1. Program Plan

1.1. Program Vision

Climate United (defined as the coalition of CUF, CPC Green and SHCC, collectively, "**Climate United**") is an alliance of entities with extensive experience and a proven track record of leveraging capital markets to make transformative impact in the communities we serve. Our coalition members (the CI Group, CPC, and its affiliates, the "**CPC Group**" and SHVF and its affiliates "**Self-Help**" and collectively, "**Coalition Partners**") have been at the forefront of mobilizing private capital to reduce emissions of greenhouse gases while delivering tangible benefits to low-income and disadvantaged communities ("**LIDAC**") for decades. Our national strategy to deploy funds under the NCIF will reduce or avoid 134 million MT CO2, bring the direct benefits of the clean energy transition to 15.3 million Americans, of which at least 60% live in or are qualified as LIDAC, directly mobilize $76B in private capital, and create over 200,000 high skilled jobs from investments made over the initial 7-year performance period. We will accomplish this by working with community groups, technical assistance providers, financial institutions, and workforce development entities to eliminate the barriers and inefficiencies that have prevented broad adoption and financing of clean technologies. To ensure clean energy acceleration and market transformation beyond the NCIF, Climate United will integrate this capital resource into existing lending products and processes so that all lenders, (i.e., beyond just the community, green and nonprofit sectors) learn to address decarbonization in their routine lending practices. Greening *existing* lending with NCIF support will have the broadest transformative impact on the capital markets nationwide. Climate United stands ready to spark this transformation. Climate United is uniquely positioned because of our demonstrated ability to build partnerships. This is showcased through our attached 358 letters of support - including 80 letters from community partners, 262 letters from Transaction Pipeline and Partners, and 16 letters from Labor and workforce partners.

Program Outcomes. Climate United will mobilize the strength and scale of the U.S. financial system to address the climate crisis. Our strategy drives capital to stimulate the creation of a carbon free economy that will deliver significant, tangible benefits to American communities through lower energy bills, stable and reliable energy sources, and cleaner air; it will reinvigorate American manufacturing and develop new supply chains that strengthen our national security; and it will support the development of a workforce made of high-quality jobs that expand and deepen the American middle-class. Climate United will measure its success by how effectively we achieve the following outcomes:

Table 1. Climate United Outcomes

A healthier planet and population	• Reduction of GHG emissions and other energy-related pollutants • Improved indoor and outdoor air quality, particularly in communities with the highest levels of air pollution • Increase in affordable and sustainable housing
An American-built green economy	• Creation of quality jobs (with a priority for union jobs) from those who make and distribute clean technologies • Demand for clean technologies manufactured and distributed in America • Growth for small businesses, particularly those owned by Socially and Economically Disadvantaged Individuals

Expanded economic opportunity	• Savings for American households, small businesses, and nonprofits, including the elimination or significant reduction of energy costs as a volatile budget expense • Green homeownership and wealth creation for American families
Inclusive and transformed capital markets	• Direct and indirect mobilization of private capital • Adoption of net-zero building standards in the commercial and residential mortgage-backed securities and public finance markets • Community-informed policy recommendations based on successful investments that can further animate the market and drive significant future investment

We are cognizant of how deeply interwoven environmental, economic, and racial justice are in our country, and how essential centering the voices and experiences of those most impacted by injustice are in our collective pursuit of progress. Across each outcome, we are focused on ***who benefits***. We are committed to ensuring that at least 60% of investments through Climate United benefit LIDAC – exceeding the 40% Justice40 Initiative requirement – communities that have disproportionately lacked access to the benefits of clean technologies and the energy transition. We have crafted our governance, engagement, outreach, and transaction partnership strategy to ensure we meet the above stated goals.

Barriers to achieving the climate goals in the U.S. Nationally Determined Contribution and Executive Orders (EOs) 14005, 14008, 14802, 14096, 14037 and the Interagency Working Group on Coal and Power Plant Communities – and the financial solutions to address them

Achieving our vision will require that we eliminate the barriers currently holding us back.

