DEMAREST

Eco Invest Brasil

Blended finance for sustainable projects

How Brazil mobilizes private capital
for the ecological transformation

AUGUST/2026

Contents

ABOUT THIS MATERIAL

This eBook compiles, in full, seven Demarest Client Alerts on the Eco Invest Brasil program: the regulation of the 1st Auction (Ordinance STN/MF No. 1,135), the 2nd Auction (Ordinance STN/MF No. 926/2025), the 3rd Auction (Ordinance STN/MF No. 2,302/2025), the 4th Auction (Ordinance STN/MF No. 3,103/2025), the CVM rules applicable to the Eco Invest Funds (Deliberation CVM No. 906), the 5th Auction together with the results of the 4th Auction, and the Operating Manual for the 5th Auction together with CMN Resolution No. 5,332/2026 — preserving the exact terms of the original publications.

AUCTION No. 1/2024

Ordinance regulating the first Eco Invest Brasil Auction is published

Client Alert · July 15, 2024

On July 11, 2024, the National Treasury Secretariat / Ministry of Finance (STN/MF) issued Ordinance No. 1,135, which regulates Eco Invest Brasil Auction No. 1/2024. This will be the first auction granting access to the blended finance subline of the External Private Capital Mobilization and Currency Protection Line of the Eco Invest Brasil program (or Eco Invest Brasil Line).

HOW DOES THE ECO INVEST BRASIL PROGRAM WORK?

Established by Provisional Measure No. 1,213, of April 22, 2024, and regulated by Ministry of Finance Ordinance No. 964, of June 11, 2024, this pioneering National Treasury initiative seeks to create structural conditions for external private investment and to mobilize resources for sustainable, long-term projects in Brazil. Under Eco Invest Brasil, financial institutions may take out credit and on-lend it to the project investors as a complement to fundraising operations abroad. Access to Eco Invest will take place through auction rounds, carried out in accordance with the criteria and conditions set out in Ordinance STN/MF No. 1,135. Awards will go to the investment projects that require the smallest proportion of public catalytic capital as a complement to offshore debt-raising operations with currency hedge. Interested participants must submit a proposal to the STN within 60 days of the publication of the ordinance in question.

FEATURES OF ECO INVEST BRASIL AUCTION No. 1/2024

PARTICIPATING INSTITUTIONS

- be authorized by the Central Bank of Brazil to operate in the country, in segments S1, S2 or S3 (where members of international conglomerates);
- have experience and the capacity to carry out offshore fundraising operations for sustainable financing;
- be able to comply with the social and environmental safeguards required by the Eco Invest program under Article 5 of Ministry of Finance Ordinance No. 964 — namely significant environmental and social harm, human rights violations, slavery-like labor, violation of the rights of indigenous peoples or traditional peoples and communities, illegal clearing of native vegetation or failure to provide due compensation; and
- assume the risks of the financial and credit operations.

It is worth noting that participation in a consortium of up to two members is allowed.

PROPOSALS

The proposals submitted by the financial institutions must contemplate:

- the use of operations to raise or attract external resources through contractual credit operations or capital-markets fundraising to finance the projects eligible under the Eco Invest program, pursuant to Article 3 of Ministry of Finance Ordinance No. 964;
- a minimum financial leverage ratio of six, calculated based on the ratio between the nominal amount of external capital and the nominal amount requested from the blended finance subline; and
- the execution of currency hedge operations to minimize the currency risk of at least 60% of the project's foreign-currency funding, or a declaration that such hedge is unnecessary.

Interested financial institutions must submit a declaration of compliance with the criteria set by Ordinance STN/MF No. 1,135 and the Pre-Allocation Report. This report must contain, at a minimum:

- the amount requested from the blended finance subline;
- the amount to be enabled through external fundraising and its financial leverage ratio;
- the indicative allocation of the minimum and maximum limits for each eligible activity in which the resources will be used, with a maximum range of 40 percentage points;
- information on the use of the resources and prioritization criteria, and how the project contributes to Brazil's ecological transformation; and
- the estimated schedule for the financial operations and the disbursement of resources.

ELIGIBLE PROJECTS AND ACTIVITIES

Eligible for the use of the blended finance subline are the economic activities that contribute to the ecological transformation, decarbonization and increased resilience to climate-change impacts, primarily along the following axes:

- Energy transition: transformation of infrastructure and the production and use of clean, renewable energy toward low-carbon-emission solutions;
- Circular economy: circular flow of resources, based on the principles of waste reduction, product circulation and ecosystem regeneration;
- Infrastructure, mitigation and adaptation to climate change and its effects: expansion and improvement of the supply of equipment needed to help reduce carbon emissions or to increase the resilience of the economy and communities to climate change;
- Bioeconomy and agri-food systems: generation of products and services based on the sustainable use of biological resources;
- Technological deepening of the productive sector within the eligible sectors; and
- other economic activities provided for under the Annual Resource Application Plan (PAAR) of the National Fund on Climate Change (FNMC) or the National Plan on Climate Change (Climate Plan).

Not eligible are activities in the solar energy, wind energy and transmission axes (except integration with isolated systems) or activities excluded by Ministry of Finance Ordinance No. 964, including the alcoholic-beverage, weapons, tobacco and gambling industries, and energy from mineral coal, oil, natural gas and derivatives, as provided in Article 4.

AUCTION CONDITIONS

Eco Invest Brasil Auction No. 1/2024 will have a minimum bid of R$ 500 million per bidder, per leverage ratio, with a maximum amount for each institution of up to 25% of the total amount allocated to the auction (which may be adjusted proportionally to the number of participants, if there are fewer than 4).

The selection of companies for allocation and on-lending of the resources will occur as follows:

- For each financial leverage ratio, proposals will be ranked based on the highest impact indices, defined as the quantitative ratio between the external capital mobilized and the present value of the implicit subsidy of the public catalytic-capital line allocated to the eligible activities, under the operating manual to be released by the STN.
- The available global amounts of catalytic capital from the blended finance subline will be distributed within the highest financial leverage ratio, in descending order of the proposals with the highest impact index.
- Should the global amounts be sufficient to meet all proposals at the highest financial leverage ratio, the remaining resources may be distributed to the next ratio, in descending order of financial leverage, observing the ranking of proposals by impact index within each leverage ratio.
- Prioritization criteria will serve as a tie-breaker between proposals with the same impact index within each leverage ratio. The impact index of each proposal will be calculated by the STN.

AUCTION No. 2/2025

Eco Invest Brasil: 2nd Auction boosts recovery of degraded land and mobilizes capital for the agricultural sector

Client Alert · August 2025

The National Treasury Secretariat published Ordinance STN/MF No. 926, dated April 28, 2025, which regulates Eco Invest Brasil Auction No. 2/2025, aimed at financing projects to restore degraded areas and convert them into sustainable production systems. The auction's objective is to mobilize public and private funds to support the restoration of up to one million hectares of degraded land throughout the country.

HOW DOES THE ECO INVEST BRASIL PROGRAM WORK?

Established by Law No. 14,995, of October 10, 2024, and regulated by Ministry of Finance Ordinance No. 964, of June 11, 2024, Eco Invest Brasil is a pioneering National Treasury initiative that seeks to create structural conditions for foreign private investment and to mobilize resources for sustainable, long-term projects in Brazil. Through the program, financial institutions obtain catalytic funds raised by the Climate Fund via on-lending operations. These funds are leveraged by the financial institutions, which invest the catalytic capital alongside private funds they disburse or mobilize.

