

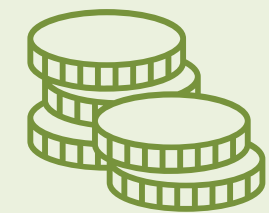
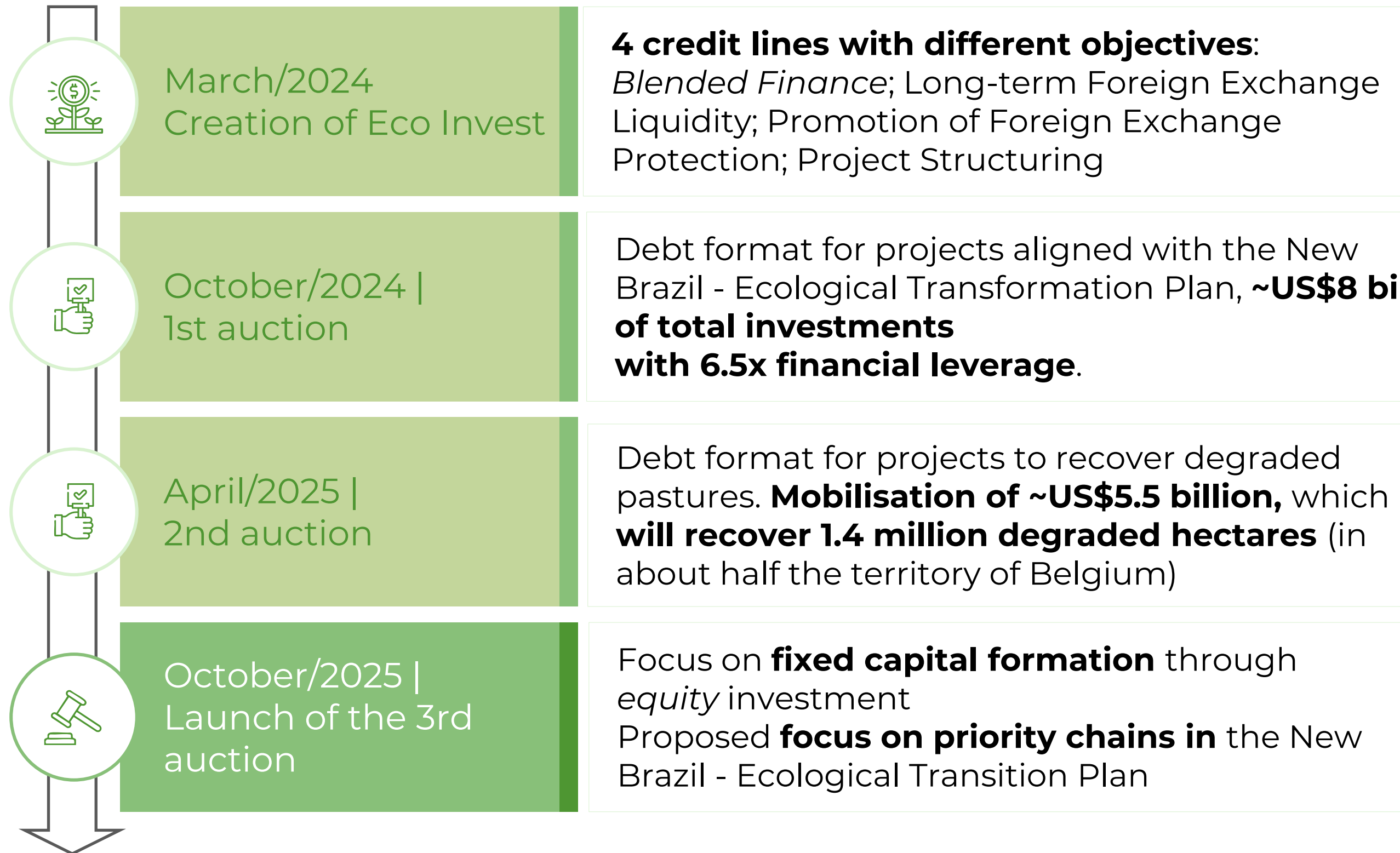


# 3rd Auction - Eco Invest Equity Funds

Attracting private investment in equity



# Eco Invest history



Total mobilisation of R\$75 billion (**~US\$13 billion**), of which R\$46 billion (~US\$8 billion) is external capital.