Table 2. Barriers and Climate United's Financial Solutions & Strategy to Address Them

Barrier	Climate United's Financial Solutions & Strategy
Demand. Families and businesses are not aware of the benefits of shifting their energy sources or electrifying their buildings and cars. The math has not been clear, the process is clunky, and trusted information has been hard to come by.	Work with a network of trusted advisors, technical assistance providers and national networks of local community groups like potential transaction partners NeighborWorks America, the Relay Network, Main Street America, Interfaith Power & Light, Industrial Areas Foundation and others, to educate consumers, aggregate demand to drive down prices, and navigate incentives to reduce cost.
Providers. Most businesses involved in the design, construction and renovation of the built environment and the installation of energy-consuming mechanical and electrical systems have not yet transformed their businesses to deliver low-GHG solutions.	Expand our network of qualified service providers who know how to build better living and working environments with low-GHG solutions, in partnership with contractors, labor unions, apprenticeship and workforce training programs, small business networks and clean technology manufacturers.

Credit. Credit markets mis-price technology transitions because they do not have the expertise or capacity to assess and understand the risk or benefits of replacing carbon emitting technologies with clean alternatives. This causes the market to assess credit of the borrower, which does not reflect the true risk of the transaction.	Work with the existing mortgage, public finance and project finance markets to highlight the risk and liability of existing technologies, quantify the benefits of new technologies, and act as a market clearinghouse to offset both real and perceived risk associated with the adoption of new technologies, particularly for lower-credit consumers, businesses, and buildings, until better longitudinal data exists to quantify and effectively price actual risk.
Financing. Current financial products do not accommodate the upfront cost and long-term benefits of carbon free technologies. Existing tax credits and other incentive programs are often complex, do not cover full costs, and have not historically been redeemable for people, businesses, or nonprofits without a large tax liability.	Work with financing entities (e.g., mortgage lenders, community lenders, green banks) to offer product enhancements that work with the existing capital markets infrastructure and are paired with available subsidies to offset upfront cost and limit increases in overall debt service. Drive NCIF capital through existing private capital originations to teach lenders how to address the risks and liabilities of climate change in their everyday lending practice.
Deployment. The absence of financial or climate regulation, consistent high performance building codes, a price on carbon, or a prescriptive supply chain depresses demand and limits product awareness and adoption.	Develop clear, common standards, assessments, measurement and reporting for eligible financing that can be adopted across jurisdictions to facilitate expansion and ease of transactions. Broadly promote these standards to capital providers not currently addressing decarbonization in their lending practice.
Workforce. Slow adoption of new technologies limits training and workforce readiness to implement clean technologies, resulting in increased costs and extended timelines for projects.	Aggregate demand and maintain active engagement between our Transaction Partners and our workforce and training partners to create sustainable workflows, augment existing training and apprenticeship programs, and coordinate with local communities to source local workers. Learn from and partner with organizations, like potential transaction partners the AFL-CIO Housing Investment Trust and the North America's Building Trade Unions (NABTU), who have successfully paired workforce and apprenticeship programs with project financing for decades.

Our contribution to overcoming barriers and filling gaps in the current financing ecosystem
We are uniquely positioned to bring these solutions to market given our history, track-record, private and public sector partnerships, and position within the current financing ecosystem.

- ***We are trusted organizations in the capital markets.*** Climate United is in the unique position in having demonstrated experience in raising and deploying billions of dollars from both federal and non-federal sources across all 50 states, territories, and the District, which includes managing large scale public-private partnerships that specifically target Priority

Communities. We have been issuing debt and securities in the private capital markets – similar to those contemplated in our strategy – for decades and have the track record, distribution channels, and trust to bring financial products to market quickly and at the scale required for execution. We are unique in our relationships with the Government-Sponsored Enterprises (GSEs) and are positioned to broadly influence and animate the first mortgage markets with deep green capital and technical know-how and support.