Access to Eco Invest's catalytic capital is granted through auctions conducted by the National Treasury Secretariat, whose primary selection criterion is the leverage ratio of the funds offered by financial institutions. Each round also required the raising of a minimum percentage of funds in the foreign market.

The 1st Eco Invest Brasil Auction, held on July 11, 2024, marked the launch of the program's blended finance sub-line and recorded a demand for R$ 6.8 billion in catalytic resources, with the potential to mobilize approximately R$ 44.6 billion in new sustainable investments. Without focusing on specific sectors or regions, the projected resources were concentrated primarily in energy transition projects (R$ 21.9 billion), followed by circular economy initiatives (R$ 13 billion), the bioeconomy (R$ 5.3 billion), and infrastructure and adaptation to climate change (R$ 4.4 billion). Among the 23 proposals received, the largest structure offered leverage equivalent to ten times the required catalytic capital.

FEATURES OF AUCTION No. 2/2025

Activities eligible for Auction No. 2/2025 encompass different production models aimed at the recovery of degraded land, ranging from integrated crop-livestock-forest systems to forest restoration and perennial-crop cultivation.

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ELIGIBLE ACTIVITIES

Eligible Activities	Description
Integrated Agricultural and Livestock Production Systems ("SIPAs")	Sustainable integration of agriculture, livestock and forests, including ILPF (Crop-Livestock-Forest Integration) systems and agroforestry systems (SAFs). During the first three years, the separate management of crop and livestock activities is permitted as a transitional phase toward the integrated system.
Perennial Crops	Crops that remain productive for several years after initial planting, in accordance with the principles of regenerative agriculture and recognized sustainable practices.
Forests and Restoration	Projects involving natural or induced regeneration, forest management and cultivation, including the restoration of degraded areas and the planting of commercial or native forest species.
Livestock and Annual Cropping as Stand-Alone Activities	Activities conducted in isolation, provided they promote improved soil health, increased productivity and sustainable land use. For producers who do not qualify as small- or medium-scale producers, an additional requirement to expand the permanent vegetation cover of the property applies.

FINAL BENEFICIARIES

The following beneficiaries may access the resources of Auction No. 2/2025:

Category	Description
Rural Producers	Individuals or legal entities directly engaged in agricultural production.
Cooperatives of Rural Producers	Cooperatives operating as rural producers.
Cooperatives and Anchor Companies	Entities integrated into agribusiness supply chains that maintain a direct relationship with rural producers or cooperatives, including through supply contracts, technical assistance, marketing or production support.

In addition, financial institutions may establish partnerships with input manufacturers, traders, cooperatives, associations, non-governmental organizations and research or educational institutions to support the implementation of the financed projects.

Below, we highlight some of the main conditions for accessing the blended finance sub-line of Auction No. 2/2025:

PARTICIPATION CONDITIONS

Criterion	Minimum Requirement / Specific Condition
Financial Leverage Ratio	Equal to or greater than 1.5x.
Foreign Capital	At least 60% of the private resources mobilized must be raised abroad.
Food and Animal Protein Production	At least 50% of the total resources mobilized must be allocated to projects aimed at expanding food and animal protein production.
Caatinga Biome	At least 10% of the total resources mobilized must be allocated to projects located in the Caatinga.
Currency Hedge	Currency hedging for at least 60% of the resources raised abroad, unless a natural hedge exists.
Deforestation	Commitment to zero legal deforestation on the financed properties and no financing for projects located in areas with a record of illegal deforestation.
Grace Period	A 2-year grace period for the operations.
Extended Grace Period	An additional 12 months for financial institutions that allocate at least 30% of the mobilized resources to investment funds dedicated to the recovery of degraded land (“Eco Invest Brasil Funds”).

ELIGIBILITY CRITERIA

In addition to the general requirements of the Eco Invest Brasil Program, the ordinance establishes additional eligibility criteria and safeguards aimed at the environmental integrity of the financed projects. The following eligibility criteria stand out:

- identification of the property benefiting from the project through the respective Rural Environmental Registry (“CAR”);
- maintenance of active registration in the CAR;
- no deforestation on the property since December 6, 2023, and throughout the duration of the operation;
- proof of the area’s degraded condition through a technical soil health report; and
- compatibility between the term of the lease agreement and the term of the credit operation, where applicable.

Safeguard	Requirement
Undesignated Public Forests	Prohibition on financing properties located in undesignated public forests.
Conservation Areas	Prohibition, except when the economic activity is permitted by the respective management plan.
Indigenous Lands and Quilombola Territories	Prohibition, except when the beneficiary is a member of such communities and the activity is permitted.
Environmental Restrictions	Prohibition on financing properties subject to active environmental injunctions.
Illegal Deforestation	Prohibition on financing properties with a record of illegal deforestation after July 22, 2008.

SUBMISSION DEADLINE

Proposals were submitted to the National Treasury Secretariat by 6 p.m. (Brasília time) on July 21, 2025. The ordinance provided for the announcement of the selection results within 20 days of the close of the period for submission of proposals.

RESULTS OF THE 2ND AUCTION

The 2nd Eco Invest Brasil Auction was attended by 11 financial institutions and recorded a demand for R$ 17.3 billion in catalytic resources. Of the amount requested, R$ 16.5 billion was awarded through the public catalytic capital line, enabling approximately R$ 30.2 billion in investments for the productive restoration of about 1.4 million hectares of degraded land across Brazil. Of the R$ 13.7 billion in private resources to be mobilized, approximately R$ 8.25 billion is expected to be raised abroad and R$ 5.4 billion domestically. The indicative distribution shows a concentration in the Cerrado biome (approximately 57%), followed by the Atlantic Forest (13%), the Amazon (12%) and the Caatinga (10%), with the Pampa and Pantanal biomes each expected to receive about 4%.

Access more information on the operational rules applicable to Auction No. 2/2025 in the Eco Invest Brasil Auction No. 2/2025 Operational Manual. The Capital Markets, Investment Funds and Asset Management, Tax, and Infrastructure and Project Finance teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.

AUCTION No. 3/2025

National Treasury publishes the 3rd Eco Invest Brasil Auction ordinance to attract private investment in equity of ecological transformation projects

Client Alert · October 15, 2025

On October 13, 2025, the National Treasury Secretariat (“STN”) issued Ordinance STN/MF No. 2,302/2025, which regulates Eco Invest Brasil Auction No. 3/2025, to mobilize domestic and foreign investment through equity instruments, in strategic sectors such as energy transition, bioeconomy, circular economy and infrastructure for adaptation to climate change, directly contributing to the achievement of decarbonization targets and the UN Sustainable Development Goals (SDGs). The rule sets out the conditions for the participation of financial institutions wishing to access the resources of Auction No. 3/2025, as well as the eligibility and prioritization criteria for the supported projects.

HOW DOES THE ECO INVEST BRASIL PROGRAM WORK?

Established by Law No. 14,995, of October 10, 2024, and regulated by Ministry of Finance Ordinance No. 964, of June 11, 2024, Eco Invest Brasil is a pioneering National Treasury initiative that seeks to create structural conditions for foreign private investment and to mobilize resources for sustainable, long-term projects in Brazil. Under the program, financial institutions obtain catalytic resources through credit operations with the National Treasury. These resources, raised from the private sector, are directed to ecological-transformation projects, including through investment funds, securitization instruments and other instruments available in the financial and capital markets.