# Eco Invest's Results



**Total mobilisation of R\$75 billion (~US\$13 billion), of which R\$46 billion (~US\$8 billion) is external capital.**



Capillarity in the financial market  
**12 selected banks**



Rabobank



Safr





# Prioritised value chains

Energy  
Transition

Value Chains	What it is / Scope	Examples of eligible projects (not exhaustive)
<b>Low Carbon Fuels</b> (SAF and Biobunker)	Production of low-carbon fuels for the aviation and maritime sectors	<b>Industrial plants</b> , technological conversion routes, logistics and distribution infrastructure
<b>Low-Carbon Hydrogen</b>	Production, use and export of hydrogen and derivatives, in accordance with the Hydrogen Act	<b>Electrolysis plants</b> powered by renewable energy, H <sub>2</sub> production from alternative routes (ethanol, gas with CCS), export via ammonia, transport infrastructure and electrolyser start-ups
<b>E-fuels</b>	Synthetic fuels produced from H <sub>2</sub> and captured CO <sub>2</sub>	<b>E-fuel production plants</b> , carbon capture and utilisation technologies, and logistics infrastructure for export
<b>Biogas and Biomethane</b>	Generation and use of biogas, biomethane and densified biomass	<b>Production plants</b> , modular digester start-ups, and infrastructure for connection to the natural gas network, liquefaction, transport, capture and storage of carbon
<b>Electric Vehicles, Batteries, and Critical Minerals</b>	Integrated value chain for processing, refining, transformation into inputs (concentrates, oxides, carbonates) and production of batteries and vehicles	<b>Mineral refining</b> and processing projects, <b>production of batteries</b> , magnets and special alloys, with recycling routes and solutions for tailings and environmental recovery. <b>Assembly of light and heavy electric vehicles and battery cell</b> , pack and module factories
<b>BESS</b> (Battery Energy Storage Systems)	Stationary storage systems and microgrids	<b>Manufacture and installation of stationary batteries</b> , network storage systems and microgrids for off-grid solutions
<b>Technological Solutions for Sustainable Construction</b>	Development of products and materials that reduce CO <sub>2</sub> emissions and increase resilience to climate events	<b>Development of low-carbon materials</b> (additives, cement substitutes, sustainable thermal insulation), new air conditioning, lighting and other technologies that strengthen the climate resilience of infrastructure
<b>Adaptation and Monitoring Technologies</b>	Technologies, systems and services aimed at productive and territorial adaptation in the face of climate risks	<b>Water and climate monitoring platforms</b> , early warning systems, and decision support for disaster prevention

Green  
Infrastructure  
for Adaptation





# Prioritised value chains

## Bioeconomy




Value Chains	What it is / Scope	Examples of eligible projects (not exhaustive)
<b>Biohealth</b>	Highly biodiverse pharmaceuticals, cosmetics and ingredients	Genetic mapping companies, molecule screening, <b>clinical trials, laboratory supplies and equipment</b>
<b>Superfoods</b>	Technological densification in the production of Brazilian biodiversity foods (açaí, cocoa, nuts and others)	Processing plants, nurseries, <b>agricultural technologies, agricultural machinery development</b> , operators of new superfood projects
<b>Biofertilisers &amp; Bioinputs</b>	Microorganisms, extracts and biostimulants that replace chemical pesticides	<b>Biofertiliser factories</b> using organic waste, biological input and biostimulant start-ups

## Circular Economy

<b>Green Chemistry and New Circular Materials</b>	Bio-based or low-carbon materials and products, replacing fossil inputs	<b>Production of bioplastics</b> (PLA, PHAs, Green-PE), renewable chemicals, green cement and steel, new circular materials and biodegradable packaging
<b>Solid Waste Management and Recovery</b>	Collection, sorting and mechanical or chemical recycling	<b>Large-scale sorting and recycling plants</b> , digitised traceability systems and reverse logistics solutions
<b>Management and recovery of industrial waste</b>	Treatment, recycling and reuse	<b>Industrial units for waste treatment and reuse</b> , co-processing platforms and raw material regeneration
<b>Battery Recycling</b>	Hydrometallurgical or direct-to-battery processes for batteries	<b>Plants for dismantling and recycling</b> electric car batteries, production of new components with recycled materials



# Beneficiaries

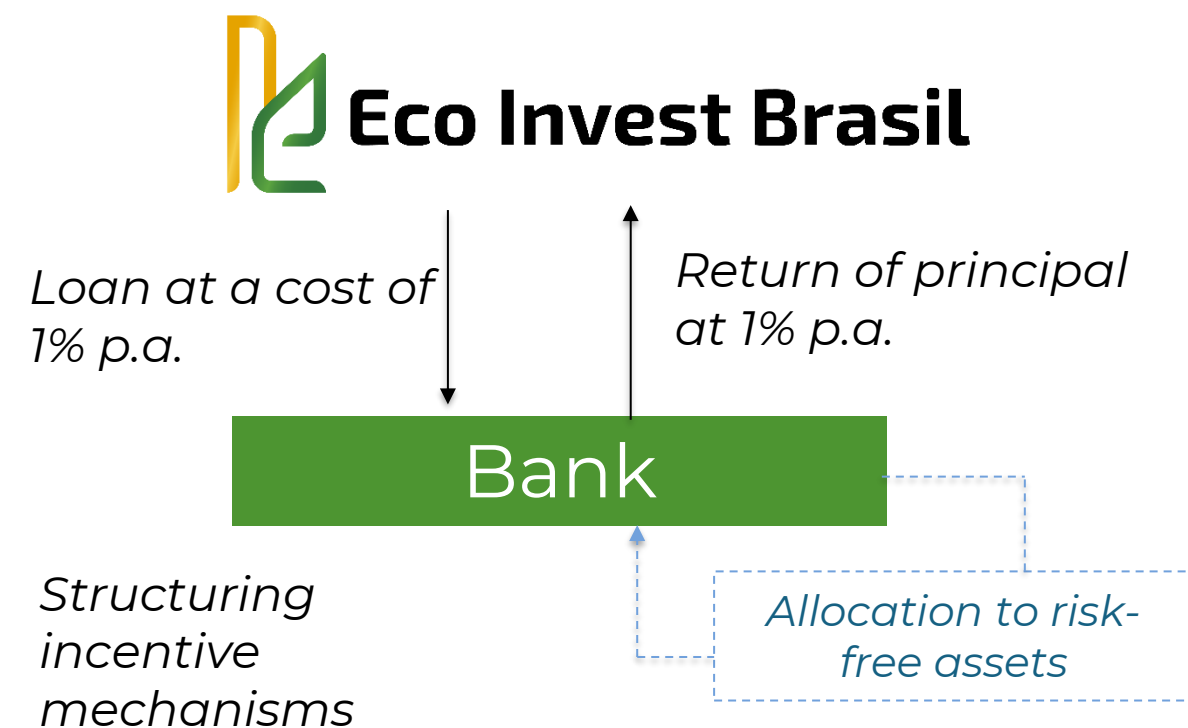
	 <b>Start-ups</b>	 <b>Expanding companies</b>	 <b>Corporate <i>spin-off</i></b>
Type			
Rational	Accelerate the validation and <b>market entry of emerging national technologies</b>	<b>Scaling up validated technologies, expanding production</b> and market share	Encourage <b>national and international anchor companies</b> to develop <b>large projects</b> in priority sectors
Description	Young, <b>early-stage</b> companies <b>developing innovative solutions based on emerging technologies</b> (indicative TRL: up to 7)	Companies with <b>validated technology on a commercial scale</b> , in a growth phase and <b>increasing production</b> (indicative TRL: 7 to 9)	<b>Projects by large national/international corporations</b> , aimed at sectors of the TPP (indicative TRL: 5 to 9)
Turnover	Up to R\$ 20 M / year	Up to R\$ 1 Bi / year	Up to R\$ 1 Bi / year
Example	Chemical battery recycling <i>start-up</i>	Biomethane plant from agro-industrial waste, expanding capacity	SPE of pharmaceutical company focussing on medicines/cosmetics from Brazilian biodiversity