- ***We design and deploy financial products that work for communities.*** We have the proven ability to structure and operationalize origination and underwriting approaches to achieve emissions abatement and social impact outcomes. We have the relationships, tools, processes, and know-how to operationalize an NCIF program as we have been doing this work for decades with real, tangible, system- and life-changing results.
- ***We build sustainable institutions that will reduce risk for the EPA.*** We will achieve the NCIF's goal of creating national, long-term, and durable clean financing institution capable of partnering with the private sector to provide accessible, affordable financing for tens of thousands of clean technology projects nationwide and we will leverage our existing infrastructure to maximize operational efficiency. Our coalition is market tested and proven to drive results – and will provide the EPA, the market, and our partners with confidence that we will be operating and investing for decades to come.
- ***We have executable strategies at scale, and the track record to prove it.*** We are not proposing a theorized or aspirational approach; we have demonstrated that we can take big ideas and successfully implement them to completion. We have a strategy and plan based on real, tangible data; bottom-up pipeline analysis; deep clean energy market knowledge, decades of experience; and concrete relationships and partnerships. <u>We do not need to build to execute</u>, we have deals in the pipeline and have created products and partnerships with a wide variety of lenders who are ready to put funds to work immediately.

> "Based on their deep experience, values, and vision – and their plan and capacity for market transformation – we are confident that Climate United is uniquely qualified to deliver on the goals of the NCIF."- *Martin Trimble, Co-Director, Industrial Areas Foundation*

The Coalition Partners each began as community organizations and organizers with mighty missions. Together, we now bring the financial strength, risk infrastructure, product design capacity, and community relationships necessary to bring the vision of the National Clean Investment Fund to reality.

<u>A list of entity names and definitions are included in the Legal Entity Structure Diagram</u>.

1.2. Investment Strategy

Our investment strategy delivers quality Qualified Projects ("**QPs**") across the NCIF's priority areas, targeting six market segments: <u>Consumers, Multifamily Housing, Community Infrastructure, Small Business and Farms, Schools and Minority Serving Institutions, and Stand-alone Generation and Charging.</u> Each segment focuses on where we see opportunity to drive significant GHG reduction, directly benefit the lives of families and communities, and fill financing gaps that will unlock private capital at scale.

1.2.1. Community Engagement and Accountability Strategy

1.2.1.1. Community Engagement Plan

Climate United's community engagement plan has three tenets: centering beneficiaries in program and product design; leveraging trusted community infrastructure for capital deployment; and listening and iterating based on direct feedback. Our strategy is focused on reaching and delivering value to geographically diverse communities, Tribal communities, and LIDAC.

Past Community Engagement

In line with our decades of experience, we center beneficiaries in the design and deployment of loans and investments to ensure that our products and programs reach our intended audience. Examples are included in the table below.

Table 3. Past Community Engagement

Community	Examples of centering beneficiaries in program design
Geographically Diverse Communities	Our small business lending programs during COVID-19 recognized the challenge of rural communities accessing broadband to apply for financial assistance. We created outreach/education strategies that deployed community partnerships, phone calls, and mailers in lieu of digital marketing.
Tribal Communities	We engaged with Tribal communities, alongside partners, on past investments including the financing of a sustainable forestry and conservation organization that provides ecosystem services such as watershed protection and a biodiversity habitat to preserve Native American tribal culture and tradition.
Low-Income and Disadvantaged Communities	We worked with a broad coalition of over 100 civil rights organizations and community lenders to successfully advocate for changes to Paycheck Protection Program (PPP) rules that significantly increased access for small businesses and sole proprietorships; created accessible small business FAQs and resources; and partnered with technical assistance providers across the country to directly deliver $253M in PPP loans, 65% to businesses owned or led by people of color, at a median loan size of under $21,000.
All Communities	We created a Green Financing Initiative in 2009, integrating energy efficiency into the 1st mortgage process and leveraging private capital, which produced guides and tools to support current standards for decarbonization. We distributed these materials in partnership with organizations like the Building Energy Exchange and American Council for an Energy-Efficient Economy (ACEEE). Through the initiative, more than 10,000 units of energy efficient, high performance affordable housing have been financed.