Access to Eco Invest resources by financial institutions takes place through auctions carried out in accordance with the criteria and conditions defined both in ordinances issued by the National Treasury Secretariat and/or the Ministry of Finance, and in regulations of the National Monetary Council (CMN) and/or the Brazilian Securities Commission (CVM).

In the first auction, held on July 11, 2024, with no specific thematic focus within the ecological-transformation context, the catalytic resources made available totaled R$ 6.8 billion. These resources, combined with private resources (at a ratio of R$ 1 of public resources to R$ 6 of external private resources), totaled R$ 44.3 billion in investments. In the second auction, held on April 28, 2025, public resources totaled R$ 13.7 billion, with mobilization of R$ 16.5 billion of private resources for the recovery of degraded land (at a ratio of R$ 1 of public resources to R$ 1.50 of private resources, of which at least 60% are of external origin), totaling R$ 30.2 billion in investments.

FEATURES OF AUCTION No. 3/2025

Unlike the previous rounds, Auction No. 3/2025 prioritizes support for investment in equity interests rather than investment through credit products, primarily through intermediary vehicles such as private equity funds (FIPs) specially structured to channel the incentive mechanisms.

These FIPs must:

- be duly established under CVM Resolution No. 175, of December 23, 2022;
- contain the expression “Eco Invest Brasil” in their name; and
- have an investment policy compatible with the program's objectives, dedicated exclusively to projects eligible under Auction No. 3/2025.

It will also be permitted to create classes with the so-called “Eco Invest Brasil Quotas”, with assets segregated from the other classes, as well as their own governance, bylaws and financial statements. To encourage the participation of foreign investors, one of its main differentiators is the possibility for the financial institution to establish structured currency-protection and performance-risk-mitigation mechanisms aimed at reducing the exposure of private investors. The partial currency-risk protection mechanisms must be made available by the qualified financial institution at no cost to the foreign investor.

The resources raised by the financial institution must be made available to these FIPs through:

- subscription of quotas;
- contribution to fixed-income investment funds that have an Eco Invest FIP as a quotaholder; or
- a credit operation in favor of the FIPs.

The catalytic capital will function as a subordinated risk layer, offering more advantageous return conditions to private investors and increasing the total leverage of the operations.

ELIGIBLE ACTIVITIES (EXAMPLES OF GREENFIELD PROJECTS)

Axis	Examples of eligible projects (greenfield)
Energy transition	Development and production of green hydrogen and ammonia, sustainable aviation fuel (SAF), biogas, biomethane, batteries and electric vehicles.
Bioeconomy	Pharmaceuticals, cosmetics, biofertilizers, bioinputs, superfoods and bio-based ingredients.
Circular economy	Bioplastics, advanced management and recycling of urban and industrial solid waste, and battery- and energy-storage-recycling technologies.
Adaptation infrastructure	Sustainable construction and sustainable building solutions, and climate-monitoring technologies.

The final beneficiaries of Auction No. 3/2025 eligible to receive the resources raised by the financial institutions must have their headquarters and their research, development and production activities located in Brazil, such that, at the time of the investment, at least 51% of their assets are located in Brazil. They must also observe the following criteria:

Category	Description	Annual revenue	Technology readiness (TRL)
Startups	Early-stage innovative companies	Up to R$ 20 million	1–7
Scaling companies	Companies with scale-up or commercial-expansion projects	Up to R$ 1 billion	7–9
Corporate projects (SPEs/spin-offs)	Initiatives derived from anchor companies with independent governance	—	1–9

CRITERIA FOR THE PARTICIPATION OF FINANCIAL INSTITUTIONS

Criterion	Minimum requirement / specific condition
Leverage ratio	At least three times the catalytic capital received, in increments of 0.25.
Investment in startups	At least 20% of the total resources raised must be allocated to startups.
Foreign capital	At least 15% of the total mobilized.
Grace period	2 years, extendable by up to 12 months, provided it is demonstrated, under the terms and deadlines defined in the operating manual to be released, that at least 20% of the resources raised are allocated or committed to projects with an integration plan (as described in Chapter IV of the ordinance).
On-lending of catalytic capital	At least 50% of the amount received must be allocated to the Eco Invest FIPs.
Currency-hedge mechanisms	Obligation to offer partial currency protection (via long-term call options) to foreign investors.
Monitoring and reporting	Submission of financial and social-environmental reports, with independent audit and a second-party opinion (SPO).

PROPOSALS

The proposals submitted by the financial institutions must contemplate:

- the amount of financial resources requested from the Eco Invest Brasil Line to provide the incentive mechanisms set out in Auction No. 3/2025;
- the amount of domestic and foreign capital to be mobilized to subscribe quotas of the Eco Invest FIPs or allocated directly to the beneficiaries of Auction No. 3/2025, as well as the respective financial leverage ratio;
- the indicative sector strategy for allocating the investments made directly by the financial agent or through the Eco Invest FIPs in the eligible sectors;
- the plan for allocating investments to the acquisition of equity interests in companies or in the entities falling within the segments described in the ordinance; and
- an indication of the intention to make use of the extended grace period.

Proposals will be selected based on the financial leverage presented (at least three times the catalytic capital received) and the impact index, in that order, as well as the prioritization criterion defined in the Ordinance, subject to other provisions.

SUBMISSION DEADLINE

Proposals must be submitted together with the pre-allocation reports to the National Treasury Secretariat by 6 p.m. on November 19, 2025, at the e-mail address leilaoecoinvest@tesouro.gov.br. The result of the selection will be ratified and announced within 20 days of the close of the submission period.

The information in this Client Alert may change following the publication of other rules related to Eco Invest Brasil Auction No. 3/2025. The Capital Markets, Investment Funds and Asset Management, Tax, and Infrastructure and Project Finance teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.

AUCTION No. 4/2025

After the success of the 3rd Auction, the 4th Auction arrives to attract private investment in bioeconomy and sustainable tourism in the Amazon

Client Alert · February 9, 2026

On December 5, 2025, the National Treasury Secretariat ("STN") issued Ordinance STN/MF No. 3,103/2025 (the "Ordinance"), which regulates Eco Invest Brasil Auction No. 4/2025. The purpose of Auction No. 4/2025 is to mobilize domestic and foreign private capital for sustainable projects in the bioeconomy, sustainable tourism and infrastructure sectors (covering enabling infrastructure [1] and waterway and port infrastructure), with a focus on the development of the Legal Amazon [2]. Ordinance STN/MF No. 3,103/2025 sets out the conditions for the participation of financial institutions wishing to access the resources of Auction No. 4/2025, as well as the eligible activities, the geographic scope and the final beneficiaries.

HOW DOES THE ECO INVEST BRASIL PROGRAM WORK?

Established by Law No. 14,995, of October 10, 2024, and regulated by Ministry of Finance Ordinance No. 964, of June 11, 2024, Eco Invest Brasil is a pioneering National Treasury initiative that seeks to create structural conditions for foreign private investment and to mobilize resources for sustainable, long-term projects in Brazil. Under the program, financial institutions obtain catalytic resources raised by the Climate Fund through on-lending operations. These resources are leveraged by the financial institutions, which invest the catalytic capital together with private resources disbursed or mobilized by them.