# The Auction

## Starting point

Financial Institutions (FIs) receive catalytic capital to structure mechanisms for:

- (i) FX risk mitigation (**tail risk**),
- (ii) Performance risk mitigation (**catalytic capital tranche for the fund**)



## Incentive mechanisms

FIs need to offer a **combination of 2 types of incentive mechanisms**:

### FX Hedge

1

This mechanism should be offered by the FI **directly to the foreign investor**, be it an investor in the fund or a direct investor in a company.

### Catalytic capital tranche for the fund

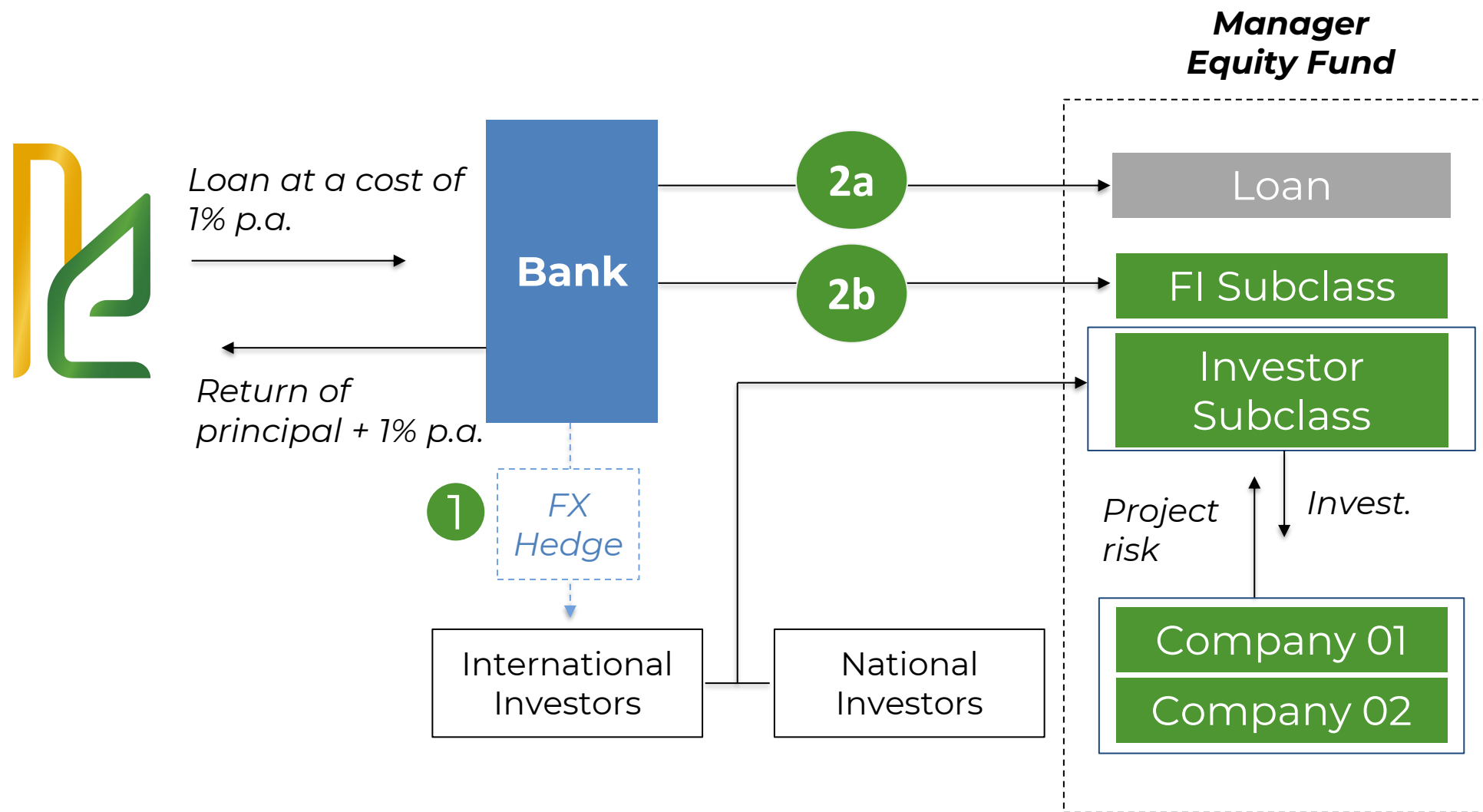
2

This facility may be offered by the FI outside the fund structure (**loan**) or through **participation in a specific class within the fund** ("FI class").