Present Community Engagement

"As part of the GGRF Equity and Governance Best Practices Alliance, we advocated since Day 1 of the GGRF for direct, meaningful, and assured benefits for low-income and disadvantaged communities and the necessary transparency to ensure these resources reach those that have historically been disinvested. We believe that the team behind Climate United brings together the necessary experience and relationships of trust to be able to deliver the transformative benefits the GGRF aspires to. – *Debi Gore-Mann, President & CEO, The Greenlining Institute*

Climate United has conducted significant community outreach and engagement to craft a strategy that includes and works alongside trusted partners, including affordable housing organizations, Community Lenders, community-based nonprofit organizations, labor and workforce organizations, environmental justice advocates, and technical assistance providers. In addition to the hundreds of individual and small group conversations, we held four information and outreach sessions that were posted and marketed publicly which had 431 different registrants and were attended by over 200 organizations. The result is a strategy that leverages trusted local networks and relationships to better reach and support people with our investment products and technical services. Examples are included in the table below.

Table 4. Present Community Engagement

Community	Examples of working with trusted partners and networks
Geographically Diverse Communities	Engagement with Partners for Rural Transformation and Environmental Justice Thriving Communities Technical Assistance Centers (EJ TCTACs), to gain insight on barriers and opportunities in the green finance ecosystem and how we could potentially work together on implementation.
Tribal Communities	Strong relationships with the Native CDFI Network to design and originate QPs and the Alliance for Tribal Clean Energy to conduct outreach and work alongside tribal governments, as well as targeted outreach to individual community groups, such as the South Dakota Native Homeownership Coalition, Mountain Plains CDC, and Akiptan.
Low-Income and Disadvantaged Communities	Engagement with the National Community Organizing Network (environmental justice and bringing benefits to Priority Communities), Interfaith Power and Light (national coalition focused on decarbonizing and clean energy generation of faith institutions), National Council of State Housing Agencies, and the National Baptist Convention.
All Communities	Across all aspects of our strategy, we have focused on where there is existing capacity and capability and how we can support, grow, and engage those organizations in implementation.

Future Community Engagement Plan

Climate United is energized to build-upon our long-standing and new relationships to test products, learn from partners, and iterate as we implement to ensure our strategies and products have maximum impact within Priority Communities. Climate United will center equity and access in our community engagement practices by providing compensation for local community members that participate in outreach events and making materials accessible in multiple languages on-line and in multiple mediums. We will hire a team of community engagement professionals with experience working in and alongside Priority Communities to develop an annual community engagement plan with feedback from our Impact & Equity Committee and Advisory Council. These professionals will conduct culturally tailored outreach, develop feedback channels, and support project development in Geographically Diverse Communities, Tribal Communities, and LIDAC.

> "Climate United brings a clear understanding of what working with Native communities entails. The opportunities and challenges are unique and the core partners of Climate United have the experience to create a National Clean Investment Fund that will work with cultural sensitivity and inclusivity. This helps to ensure the NCIF design addresses the needs specific to those communities. Climate United has worked with Native American Tribes and organizations providing the know-how that will make it well suited to lead a winning National Clean Investment Fund application. We thank Climate United for working to bring this potential opportunity to Native CDFIs." - *Cheryce Not Afraid, Operations Director, South Dakota Native Homeownership Coalition*

1.2.1.1. Community Accountability Plan

Climate United's Community Accountability Plan centers transparency in process and results, external verification of methodology and practices, and participatory governance and oversight.

Transparency mechanisms that promote meaningful accountability to communities
We build transparency and accountability into each stage of the investment process (depicted above) to ensure the highest level of community accountability and impact, which is further described in the table below.