Access to Eco Invest catalytic capital by financial institutions takes place through auctions carried out by the STN, whose main ranking criterion is the leverage ratio of the resources offered by the financial institutions. Each auction held had, as a compliance requirement, a given percentage of resources raised in the external market by the financial institutions.

The 1st Eco Invest Auction, held on July 11, 2024, sought to foster a broad range of ecological-transition projects and was not directed at specific sectors or regions. The 2nd Auction focused on financing degraded-land recovery projects. The 3rd Auction, in turn, focused on fostering equity in ecological-transition projects in specific areas of the energy transition, bioeconomy, circular economy and adaptation infrastructure sectors.

FEATURES OF AUCTION No. 4/2025

The activities eligible for Auction No. 4/2025 cover, in general terms, the following sectors:

Axis	Sectors
Bioeconomy	Socio-bioeconomy, Productive Restoration and Timber and Non-Timber Management, and Bio-industrialization
Sustainable Tourism	Sustainable Ecological Tourism, Sustainable Ecological Tourism in Conservation Units and Parks, and Community-Based Tourism
Infrastructure	Enabling Infrastructure and Waterway and Port Infrastructure

Auction No. 4/2025 will have as its focus the allocation of resources to the Amazon region, such that:

- Activities in the Infrastructure axis may only be financed when located entirely within the Legal Amazon; and
- At least 25% of the resources raised in the Bioeconomy or Sustainable Tourism axes must be allocated to projects located in the Legal Amazon.

The objective is to promote productive inclusion, income generation and territorial development, so as to support small producers, extractivists, traditional communities, cooperatives and other agents that may access the program's resources.

In the 4th Auction, each financial institution may request an additional tranche of resources — equivalent to 20% of the amount of resources sought — dedicated exclusively to the implementation of incentive mechanisms that:

- mitigate performance, credit or operational risks;
- increase the financial viability of the supported projects;
- help reduce barriers to access to financing; and
- promote structural conditions necessary for the development of eligible sectors.

PARTICIPATION CONDITIONS

Criterion	Minimum requirement / specific condition
Financial Leverage Ratio	Equal to or greater than four, varying in increments of 0.25.
Foreign Capital	At least 60% of the private resources leveraged by the financial institution.
Allocation of Resources and Geographic Scope	At least 25% of resources (Bioeconomy/Tourism) in the Legal Amazon; 100% in the Infrastructure axis; at least 10% in socio-bioeconomy; at most 40% in Productive Restoration and Timber Management. Additional priority for higher allocation to bio-industrialization (except bioenergy/biofuels).

FINAL BENEFICIARIES

The final beneficiaries of Auction No. 4/2025 may access the resources raised by the financial institutions directly, or through aggregators, including anchor companies, investment funds, cooperatives, third-sector organizations and other agents able to organize production and to generate scale, standardization or market access.

Category	Description	Eligible sectors
Producers and Extractivists	Individuals or legal entities, including small producers, family farming and mid-sized producers	Socio-bioeconomy, Productive Restoration and Sustainable Economic Activities
Cooperatives	Legal entities bringing together producers, extractivists, micro, small and medium-sized enterprises (MSMEs) or entrepreneurs	All
MSMEs	Micro, small and medium-sized enterprises, associations, startups and entrepreneurs	Bioeconomy, Sustainable Tourism and Infrastructure
Companies and Bio-industries	Mid- and large-sized legal entities in bioinputs, food, cosmetics, pharmochemicals, biomaterials or derived chains	All
Tourism Companies	Legal entities that develop, operate or finance infrastructure, services and experiences aimed at sustainable tourism	All

FOSTERING PRODUCTIVE CHAINS

Following a trend observed since the 2nd Auction, the 4th Eco Invest Auction brings incentives for the financial-support structures created by the financial institutions to favor the fostering of productive chains — and not just a single final beneficiary — including the so-called anchor companies in the financing. In the 4th Auction, the financial institution that demonstrates, within up to 24 months, that at least 20% of the total investment amount (referred to in Article 12) contemplates a plan to integrate the productive chains will be entitled to 1 additional year of grace period in the line's financing.

SUBMISSION DEADLINE

Proposals must be submitted together with the pre-allocation reports to the STN by 6 p.m. (Brasília time) on February 25, 2026, at the e-mail address leilaoecoinvest@tesouro.gov.br. The result of the selection will be ratified within 20 days of the close of the submission period and will be published on the National Treasury website, on the Eco Invest Brasil page, within 20 days of the end of the result-ratification period.

Legal Amazon: political-administrative delimitation covering the states of Acre, Amapá, Amazonas, Pará, Rondônia, Roraima, Mato Grosso, Tocantins and part of Maranhão. The Capital Markets, Investment Funds and Asset Management, Tax, and Infrastructure and Project Finance teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.

REGULATION · CVM DELIBERATION No. 906

CVM eases investment-fund regulation to receive resources from the Eco Invest Brasil Program

Client Alert · March 13, 2026

On March 12, 2026, the Brazilian Securities Commission (“CVM”) took a significant step to broaden the capital market's access to sustainable-finance initiatives by enacting Deliberation CVM No. 906. The rule sets out special rules for the establishment and operation of the Eco Invest Funds, vehicles directly linked to the Eco Invest Brasil Program.

The Eco Invest Brasil Program is a strategic Federal Government initiative aimed at attracting private capital — with an emphasis on foreign investors — to finance ecological-transition and low-carbon-economy projects in Brazil. Deliberation CVM No. 906 seeks to remove relevant regulatory barriers, granting greater operational flexibility to eligible funds, on the assumption that the Eco Invest Funds will be intended exclusively for professional investors, without giving up robust standards of transparency, governance and investor protection, as addressed below.

Multi-class funds: greater structural flexibility

Deliberation CVM No. 906 now allows the Eco Invest Funds to be structured into multiple classes, with segregated assets belonging to different fund categories set out in CVM Resolution 175. In practice, this enables hybrid and innovative structures. For example, a fund may be organized under the architecture of a private equity fund (“FIP”), with:

- one class dedicated to equity investments; and
- another class allocated exclusively to liquidity assets, using, for that purpose, the regulatory criteria applicable to Receivables Investment Funds (FIDCs).

This flexibility is particularly relevant in the context of Eco Invest (Auction 3), in which there is a profitability cap (5% per year) for the investments made by the borrowing financial institution, precisely to allow the excess return to be directed to the project (equity). In an even more innovative move, the CVM now allows one class to invest in quotas issued by another class of the same fund, significantly expanding the possibilities of financial engineering within a single structure. As a result, the Eco Invest Funds now have the adaptability needed to accommodate different risk-and-return profiles in a single vehicle, increasing their appeal to institutional investors and structurers.

Seniority among quotas: tailored structuring for different investors

Although the attribution of distinct economic rights was already possible in restricted-class funds, Deliberation CVM No. 906 authorized the Eco Invest Funds, regardless of category, to issue quota sub-classes with different levels of seniority. This provision reinforces the possibility of structuring operations with senior, mezzanine and subordinated tranches, suited to the target asset, the project stage or the investor profile, broadening the range of fundraising and risk-mitigation strategies.