# Incentive Mechanisms



## Illustrative Diagram



## Leverage



Fund must attract **private capital (equity) in proportion to the leverage ratio committed** by the FI in the auction.

## Incentive Mechanisms

### FX Hedge

1

1

As soon as the fund calls in the investor's capital, the FI is obliged **to issue the call option directly to the investor.**

### Catalytic capital tranche via fund

2

2a

#### VIA QUOTA - FI SUBCLASS

FIs **invest funds in quotas** with a **return limited to 5% p.a.**, segregated from the Investor Subclass.

2b

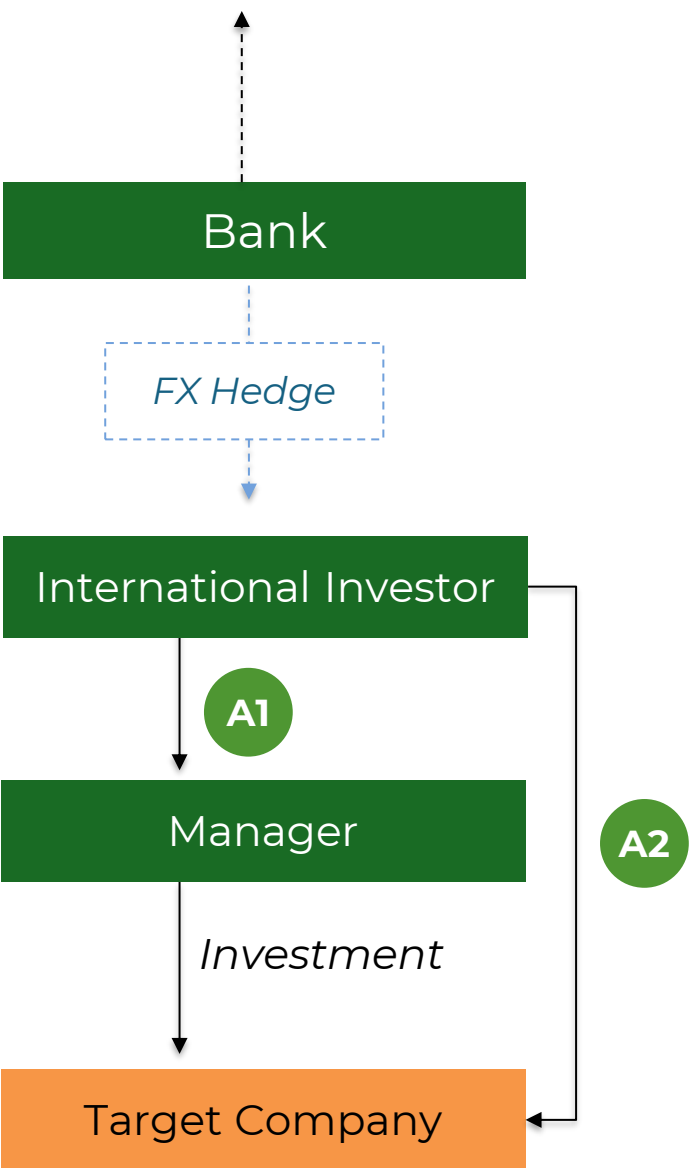
#### VIA LOAN

FIs grant **loans** with Eco Invest resources, **limited to 5% p.a.**

The fund uses the excess returns **to cover first losses and maximise investments.**