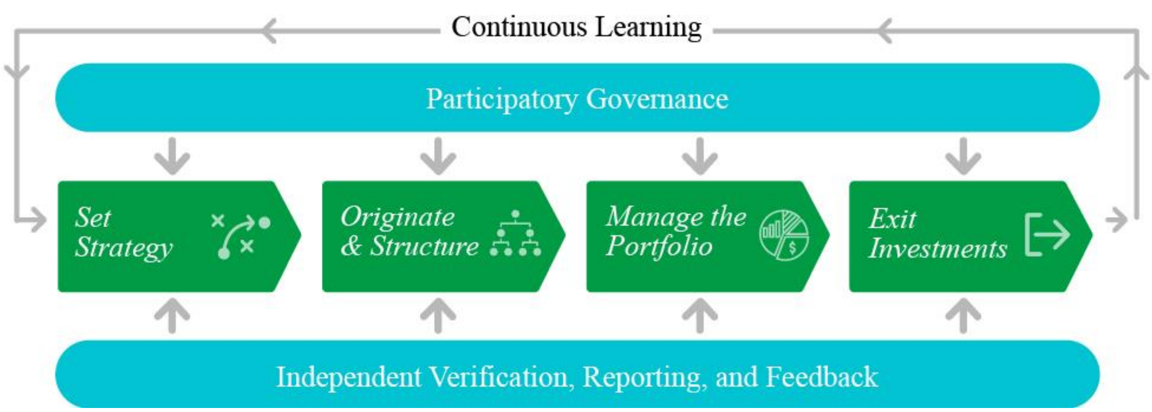


Table 5. Community Accountability Practices

Activity	Community Accountability Practices
Set Strategy	
Set portfolio goals	• Develop and implement investment policies with at least 60% deployment in LIDAC *and* additional targets for equitable inclusion (**Section 1.2.2.2**). • Implement a reporting platform to track equity portfolio goals; report on progress towards target metrics to community stakeholders on a quarterly and annual basis.
Activity	**Community Accountability Practices**
Solicit feedback and input	• Utilize the Community Engagement Plan (**Section 1.2.1.1**) to obtain input on product design from a diverse range of community voices.

	• Review feedback sent to Climate United from Priority Community representatives, Community Lenders, and the public to inform product design, community engagement and accountability plans.
Originate & Structure	
Screening & due diligence	• Perform due diligence and underwriting on QPs and/or Transaction Partners, including an in-depth review of organizational history, financial products and project development processes, and governance and management to discern the level of representation and commitment to Priority Communities. • Review the level of community engagement conducted for certain projects (e.g., community solar projects) not generated by the beneficiary.
Portfolio prioritization	• Incorporate community engagement and accountability metrics in our impact scorecard used to prioritize projects and partners with deep commitment to community ownership models, community engagement, and demonstrated outcomes.
Manage the Portfolio	
On-going community engagement	• Implement a robust Community Engagement Plan, as described in **Section 1.2.1.1**, to incorporate a robust feedback loop with local partners. • Perform frequent check-ins with Transaction Partners and Community Lenders to ensure projects are on track; provide support or assistance to get back on track when needed. • Maintain an accessible and easy-to-use grievance procedure for consumer complaints as further described in **Section 2.3.1**.
Reporting & release of data	• Report key impacts and outcomes, including progress towards equity goals, in multiple languages and accessible mediums. • Share public quarterly and annual reports with community groups and other market participants. • Utilize scorecards to assess projects, partners, and products consistently.
Evaluate and Adjust Strategy	
Incorporating community voice	• Evaluate the ongoing sustainability of the impact on the community and community-based impact evaluations when deciding to renew, extend, or modify a loan or investment.
Sharing best practices	• Collect and share best practices and successful case studies to support shared learning and accelerated adoption across Transaction Partners. • Perform research, inform studies, and educate the market on actual impact and financial performance to reduce gaps between real and perceived risk.
Independently Verify	
External verification	• Competitively procure independent third-party evaluators to provide periodic independent verification of practices and reported results, ensuring accurate and transparent disclosures around impact management, as we do today. Share results with community stakeholders and incorporate feedback into the future strategy setting.