Temporary investment in liquidity assets

To facilitate the initial origination or implementation phase of the projects, Deliberation CVM No. 906 authorized Eco Invest Funds organized as a FIP, an Agro-industrial Productive Chains Investment Fund (Fiagro) or a Real Estate Fund (FII) to keep resources invested in liquidity assets for up to 60 months. After that period, the fund must direct the resources to the target assets provided for in the Eco Invest Brasil Program and in the respective bylaws. The measure reduces risks associated with the resource-allocation schedule and increases operational efficiency in the fund's initial phase.

Loans and financing: broadening the sources of capital

In general, the structuring of investment funds in Brazil relies on the acquisition of quotas as the main fundraising mechanism. The use of credit operations by funds has always been treated with caution by the regulator and, historically, allowed only in specific contexts, such as structures involving multilateral organizations or arrangements with a public or development purpose. Deliberation CVM No. 906 adopts a more functional reading, aligned with the economic purposes of the investment vehicles, by allowing the Eco Invest Funds, regardless of their category, to act as beneficiaries of credit operations, including indirectly. This possibility is appropriately conditioned on the lenders being financial institutions that borrow resources under the Eco Invest Program, through Auction No. 3, preserving the consistency of the regulatory arrangement.

Derivatives: greater freedom for risk management

Deliberation CVM No. 906 also lifted, for Eco Invest Funds organized as a FIP, the general prohibition on entering into derivatives set out in Annex IV of CVM Resolution 175. As a result, these funds now have greater freedom to use derivatives as risk-management instruments, aligning themselves with market best practices in complex financing structures.

Disclosure and transparency

As a counterpart to the greater regulatory flexibility, Deliberation CVM No. 906 reinforces the transparency requirements. The administrators of the Eco Invest Funds must annually disclose, on a publicly accessible website, detailed information on the use of resources by quota class and sub-class, in accordance with a template to be made available by the CVM. This obligation is directly aligned with the rules of the Eco Invest Program auctions, which condition the maintenance of the financial benefits on proof of the correct application of the resources within the established deadlines.

Demarest has already published other Client Alerts on the Eco Invest Brasil Program and on the regulation applicable to the auctions. In addition, our professionals are involved in structuring the Eco Invest Program, as well as in developing blended-finance vehicles and operations. The Capital Markets, Investment Funds and Asset Management, Tax, and Infrastructure and Project Finance teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.

AUCTION No. 5/2026 · RESULTS OF THE 4TH AUCTION

Eco Invest Brasil: 5th Auction targets innovation funds after strong capital mobilization in the 4th Auction

Client Alert · June 2026

The Executive Secretariat of the Ministry of Finance issued Ordinance SE/MF No. 1,782, which regulates Eco Invest Brasil Auction No. 5/2026 – Eco Invest Innovation Funds, setting out the conditions for the participation of financial institutions wishing to access the resources of this auction round. Auction No. 5/2026 seeks to mobilize domestic and foreign private capital for innovative ecological-transformation projects structured into sector funds geared toward six strategic productive chains.

Published on June 19, 2026, the Auction No. 5/2026 Ordinance also sets out the eligible activities, the final beneficiaries, the eligibility criteria and the applicable social-environmental safeguards, and governs the three incentive mechanisms provided for in this round: Eco Invest Innovation Funds, Corporate Credit Instruments and Non-Reimbursable Support. The Auction No. 5/2026 Ordinance enters into force on July 30, 2026.

ELIGIBLE SECTORS AND ACTIVITIES

Sectors	Eligible activities
Advanced green fuels, biogas and biomethane	Research, development, scale-up and production of low-carbon fuels (SAF, marine biofuels, e-fuels, biogas, biomethane and biomass solutions). Technologies, equipment and infrastructure associated with the conversion, storage, transport and distribution of such fuels. Deployment of pilot plants, demonstration units and industrial and logistics solutions (including retrofit and expansion) for applications in mobility, industry and thermal generation.
Low-carbon fertilizers, bioinputs and alternative proteins	Research, development and scale-up of green fertilizers, biostimulants, biopesticides, biopharmaceuticals and low-carbon biological or mineral inputs. Application of agricultural biotechnology solutions (bioprocesses, fermentation, microbial cultivation and precision agriculture). Development of alternative proteins and functional ingredients. Deployment of pilot units, demonstration plants and innovative productive infrastructure associated with these chains.
Biomaterials and green chemistry	Research, development and scale-up of chemical inputs of renewable or low-carbon origin, including intermediates, specialty chemicals and routes substituting fossil feedstock. Application of bioprocesses, green catalysis and industrial fermentation. Production of biopolymers, bioplastics, resins and advanced bio-based materials. Development of circular-design, ecodesign and sustainable-packaging solutions. Deployment of pilot plants and innovative productive infrastructure for the sector.

Sectors	Eligible activities
Critical-minerals beneficiation, batteries and electric mobility	Extraction, beneficiation, refining and transformation of critical minerals; advanced materials and electrochemical inputs; batteries and energy-storage systems; electrified vehicles and sustainable mobility; pilot units.
Circularity of mineral and industrial waste into inputs	Management, treatment, recycling and valorization of urban, industrial, mineral and biological solid waste; reuse routes; reverse logistics and traceability; reduction of environmental liabilities; pilot plants.
Automation and AI for productive and technological processes chain	Automation, artificial intelligence and digital systems for process optimization; MRV, traceability and social-environmental compliance (remote sensing and IoT); climate-risk modeling and predictive digital platforms.

The beneficiaries of Auction No. 5/2026 are legal entities, governed by public or private law, domestic or foreign with operations in Brazil, that develop projects in the strategic sectors defined in the Auction No. 5/2026 Ordinance. The selection must prioritize innovative companies and early- and intermediate-stage ventures, including startups, small and medium-sized enterprises, spin-offs and projects with high technological and market risk.

Project maturity

The Auction No. 5/2026 Ordinance uses international readiness scales to assess project maturity. The Technology Readiness Level (TRL) measures the degree of technological maturity on a scale of 1 to 9, from basic research (TRL 1) to a system tested and operating successfully in a real environment (TRL 9). The Business Readiness Level (BRL) measures the degree of development of the business model and its market readiness, from opportunity identification to commercial validation. The Auction No. 5/2026 Ordinance also employs, within the Non-Reimbursable Support, the Scientific Readiness Level (SRL), which assesses the maturity of applied scientific research.

TRL

Technology Readiness Level

Technological maturity (1–9)

BRL

Business Readiness Level

Business-model maturity

SRL

Scientific Readiness Level

Scientific-research maturity

Support instruments

Unlike the previous rounds, the 5th Auction adopts three complementary and integrated incentive mechanisms that track the maturity cycle of the projects. Thus, a single project may, as it matures, move from one mechanism to another:

Non-Reimbursable Support – initial phase: applied research and proof of concept

Aimed at strengthening the innovation system, it fosters applied research, human-resources development, technological development and technology-based entrepreneurship at early maturity stages (SRL 3 to 6 and/or TRL 1 to 4) — that is, from scientific proof of concept to initial validation in a laboratory environment. It may benefit Scientific, Technological and Innovation Institutions (STIs), teaching and research institutions, foundations, civil-society organizations and other entities, as well as individuals linked to programs or projects.

Eco Invest Innovation Funds – intermediate phases: validation, demonstration and scaling of innovative solutions

Investment vehicles set up in the form of funds, with a multi-class or multi-sub-class quota structure allowed in order to accommodate, on a segregated basis, the catalytic capital, the domestic private capital and the foreign capital mobilized by the financial institution. They are intended for projects at early and intermediate maturity stages (TRL 1 to 7 and/or BRL 3 to 6) — that is, from applied research and proof of concept to prototype demonstration in an operational environment, with a business model still under structuring and markets still consolidating.