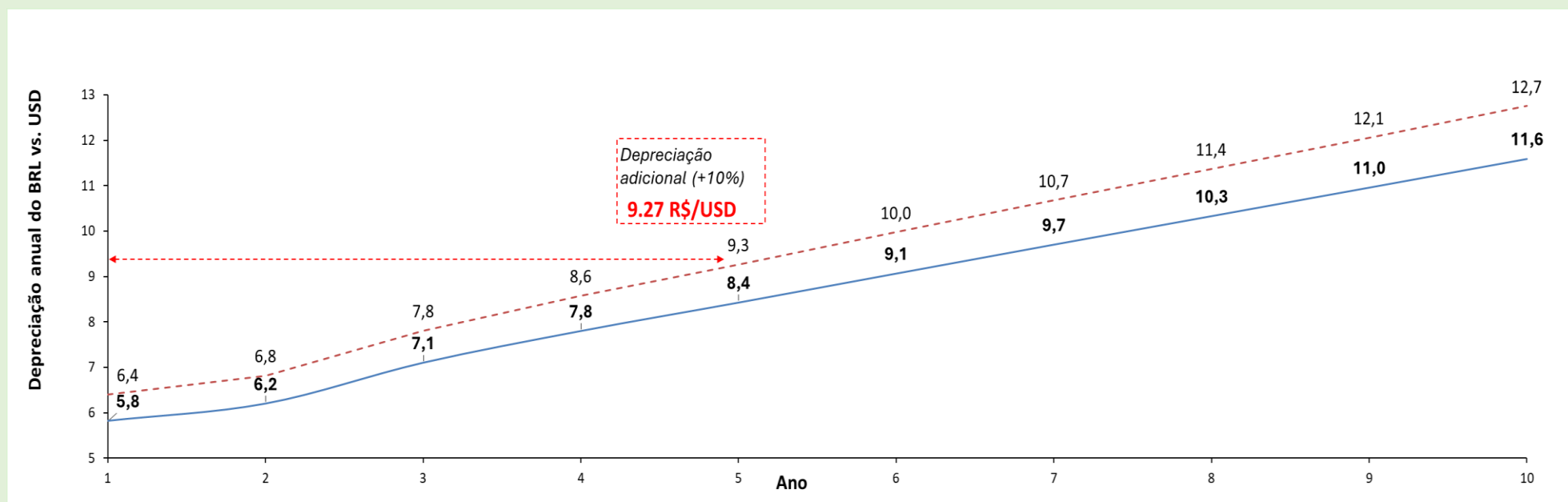
# FX Hedge Simulation



The FI is obliged to offer **direct currency protection to the international investor** with a **minimum of 10% protection above the NDF** for a **minimum term of 5 years**.

## Projected Evolution of the BRL/USD Exchange Rate and +10% Scenario

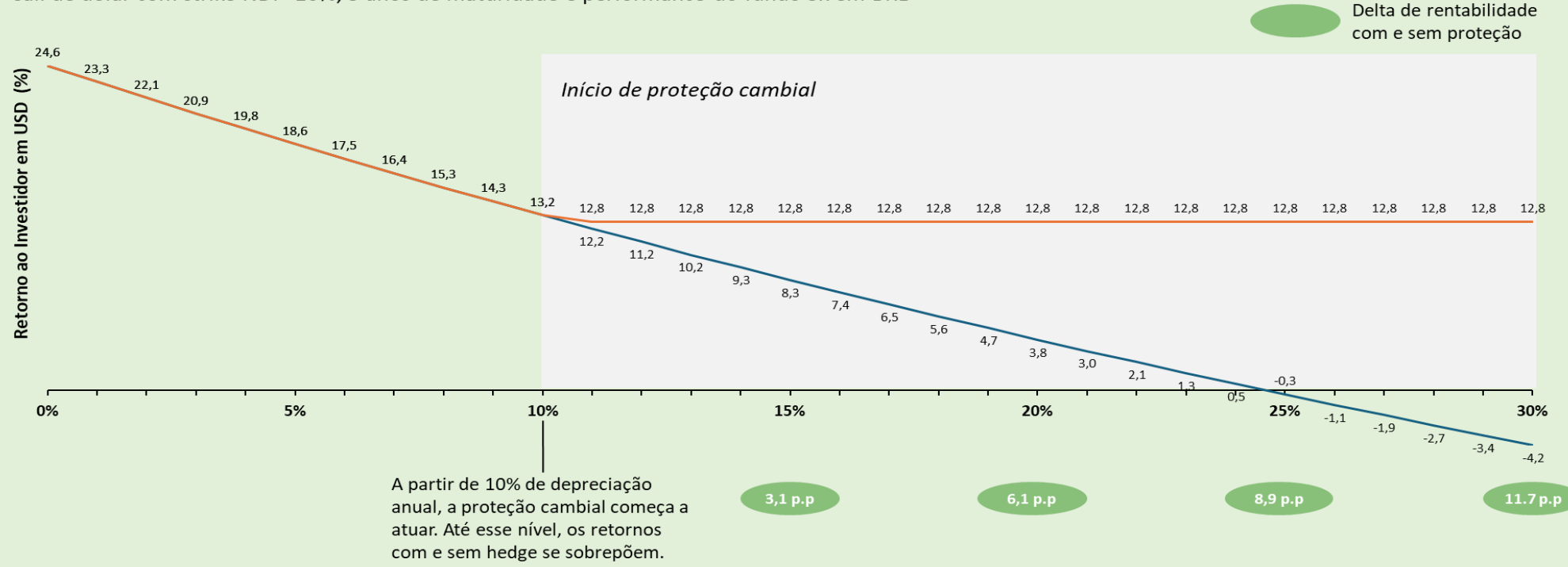
Projected NDF curve; dashed line shows scenario 10% above projection



Red = NDF+ 10%  
Blue = NDF

## Expected benefits for investors

**Retorno em dólar do Investidor de acordo com a depreciação do Real**  
Call de dólar com strike NDF+10%, 5 anos de maturidade e performance do fundo 3x em BRL



