



PARÁ, BRASIL

FREEFLOWING RIVERS - SUSTAINABILITY LINKED LOAN

Private and Confidential

background

- January 2021 - Posaidon Capital asked by the Gordon and Betty Moore Foundation to design a financial product to fund long-term protected area capacity in the state of Pará.
- Funds would **increase State level capacity** to achieve key performance indicators related to:
 1. **KPI 1: Freeflowing River Framework:** Adopting a Freeflowing River Framework for monitoring and coordinating the legal protection of the São Benedito and Azul Rivers.
 2. **KPI 2: SEMAS Institutional Strengthening:** Guarantee SEMAS financial resources to independently apply all the powers and regulatory requirements to protect and conserve these rivers.
 3. **KPI 3: River Protection:** Keeping the rivers protected and free flowing, without any infrastructure (hydroelectric, mining, industries, agribusiness, except small ports to serve local communities).



pará state – são benedito and azul river systems

100 million

Hectares of intact
tropical forest

1/3

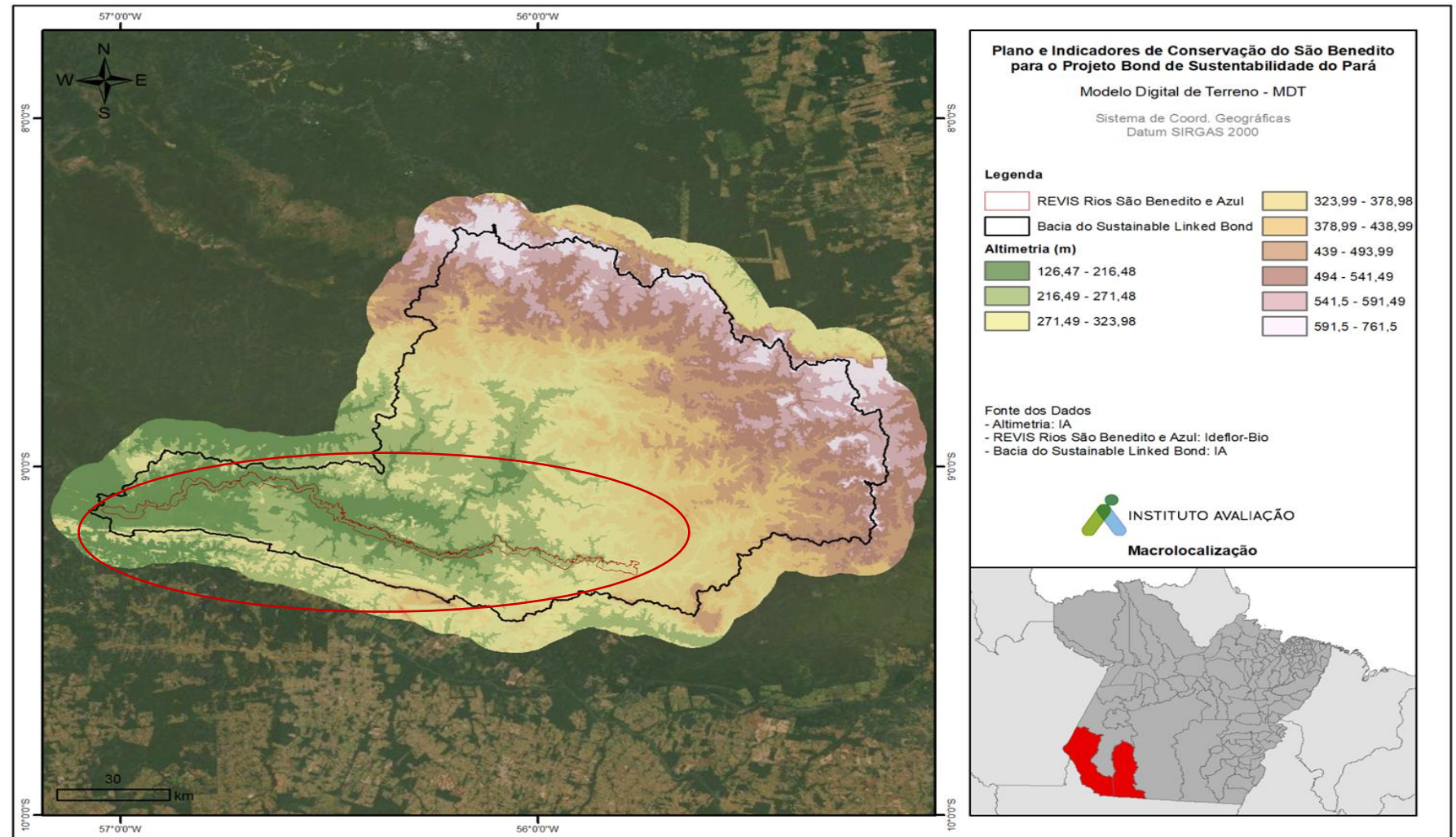
Global biodiversity
species

169 million ton/CO2

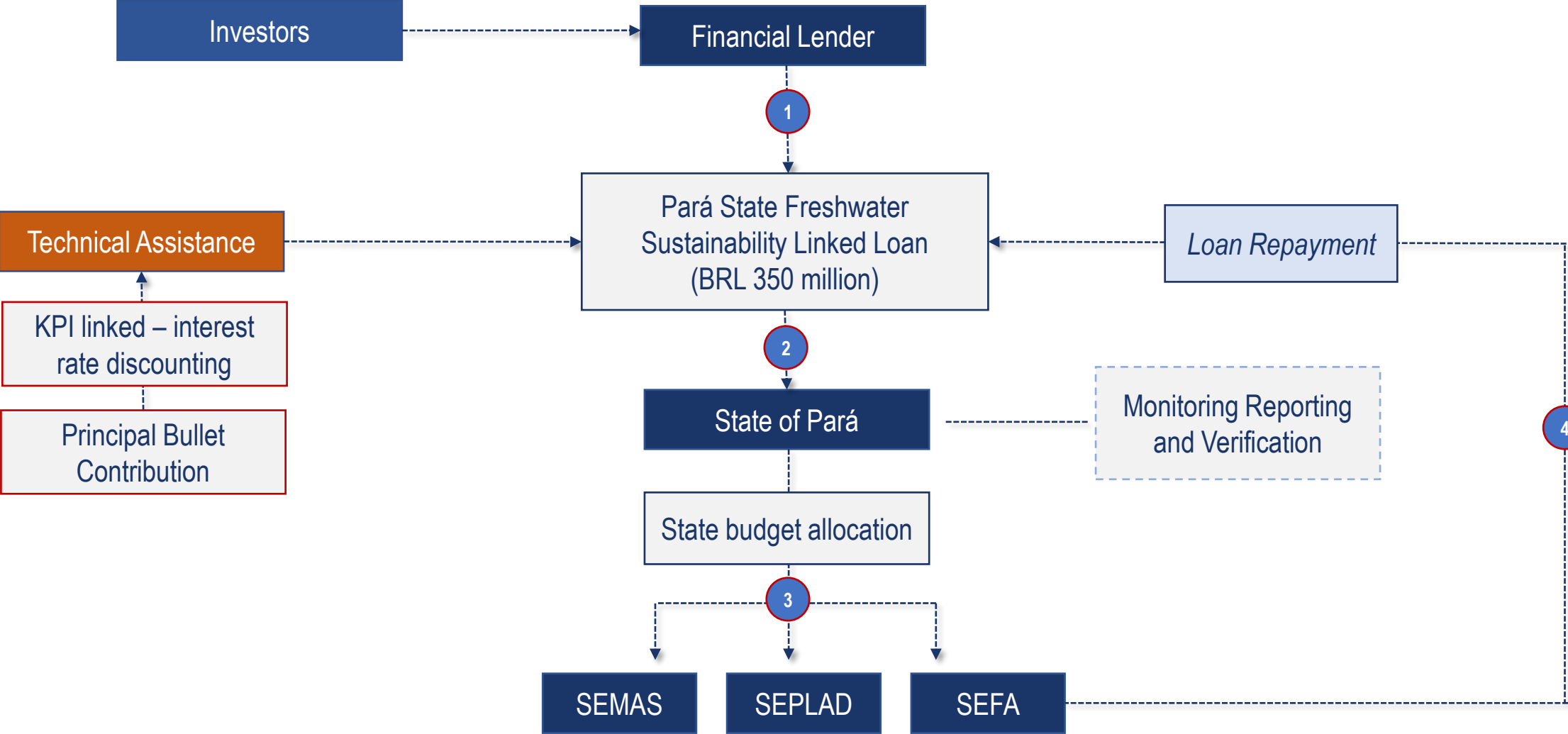
Forest carbon store

7.5 million

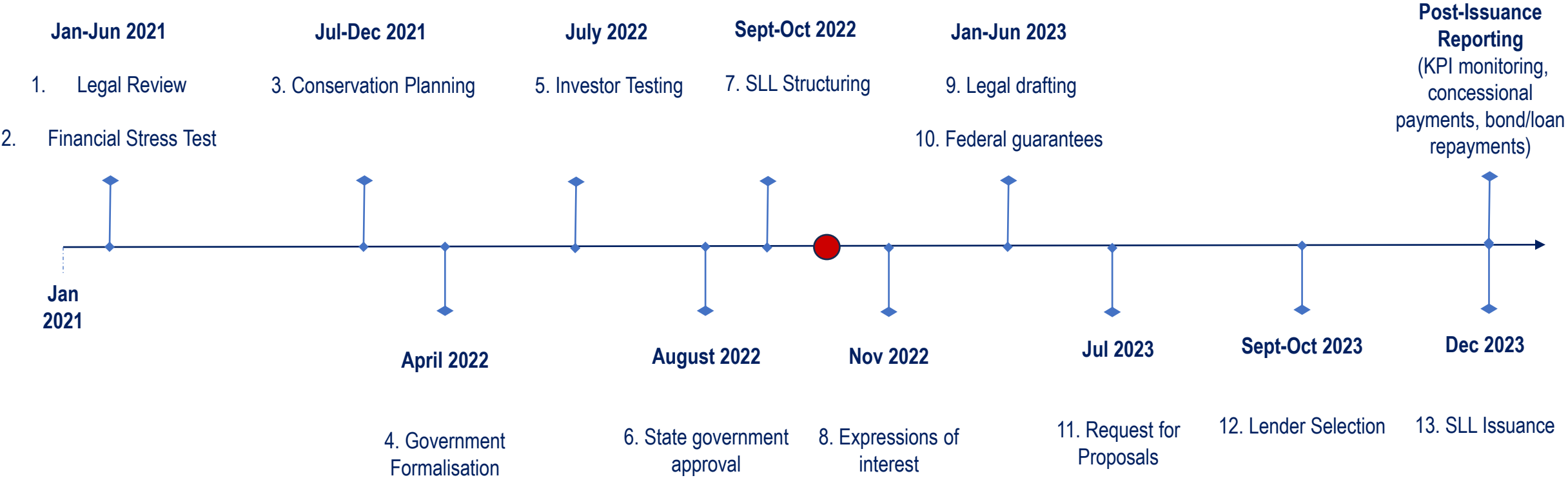
State forest
restoration target



Sustainability Linked Loan



issuance timeline



Lender Selection: Innovation

1. Sustainability Linked Loan – Organisational Capacity		Maximum Score	Item Score
2.1	Number of green certified and/or sustainability linked bonds or loans placed in Brazilian capital markets (certified under ICMA or the Climate Bonds Standard)	5	
	3+		2.5
	2+		2
	1		1
4.1	Number of syndicated green certified and/or sustainability linked bonds or loans placed in Brazilian capital markets (certified under ICMA or the Climate Bonds Standard) where the Respondent has been the lead placement institution	5	
TOTAL		25	

2. Sustainability Linked Loan - Chamada Pública - Avaliação financeira da proposta		Maximum Score	Item Score
7	SLL PRINCIPAL LENDING RATE	50	
8	SLL PRINCIPAL MAXIMUM STEP DOWN POTENTIAL	50	
9	TOTAL EFFECTIVE COST	10	
9	RATED LENDER (Lender crediting rating above Moody's Baa3, S&P BBB-, Fitch Ratings BBB-)	10	
TOTAL		120	