In the dynamic between the classes and sub-classes, the catalytic-capital class receives the program's resources and invests them predominantly in low-risk, liquid financial assets, generating a financial flow (float). Its function is to mitigate risks and reinforce the remuneration of the private-investor class, which, in turn, is exposed to the performance of the investments made in the supported companies. The classes or sub-classes may have distinct rights and obligations, including as to amortization and redemption priority, the distribution of results and the assumption of risks and losses, with asset segregation between them ensured. The target return earned by the financial institution on the quotas acquired with catalytic-capital resources is capped at 3% per year, under CMN Resolution No. 5,130/2024, with the use of catalytic-capital resources to subsidize a higher return being prohibited.

Corporate Credit Instruments – advanced phase: commercial adoption and expansion of already-validated technologies

Aimed at the adoption, productive integration and expansion of already-validated technologies, with maturity compatible with commercial-scale operations (TRL 7 to 9 and/or BRL 7 to 9) — that is, technologies already demonstrated and operating at real scale, with a tested business model and an established value chain. They are made available to qualified financial institutions that act as originators and structurers of credit operations under a blended-finance regime, with or without currency protection, intended for RD&I and technological-expansion projects in larger companies. Flexible financial conditions are allowed, including free rates to the final borrower and use of the program's resources to reduce funding cost or mitigate currency risks.

CONDITIONS FOR PARTICIPATION

Criterion	Minimum requirement
Minimum catalytic capital (Eco Invest Innovation Funds)	R$ 1.5 billion per winning proposal.
Financial leverage ratio (Eco Invest Innovation Funds)	Between 1x and 2x of the catalytic capital.
Minimum catalytic capital (Corporate Credit Line)	Minimum of R$ 100 million and maximum of R$ 1 billion per proposal.
Financial leverage ratio (Corporate Credit Line)	At least 3x the catalytic capital allocated to the instrument.
Foreign capital	Eco Invest Innovation Funds: minimum of 15% and maximum of 45% of the private capital mobilized. Corporate Credit Line: minimum of 60% of the private capital mobilized.
Cooperation with STIs (Eco Invest Innovation Funds)	At least 10% of the resources allocated to RD&I projects in partnership with Scientific, Technological and Innovation Institutions.
Cooperation with STIs (Corporate Credit Line)	At least 5% of the credit-operations portfolio allocated to RD&I projects in cooperation with STIs.
Non-reimbursable counterpart	0.5% of the total resources mobilized (catalytic and private capital), of which at least 25% will be allocated to actions supporting technology-based entrepreneurship.
Conversion remuneration	Limited to IPCA + 1% per year.

Disbursement schedule and capital mobilization

The disbursement of catalytic capital will take place in three stages: 25% after the auction is ratified; 50% after proof of mobilization of at least 25% of the planned private capital, within 12 months; and the remaining 25% after proof of mobilization of at least 75% of that capital. The effective private contribution to the Eco Invest Innovation Funds must reach a minimum of 25% within 24 months; 50% within 36 months; and 100% within 60 months, counted from the first disbursement, under penalty of proportional return of the catalytic capital.

Cooperation with STIs and fostering chain integration

Following the integration-fostering logic observed in previous rounds, the operations may have a grace period of up to 2 years, extendable by up to 12 months. The extension will depend on proof, within 24 months, that at least 20% of the portfolio shows integration among the supported productive chains, by demonstrating complementarity among the financed solutions, in accordance with objective criteria to be detailed in the auction's Operating Manual.

PROPOSALS

The proposal and the pre-allocation report submitted by the financial institutions must contain, at a minimum:

- the financial leverage ratio proposed for each productive chain covered by the proposal;
- the prioritization criterion for each productive chain, understood as the percentage of the Eco Invest Innovation Funds' investments allocated to RD&I projects, including cooperation with STIs, technological development and internalization of technological capabilities, including through acquisitions and mergers;
- the impact index for each productive chain, understood as the percentage of foreign-capital participation in the total private capital mobilized, observing the minimum and maximum limits set out in the Auction No. 5/2026 Ordinance;
- the order of preference of the productive chains covered by the proposal;
- the indication of the intention to use the extended grace period, under the terms of the Auction No. 5/2026 Ordinance;
- the indication of the activities in which the Eco Invest Innovation Funds' investments will be allocated; and the indication of the activities to which the corporate credit line's investments will be allocated.

SUBMISSION DEADLINE

Proposals must be submitted to the Executive Secretariat of Eco Invest Brasil by 6 p.m. (Brasília time) on August 20, 2026, via leilaoecoinvest@tesouro.gov.br. The Secretariat will forward the result of the resource allocation for ratification by the Executive Committee of the Eco Invest Brasil Program within 20 days of the end of the submission period. The result of the selection will be published on the Eco Invest Brasil Program's online page within the same period. This deadline was later extended to 6:00 p.m. (Brasília time) on September 15, 2026, per Ordinance SE/MF No. 2,494/2026 (see p. 24).

Results of the 4th Eco Invest Brasil Auction

The 4th Eco Invest Brasil Auction, regulated by Ordinance STN/MF No. 3,103, of December 5, 2025, had eight institutions submit proposals; four were awarded. Catalytic resources totaled R$ 3.1 billion in the main line and R$ 2.5 billion in a new additional line created to expand mobilization.

R$ 13.2 bn

Total mobilization (public + private)

R$ 7.2 bn

Foreign capital participation

The sector distribution of the resources showed a concentration in Sustainable Infrastructure operations, which raised approximately R$ 7.9 billion, equivalent to 59.7% of the total mobilized, followed by Bioeconomy operations, with R$ 4.5 billion (33.5%) and, on a smaller scale, by Sustainable Tourism operations, with R$ 900 million (6.8%).

The geographic allocation directed to the Legal Amazon totaled R$ 9.03 billion — a level that reflects the minimum-allocation rule set for projects located in the biome — of which about 87.5% was directed to Infrastructure, 9.9% to Bioeconomy and 2.6% to Sustainable Tourism.

Among the main regulatory innovations consolidated in the 4th Auction, the following are worth noting: the creation of the additional line, which made it possible to increase the supply of catalytic capital without changing the essential contractual conditions; and the establishment of a non-reimbursable educational counterpart, totaling R$ 178.3 million for training, applied-research and human-resources-development initiatives, of which R$ 44.6 million is directed specifically to the Legal Amazon.

59.7%

Sustainable Infrastructure

R$ 7.9 bn

33.5%

Bioeconomy

R$ 4.5 bn

6.8%

Sustainable Tourism

R$ 900 mn

Other Demarest publications on Eco Invest Brasil

For further reading, see our other publications on the Eco Invest Brasil Program:

- Ordinance regulating the first Eco Invest Brasil Auction is published;
- Eco Invest Brasil: 2nd Auction boosts recovery of degraded land and mobilizes capital for the agricultural sector;
- National Treasury publishes the 3rd Eco Invest Brasil Auction ordinance to attract private investment in equity of ecological transformation projects;
- After the success of the 3rd Eco Invest Brasil Auction, the 4th Auction arrives to attract private investment in bioeconomy and sustainable tourism in the Amazon;
- CVM eases investment-fund regulation to receive resources from the Eco Invest Brasil Program;
- Agribusiness Bulletin | November and December 2025 — article “The third Eco Invest auction opens opportunities for agribusiness”;
- ESG Bulletin – January 2026;
- Agribusiness Bulletin | March 2026 — article “CVM issues a resolution in support of the Eco Invest Program”; and
- Energy and Natural Resources Bulletin | May 2026.