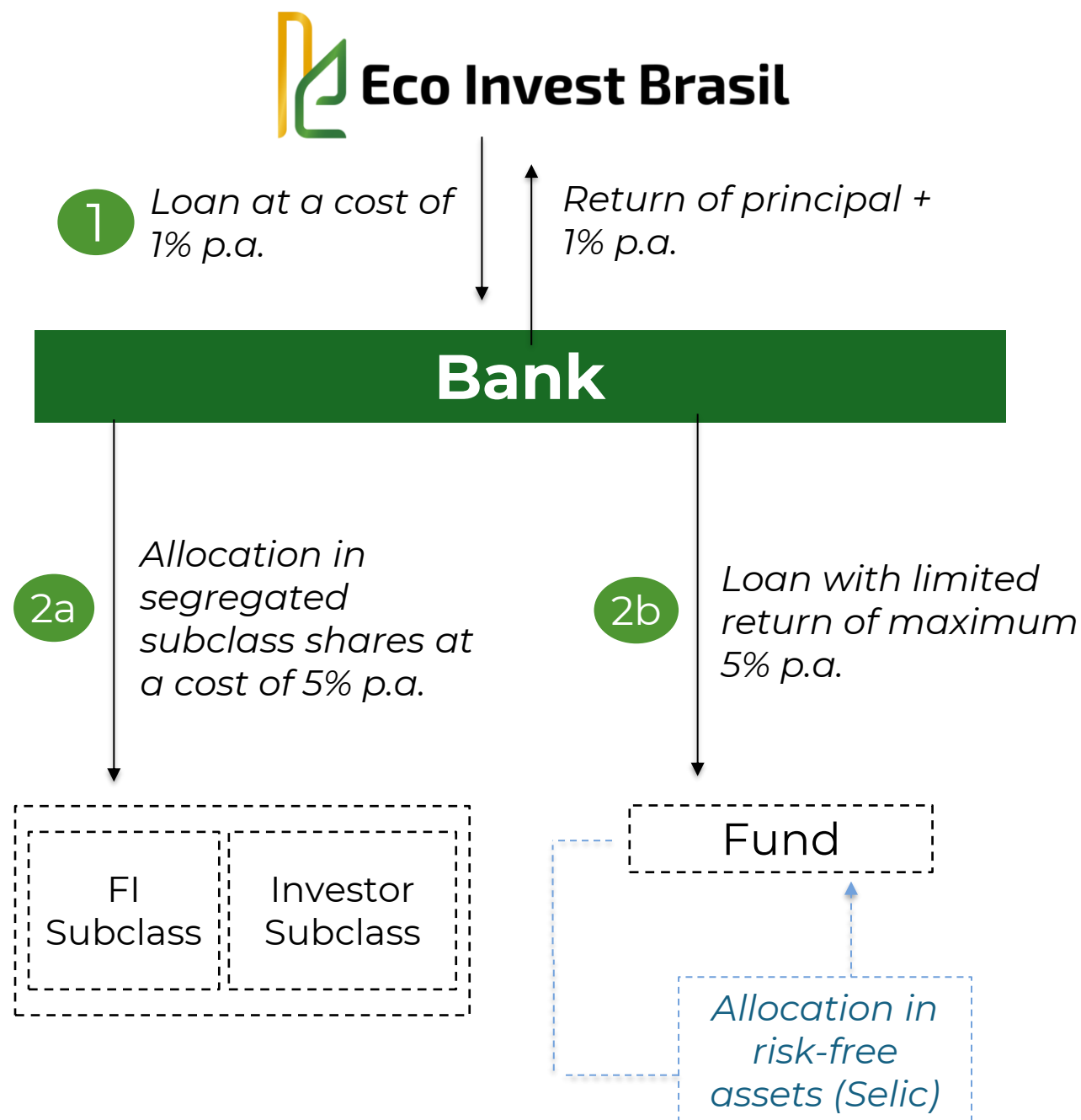
A partir de 10% de depreciação anual, a proteção cambial começa a atuar. Até esse nível, os retornos com e sem hedge se sobrepõem.