Participatory Governance Structures and other commitments

CUF has several participatory governance structures designed to inform strategy, review reporting and results, ensure broad engagement and awareness, and promote overall accountability to Priority Communities.

Advisory Council: Climate United has established an Advisory Council that provides a range of expertise relevant to program management and implementation which will ensure impact and equity across the entire program. This Advisory Council will consist of several subcommittees, including: (1) Product Development for Community Lenders to provide feedback and input on product design and deployment, and (2) Outreach Development for community organizers and rooted representatives to provide feedback and input on community engagement and community accountability strategies. We currently have 23 committed leaders on the Council that represent workforce organizations, Community Lenders, community organizers, climate advocates, and industry representatives, among many others. The chair of the Advisory Council may have a seat on CUF Board's Impact & Equity Committee described below. To avoid potential conflicts of interest, the Advisory Council will not participate in subaward or investment decisions. Advisory Committee bios are attached in Resumes of Board Members.

Impact & Equity Committee: CUF's Board governing structure includes the Impact & Equity Committee which oversees community engagement and accountability strategies and reviews and approves Impact Management policies. They will also review and approve the CUF Investment Policy, ensuring that our investment approach is grounded with an equitable lens. The Committee will ensure accountability in impact and review and approve any impact reporting to the EPA or other stakeholders. The Committee will work in partnership with the Advisory Council to ensure we reach all equity targets and policy objectives, do not create unintended harm to communities, and listen to diverse stakeholder voices.

Community Benefit Agreements: For projects of larger scale and complexity (i.e., thresholds for Davis-Bacon and Build America Buy America (BABA), to be defined with the EPA), CUF will require that QPs commit to a Community Benefits Agreement (CBA) a form of which is attached in Equity Policies and Practices. CBAs help incorporate community voices in larger projects, while reinforcing key compliance requirements and policy priorities and establishing additional targets for workforce impact. The CBA will outline compliance and reporting requirements for Davis-Bacon, BABA, and other tailored targets related to permanent job accessibility and quality. Additional tailored targets may include but are not limited to:

- A required percentage of permanent accessible jobs available to targeted job seekers, e.g., low-income individuals, residents of LIDACs, individuals without formal education beyond a high school diploma or General Educational Development Program (GED), or individuals facing other employment barriers.
- A required percentage of permanent quality jobs that pay a living wage and provide training and benefits, which may include medical, dental, and vision insurance, as well as paid holidays, vacation, and sick time, 401(k), profit sharing, and life insurance.

"We have worked closely with Climate United partners since 2020 to listen to small business owners across the country, understand the impact and outcomes of targeted responsible lending programs, and adapt program design in response to direct feedback. Throughout, the Climate United team has been committed to transparency, borrower-centric program design, and in-depth understanding of outcomes." – *Sasha Dichter, 60_decibels*

1.2.2. Investment Objectives

1.2.2.1. Climate and Air Pollution Benefits

With the deployment of $13.97B of NCIF capital, and an ambitious plan to mobilize capital markets and demand, Climate United will reduce or avoid 134 million metric tons of greenhouse gases (CO_2e) over a 15-year period and create the pre-conditions for a transformation of the capital markets to embrace low-carbon solutions as the norm. We have conservatively projected these reductions – actual reductions may be higher than the national averages used in our calculations since we will strategically target emissions reductions in geographies and market segments that have historically been the hardest to address with the highest baseline emissions. To reach a net-zero U.S. economy by 2050, we need to decarbonize electricity, electrify end uses, and cut energy waste. The Climate United strategy addresses each of these transformations with a regional go-to-market approach designed around impact and speed, and a focus on ensuring that investments in LIDAC are prioritized.