The Capital Markets, Investment Funds and Asset Management, Tax, and Infrastructure and Project Finance teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.

AUCTION No. 5/2026 · OPERATING MANUAL AND CMN RESOLUTION No. 5,332

Eco Invest Brazil 5th Auction: Federal Government publishes operational manual and extends proposal submission deadline

Client Alert · August 2026

With the publication of the Operational Manual for the 5th Auction and CMN Resolution No. 5,332/2026, the regulatory framework governing the Eco Invest Brazil Innovation Funds continues to advance. The new measures clarify the investment structure, establish eligibility and access requirements for funding, and extend the deadline for financial institutions to submit proposals.

The Executive Secretariat of the Ministry of Finance has published the Operational Manual for Eco Invest Brazil Auction No. 5/2026, prepared by the Executive Committee of the Eco Invest Brazil Program, which supplements SE/MF Ordinance No. 1,782/2026 and details the criteria, procedures, and participation requirements applicable to financial institutions in the auction round. Subsequently, on July 30, 2026, the National Monetary Council ("CMN") published CMN Resolution No. 5,332, amending CMN Resolution No. 5,130, of April 25, 2024, to establish a specific regime applicable to the Innovation Funds, setting a timetable for the allocation of investments and specific remuneration limits for the transactions.

Lastly, SE/MF Ordinance No. 2,494, of August 19, 2026, amended the deadline for submission of proposals under the 5th Auction, extending it until 6:00 p.m. (Brasília time) on September 15, 2026 — updating the deadline mentioned on p. 22. We highlight the content of these publications below.

ELIGIBILITY, RESTRICTIONS, AND SAFEGUARDS

All supported projects must simultaneously satisfy the connection to Brazilian territory, the additionality of the incentive mechanism, and the materiality of the technological or innovative component, which must be central to the project and constitute a measurable element. Qualification under the eligible activities, safeguards, and technological maturity level is based on self-declaration in the Technological Development Plan, a document executed by the project's technical officer and subject to retrospective verification through a Second Party Opinion — an opinion issued by an independent, qualified entity retained by the financial institution, on an annual basis.

In addition to the general restrictions of MF Ordinance No. 964/2024, the Operational Manual sets out supply chain-specific restrictions that render a project definitively ineligible and not subject to mitigation, as shown in the table below.

PROHIBITED FINANCING BY PRODUCTION CHAIN (1 OF 2)

Production Chain	Prohibited Financing
Advanced Green Fuels, Biogas, and Biomethane	• First-generation biofuels • Primary agricultural production activities, even where they provide inputs to the supply chain • Projects involving land-use change from areas covered by native vegetation to agricultural systems • Biodigestion, production, purification, storage, transportation, or distribution facilities for biogas and biomethane that lack adequate controls for methane leakage, odors, effluents, occupational safety, explosion risks, and impacts on neighboring communities
Green Fertilizers, Biological Inputs, and Alternative Proteins	• Production or use of biological inputs, biological control products, microorganisms, genetically modified organisms, or biological agents without registration, authorization, biosafety measures, traceability, or containment controls required under applicable law • Projects involving the environmental release of organisms, strains, microorganisms, or biological materials where significant and unmitigated risks of invasiveness, genetic contamination, or ecological imbalance exist • Production activities that fail to comply with sanitary standards, maintain inadequate biosafety controls, involve intensive and unjustified use of water or energy, or improperly dispose of biological waste
Biomaterials and Green Chemistry	• Production of bioplastics, polymers, resins, solvents, additives, or chemical intermediates using prohibited, highly toxic, or persistent substances, or generating hazardous waste, emissions, effluents, or occupational risks without controls consistent with industry best practices • Projects whose expected outcome increases the generation of microplastics or the production of single-use packaging, as such outcomes are inconsistent with the circularity objectives underlying this supply chain
Critical-Minerals Processing, Batteries, and Electric Mobility	• Mining, processing, refining, or mineral transformation activities lacking a mine closure plan, safe tailings and waste management measures, dam monitoring systems, and emergency plans compatible with the risks associated with the project • Activities involving the use of mercury or any other substance whose use is prohibited under applicable law
Circularity of Mineral and Industrial Waste for Inputs	• Activities consisting solely of waste disposal or contaminant dilution, without effective transformation into productive inputs • Cross-border handling of waste in violation of Brazilian law or applicable international agreements • Reverse logistics, sorting, or recycling models that depend on informal labor under unsafe conditions, exploitation of waste pickers, or the absence of productive inclusion, health and safety measures, fair remuneration, and progressive formalization, where applicable
Automation and Artificial Intelligence for Productive and Technological Processes	• Automation, artificial intelligence, or digital solutions whose primary purpose is to enable, expand, or improve the efficiency of activities prohibited under the Operational Manual, including activities involving fossil fuels • Biometric recognition technologies or automated decision-making systems intended for surveillance, undue social control, or the restriction of civil liberties

SPECIFIC REQUIREMENTS FOR THIS ROUND

Among the specific requirements applicable to this auction round are: clear ownership and land tenure regularity of the relevant areas; absence of significant environmental liabilities, illegal deforestation after July 2008, or active environmental embargoes; georeferenced identification of assets; and the conduct of free, prior, and informed consultation whenever the project affects Indigenous, Quilombola, or traditional peoples' and communities' lands. It is worth noting that the 5th Auction does not establish any revenue cap for the ultimate beneficiary of the funds.

STRUCTURING THE INNOVATION FUNDS

These vehicles must be established as newly formed funds under the categories permitted by the regulations of the Brazilian Securities and Exchange Commission, provided that their legal structure allows for the investments contemplated by the auction, particularly FIPs, FIMs, and Fiagros, which may invest through instruments convertible into equity interests, including convertible loans, hybrid financing instruments, equity interests, and instruments providing equivalent economic or legal exposure. The Operational Manual clarifies that hybrid instruments correspond to venture debt — a financing modality structured as non-convertible debt intended for innovative, high-growth companies that have already demonstrated market traction but do not possess sufficient collateral or cash generation capacity to access conventional credit.

The structure must include at least two classes or subclasses of quotas, reflecting the segregation between catalytic public capital and mobilized private capital. The catalytic-capital class receives the program's resources through subscriptions made by the financial institution and invests them primarily in low-risk, highly liquid assets, with a target return capped at 3% per year, with any excess return available to enhance the remuneration of the private class and provide foreign exchange protection to foreign investors. The private-investor class, in turn, holds the instruments issued by the ultimate beneficiaries, including convertible instruments, hybrid financing instruments, venture debt, equity interests, or equivalent instruments, bearing the economic exposure to the supported projects, with the risks and returns associated with technological development, commercial validation, scaling, and potential appreciation of the investee companies, and must ensure a minimum return equivalent to the IPCA plus 1% per year.