# Catalytic capital tranche for the funds



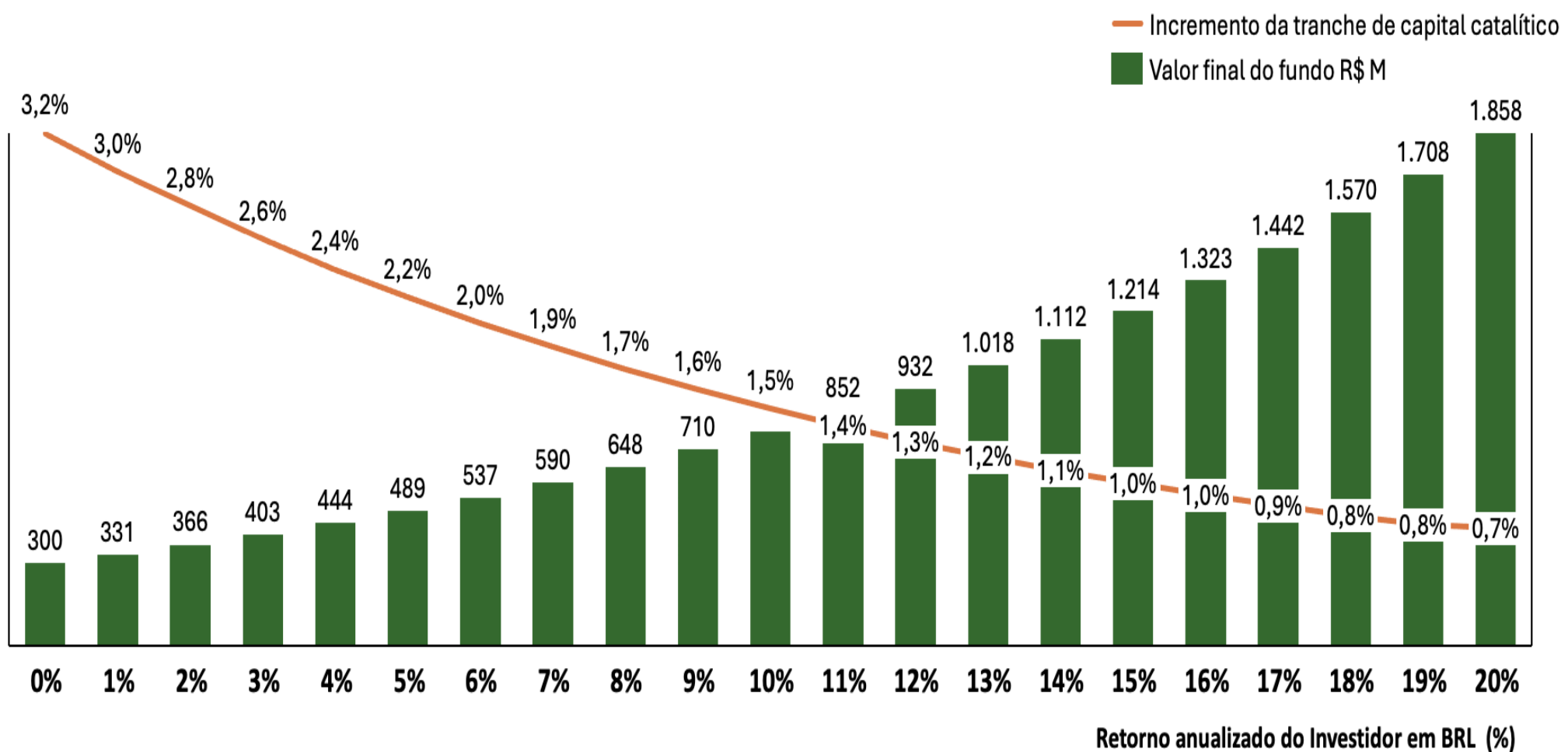
## Performance risk protection



## Illustration of the Marginal Effect of the Catalytic Tranche

At **lower levels of profitability**, the participation of the FI in the FIP has the function of:

- Increasing the fund's **performance**.
- **First loss** mechanism.





# Integrating projects into global value chains



## Integration plan

Ensuring the scalability, market predictability and competitive insertion of supported projects

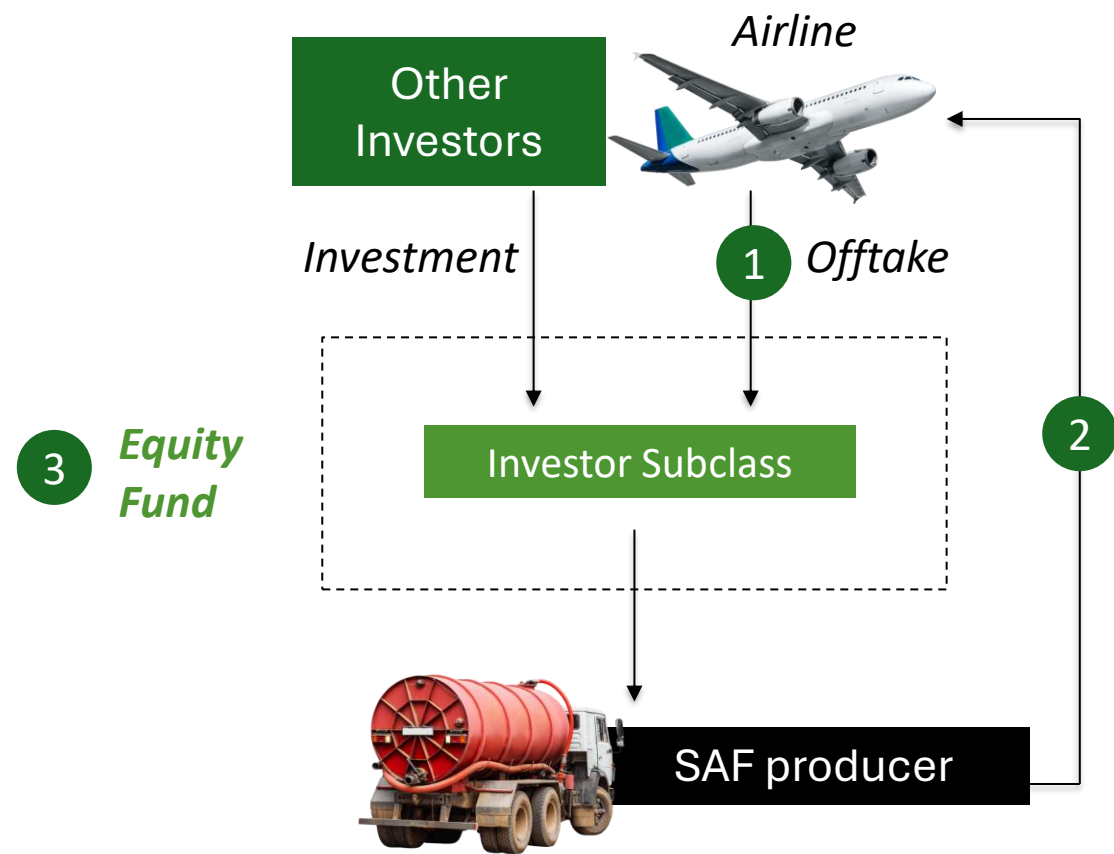
Instruments that objectively demonstrate the link between projects and strategic production chains:

- Supply or offtake contracts
- Co-investment or business partnership agreements
- Distribution or commercialisation agreements
- Participation in local productive arrangements or sector consortia

## Examples of potential chains

Sector	Value Chain	Offtaker	Target Company
Energy Transition	SAF	Airline	SAF Producer
Energy Transition	Biobunker	Port/Logistics Company	Biobunker producer
Bioeconomy	Biofertiliser	Agro	Biofertiliser factory
Circular Economy	Battery recycling	Battery producers	Battery industry

