspects, experience, reputation, expertise, service quality, and budget availability.
- Whenever possible, at least three quotations from different providers are requested for each service.
- All third parties must undergo due diligence before engagement, including verification of legal and regulatory suitability, operational capacity, administrative and judicial proceedings, media searches, sanctions lists, and AML/CFT-related checks.
- Regulated service providers must comply with the relevant ANBIMA and ABVCAP codes and maintain AML/CFT policies proportionate to their activities.
- Selection criteria include expertise, cost, reputation, responsiveness, technical capacity, and service quality.

Technology & IT Infrastructure:

- Procured based on operational need, budget availability, service quality, security, cost-benefit, technical capacity, maintenance costs, useful life, and obsolescence risk.
- Providers may be subject to background checks and risk classification depending on the relevance and criticality of the service.
- Contracts must define scope, service obligations, payment terms, compliance obligations, and termination rights.

Office Operations & General Services:

- Vendor selection prioritizes reliability, service quality, competitive pricing, budget availability, and cost-benefit.
- Occasional services of less than five days and low materiality may be formalized through a purchase order approved by the responsible area.
- Permanent services, including facilities, cleaning, suppliers, systems, materials, and intellectual service providers, must be formalized through a written service agreement.
- Office leases, equipment purchases, and recurring services follow cost-benefit analysis and the applicable approval matrix.

Investment-Related Expenses:

- Market research, valuation reports, legal services, advisory services, consultants, engineering services, licensing-related services, and other investment-related expenses are sourced based on technical expertise, reputation, cost, quality, and relevance to the investment process.
- Providers such as lawyers, consultants, representatives acting on behalf of eB Climate, licensing-related advisors, engineering or construction-related companies, and providers interacting with public authorities may be treated as high-risk third parties.
- High-risk engagements are subject to enhanced due diligence, Compliance review, and risk-based monitoring.
- Certain engagements above BRL 100,000/year involving commission-based, advance, success-fee, third-party, or offshore payment arrangements are also classified as high risk.

Financial Monitoring, Accounting, and Auditing

eB Climate's financial oversight is anchored in internal controls, segregation of responsibilities, documented approvals, third-party validation, and risk-based compliance monitoring:

- Financial Accounting & Reporting: Fund financials are prepared with support from the Finance department, the relevant fund administrator, and external service providers, as applicable. Financial records and supporting documents are maintained to ensure consistency, traceability, and compliance with applicable regulation.
- Disbursement Controls: Payments to third parties require prior registration of the provider in the internal system, validation of payment information, consistency with the executed contract or service order, and appropriate approval according to the relevant cost center and approval matrix. Payments are made only to the contracted legal entity, except for permitted MEI cases, and any divergence from the contract must be documented and justified.
- Auditing: The Fund will be subject to annual external audits by an independent auditor, providing independent verification of the financial statements and adherence to applicable accounting and regulatory standards.
- Internal Compliance & Risk Management: Compliance is responsible for background checks, third-party risk classification, monitoring of compliance risks, supervision of adherence to eB Climate's policies, and implementation of controls required under applicable regulations.
- Portfolio Monitoring: Periodic investment team reports consolidate key performance indicators, financial highlights, operational metrics, ESG indicators, and relevant risk updates, supporting portfolio transparency and investor communication.
- Third-Party Monitoring: Third parties are supervised on a risk-based cycle, with high-risk providers reviewed every 12 months, medium-risk providers every 24 months, and low-risk providers every 36 months.

G.4. Disclosure of funding proposal

Note: The Information Disclosure Policy (IDP) provides that the GCF will apply a presumption in favour of disclosure for all information and documents relating to the GCF and its funding activities. Under the IDP, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Information provided in confidence is one of the exceptions, but this exception should not be applied broadly to an entire document if the document contains specific, segregable portions that can be disclosed without prejudice or harm.

Indicate below whether or not the funding proposal includes confidential information.

☒ No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.

☐ With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing the Secretariat the following two copies of the funding proposal, including all annexes:

- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
- redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

H. ANNEXES

H.1. Mandatory annexes

☒	Annex 1	NDA no-objection letter(s) **(template provided)**
☒	Annex 2	Feasibility study - and a market study, if applicable
☒	Annex 3	Economic and/or financial analyses in spreadsheet format
☒	Annex 4	Detailed budget plan **(template provided)**
☒	Annex 5	Implementation timetable including key project/programme milestones **(template provided)**
☒	Annex 6	E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3): **(ESS disclosure form provided)** ☐ Environmental and Social Impact Assessment (ESIA) or ☐ Environmental and Social Management Plan (ESMP) or ☒ Environmental and Social Management System (ESMS) ☐ Others (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People's Plan, Land Acquisition Plan, etc.)
☒	Annex 7	Summary of consultations and stakeholder engagement plan
☒	Annex 8	Gender assessment and project/programme-level action plan **(template provided)**
☒	Annex 9	Legal due diligence (regulation, taxation and insurance)
☒	Annex 10	Procurement plan **(template provided)**
☒	Annex 11	Monitoring and evaluation plan **(template provided)**
☒	Annex 12	AE fee request **(template provided)**
☐	Annex 13	Co-financing commitment letter, if applicable **(template provided)**
☒	Annex 14	Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

☐	Annex 15	Evidence of internal approval **(template provided)**
☐	Annex 16	Map(s) indicating the location of proposed interventions
☐	Annex 17	Multi-country project/programme information **(template provided)**
☐	Annex 18	Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
☐	Annex 19	Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity
☒	Annex 20	First level AML/CFT (KYC) assessment
☒	Annex 21	Operations manual (Operations and maintenance)
☒	Annex 22	Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)[96]
☒	Annex X	Other references
☐		

** Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.*

[96] Annex 22 is mandatory for mitigation and cross-cutting projects.