3. Sustainability Linked Loan - Chamada Pública - Avaliação ESG dos proponentes		Maximum Score	Item Score
11	PUBLIC NO DEFORESTATION / NO CONVERSION POLICY WITH SUPPORTING IMPLEMENTATION GUIDELINES	10	
11.1	NET ZERO CLIMATE TARGET	15	
11.2	<2030		15
12	CDP CLIMATE REPORTING SCORE	15	
12.1	> A: 2022 CDP SCORE		15
12.2	> B: 2022 CDP SCORE		10
13	FORESTS 500 FINANCIAL INSTIUTION SCORE	15	
TOTAL		65	

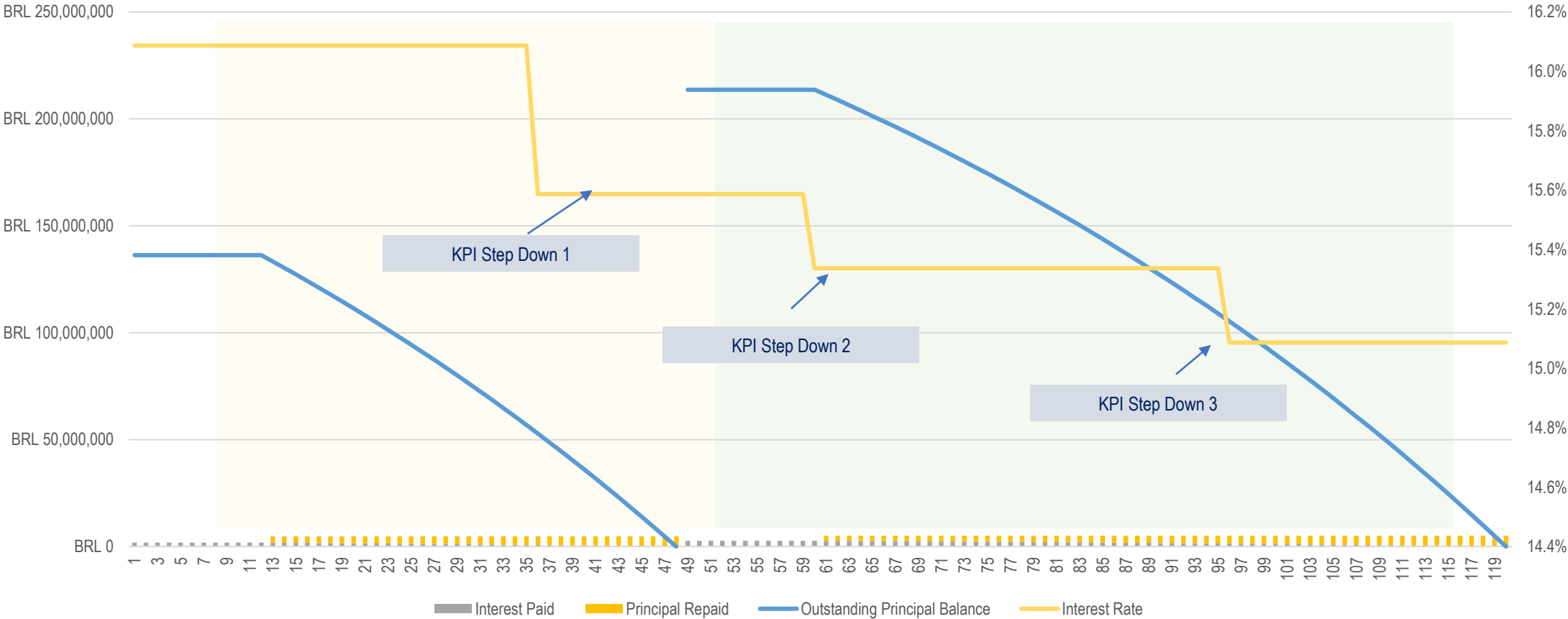
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APPENDIX

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Term and Drawdown: Single Loan - 2 tranches (payments)

State of Para - Sustainability Linked Loan Amortisation Schedule
(Double Tranche - Payments)





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With offices in London and Zurich, we structure and manage investment vehicles to connect nature-focused assets with institutional capital.

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