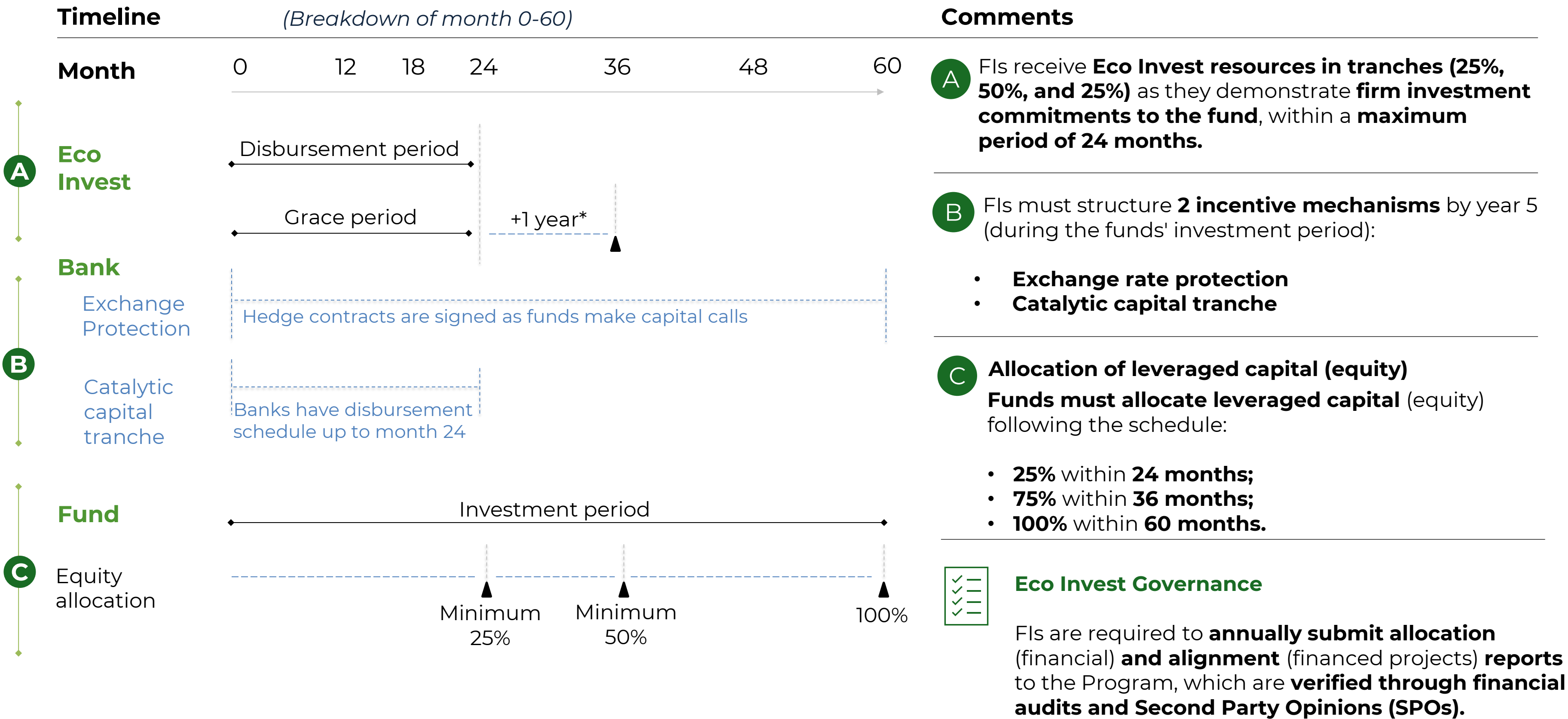
## Illustrative example of the SAF value chain



- 1 Offtake as investor
- 2 Supply of SAF through an offtake contract
- 3 Fund that demonstrates the arrangement with Offtaker (minimum 20%) receives benefits of an additional year's grace period



# Auction timeline





# Auction criteria

- 1 Leverage of mobilised capital**  
**Minimum of 3x** (1 part of Eco Invest resources as a risk reduction instrument for the investor for 3 parts of capital attracted to be invested in equity), which may vary in 0.25 intervals.  
In other words, each real from Eco Invest must result in **at least three times that amount in equity investments.**
- 2 Total leveraged foreign capital**  
Minimum attraction of foreign capital: **Minimum 15 per cent of leveraged capital from foreign investors**
- 3 Allocation to Seed Capital Funds**  
**A minimum** requirement of **20 per cent** of the total allocated to seed capital funds.  
In the event of a tie, the **FIs that allocate an additional percentage above this minimum will have an advantage.**



# Additional criteria

1

## Additional grace period:

+ 1 year for FIs that prove that **at least 20% of their project portfolio is part of the plan to integrate value chains**

2

## Minimum allocation for incentive mechanisms

- **Exchange protection:** total protection of the **minimum external capital at NDF+10% for at least 5 years**; if the protection is offered **directly** between the FI and a company, the limit will be **50% of the bank's portfolio**
- **Tranche of catalytic capital to fund:** **at least 50%** of the capital must be allocated to catalytic capital.

3

**Minimum allocation to chains:** **A minimum** of 90 per cent of **resources** must be allocated exclusively to **eligible value chains**.





# Incentives for innovation in Brazil for priority sectors

Promoting research and development to accelerate Brazil's competitiveness

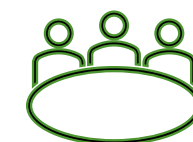


FIs must allocate **at least 20% of their resources** to funds that foster **early-stage projects** (seed capital).



If the minimum % is not reached, the difference\* must be applied, on a **non-reimbursable basis**, to resources for:

- **Research and Development (R&D)** projects for priority sectors, carried out by **Technological Innovation Centers (TIC)**



The **selection of the TIC and disbursement of funds** must be aligned and validated by the **Eco Invest committee**

\*Difference between Eco Invest's remuneration (1% p.a.) and the Selic rate for the period.



Access **more information**  
about Eco Invest Brazil