Multiple classes or subclasses segmented by technological maturity stage, financial instrument, or category of ultimate beneficiary are permitted, as are phased operations contingent upon the achievement of predefined milestones, and structuring as a fund of funds, including the participation of corporate venture capital funds, provided that the same guidelines applicable to the Innovation Funds are observed. As an alternative to the direct subscription of fund quotas, the financial institution may contribute capital to an investment vehicle, enter into a credit transaction (with Innovation Funds and vehicles under their control acting as borrowers), or use an economic results equalization mechanism — provided that economic equivalence, traceability of flows, segregation of resources, and the maximum 3% annual return are preserved. The classes designated as “Eco Invest Quotas” must have segregated assets, governance, bylaws, and financial statements of their own.

In the event that the financial institution enters into an agreement with an Eco Invest Innovation Fund providing for participation in additional gains derived from divestment, performance, or asset appreciation, it must allocate at least 20% of the portion of such gains attributable to it to the National Climate Change Fund under the Eco Invest Brazil Line. Such allocation does not alter the ordinary distribution of results due to private investors, the manager, or other participants in the structure.

USE OF RESOURCES AND COUNTERPART CONTRIBUTIONS

Eligibility is conditioned upon the cumulative structuring of the three mechanisms (Innovation Funds, corporate credit instruments, and non-reimbursable support), and the isolated use of only one of the instruments is prohibited. The minimum 10% allocation of the Innovation Funds' portfolio to projects developed in partnership with universities or STIs will be assessed at the portfolio level — accordingly, no individual investee company is required to maintain such a partnership. In the corporate credit portfolio, the minimum required allocation is 5%.

The acquisition of foreign companies, technological assets, intellectual property rights, or equity interests abroad is limited to 50% of the Innovation Funds' portfolio and is subject to demonstrated transfer, internalization, or adaptation of technology to Brazil, which requires a special-purpose company incorporated in Brazil, a research hub located in Brazil, domestic production of the technology, even on a limited scale, the hiring of Brazilian researchers connected to that hub, where applicable, and the allocation of at least 10% of the resources received to a Brazilian Scientific, Technological and Innovation Institution or university. Exclusively within the critical-minerals processing, batteries, and electric mobility chain, at least 15% of the resources invested through the Innovation Fund and 15% of those invested through corporate credit must be directed to two-wheel electromobility projects, with compliance verified individually for each instrument.

In the corporate credit mechanism, the financial institution assumes the full credit risk, which is why there are no regulatory limits on interest rates, tenors, grace periods, or amortization and redemption rules. In return, it must demonstrate, in the Financial and Allocation Reports, that the catalytic capital improved the conditions offered to the ultimate beneficiary, whether through lower costs, longer maturity, extended grace periods, enhanced collateral terms, or other economically verifiable benefits.

The non-reimbursable counterpart contribution of 0.5% will apply, during the first 12 months following the initial disbursement, to the total amount of committed resources, regardless of actual disbursement. Thereafter, it will apply to the annual outstanding balance of resources effectively mobilized and invested, with unused balances adjusted by the SELIC rate plus 1% per year. At least 25% of this amount must be allocated to actions supporting technology-based entrepreneurship, and the remaining 75% to research-promotion initiatives.

INTEGRATION OF MECHANISMS AND EXTENDED GRACE PERIOD

An extension of up to 12 months of the grace period may be granted, subject to Non-Financial Assurance and a decision by the Executive Committee, to a financial institution that demonstrates, within 24 months of the first disbursement, that at least 20% of its portfolio meets the requirements of productive integration, demand predictability, technological densification, governance, and a minimum contractual term of three years.

SELECTION PROCESS

Proposals must be submitted on a per-production-chain basis and must separately specify the leverage proposed for the Innovation Fund and for the Corporate Credit Instrument, expressed in increments of 0.25. For the Innovation Funds, the leverage ratio must range from a minimum of one to a maximum of two times the catalytic capital allocated to the instrument. For corporate credit, the minimum leverage ratio is three times, calculated as the ratio between the total amount of resources mobilized, including catalytic capital, and the amount of catalytic capital made available.

Ranking will follow the sequential order of: the highest leverage proposed for the Innovation Fund; the highest leverage proposed for corporate credit; the highest percentage of the Innovation Funds' investments allocated to RD&I projects; and the highest participation of foreign capital in the resources mobilized under corporate credit. Each financial institution may submit proposals for all production chains but may only be selected in up to three of them. Participation through a consortium of up to two institutions will also be permitted, with a lead institution designated and joint and several liability assumed. Foreign-capital participation must range between 15% and 45% of the private capital mobilized under the Innovation Funds and must account for at least 60% under corporate credit.

CMN RESOLUTION No. 5,332/2026 AND THE INNOVATION FUNDS

The CMN has published CMN Resolution No. 5,332/2026, establishing a specific regime for the Innovation Funds by adapting CMN Resolution No. 5,130/2024 to the characteristics of the new financial instruments supporting innovation. The main changes relate to how foreign-capital mobilization is evidenced, the remuneration limits applicable to transactions, and the sharing of performance gains.

FOREIGN CAPITAL MOBILIZATION

Foreign-capital mobilization will now be evidenced by a firm commitment made by the financial institution to carry out investments through equity instruments, instruments convertible into equity interests, or other instruments with remuneration linked to the performance or economic appreciation of eligible companies, in an amount proportional to the leverage offered in the auction.

REMUNERATION LIMITS

Parameter	Limit
Remuneration payable to the financial institution for making Eco Invest Brazil Line resources available to the Innovation Funds	Maximum of 2% per year
Remuneration payable to the Eco Invest Brazil Line on the resources made available	1% per year
Maximum remuneration of the financial institution in transactions carried out with line resources allocated to the Innovation Funds	3% per year
Return on the catalytic-capital quota acquired by the financial institution	3% per year
Convertible instruments and other instruments whose remuneration is linked to the performance of eligible companies	IPCA plus 1% per year, with additional variable remuneration linked to the performance of the investee company or supported project permitted

PARTICIPATION IN PERFORMANCE GAINS

The limits above do not prevent contractual arrangements granting the financial institution an additional share in gains resulting from the performance, economic appreciation, or divestment of the Innovation Funds. In such cases, 20% of those gains must be allocated to the Eco Invest Brazil Program, a transfer that is not considered remuneration of the Eco Invest Brazil Line.

INVESTMENT ALLOCATION AND REINVESTMENT

Within 36 months of the date of the first disbursement to the financial institution, at least 50% of the planned investments must be contributed to eligible companies. If the maturity of the transactions or the divestment from the equity interests occurs before the maturity of the Eco Invest Brazil Line, the financial institution must reinvest the resources in incentive mechanisms for new eligible projects until the resources from the line are fully repaid, or accelerate the maturity proportionally to the amount not reinvested — except for the portion allocated to foreign-exchange hedging mechanisms contracted with a term equal to or longer than the auction's standard term.

GENERAL AMENDMENTS

The resolution also conditions the release of the final 25% installment of the loan and the application of the effective 1% per year interest rate on proof (beginning in the 18th month counted from the first disbursement) of the mobilization of at least 75% of the projected foreign capital.

The Capital Markets, Investment Funds and Asset Management, Tax, and Infrastructure and Project Finance teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.

DEMAREST

The **Capital Markets**, **Investment Funds and Asset Management**, **Tax**, and **Infrastructure and Project Finance** teams of Demarest are monitoring the matter and remain available to provide any clarifications that may be necessary.