Table 6. Climate and Air Pollution Objectives and Outcomes

GGRF Program Objective	Climate United Target Outcome
Reduce emissions of greenhouse gases and other air pollutants.	1. Reduce or avoid an average of 9 million metric tons of greenhouse gas emissions annually by cutting energy waste, electrifying end-use, and expanding carbon pollution-free electricity. **This results in 134 million metric tons avoided over the 15-year average useful lifetime of the equipment and infrastructure deployed**. 2. Reduce or avoid the combustion of 155 trillion BTU of fossil fuels from buildings, vehicles, and electricity production annually, resulting in cleaner air in communities across America. **This results in 2.3 quadrillion BTU of avoided fossil fuel combustions over the 15-year average useful lifetime of the equipment and infrastructure deployed**.

Alignment with GGRF Emission Reduction Program Objective 1*

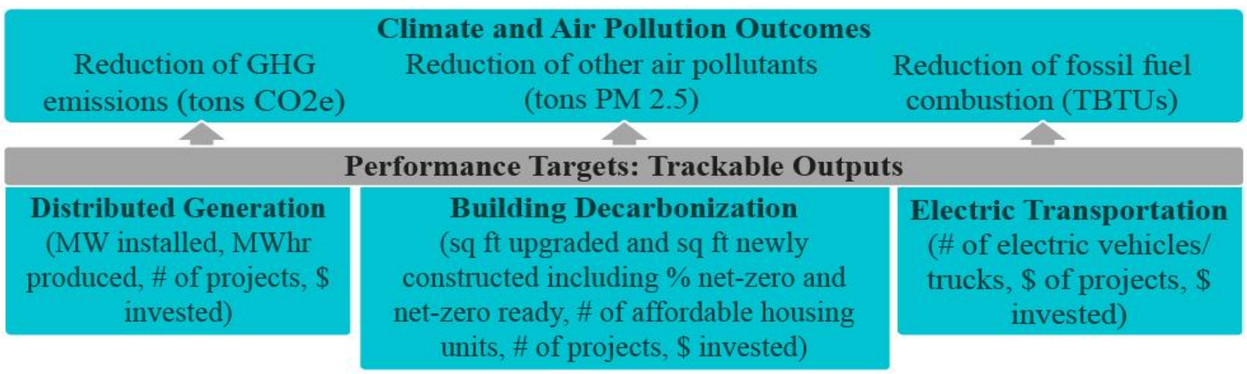
- Approximately 67% of Climate United investments will focus on decarbonizing buildings. These investments will support the decarbonization of nearly one billion square feet of building space and reflect a roughly 68% reduction in Scope 1 emissions from on-site fossil fuels, resulting in the reduction or avoidance of approximately 18 million metric tons CO_2e over a 15-yr lifetime.
- Approximately 15% of Climate United investments will focus on electric transportation. These investments will support the acquisition of more than 150,000 electric vehicles/trucks, resulting in the reduction or avoidance of approximately 25 million metric tons CO_2e over a 15-yr lifetime.
- Approximately 18% of Climate United investments will focus on producing carbon-free electricity. These investments will support the production of over 11.1 Gigawatts (GW) of renewable energy, resulting in the reduction or avoidance of approximately 91 million metric tons of CO_2e over a 15-yr lifetime.

**The following sources were used to calculate GHG reductions across the Climate United portfolio: the Energy Information Administration's Residential Energy Consumption Survey, the National Renewable Energy Laboratory's EnergyPlus modeling platform, Lawrence Berkeley*

National Laboratory's U.S. State Renewables Portfolio & Clean Electricity Standards, and EPA's Emissions & Generation Resource Integrated Database.

Climate United's portfolio aligns with: (i) the Biden Administration's goals to reduce GHG 50-52% below 2005 levels in 2030; (ii) the federal government's lead-by-example policies in EO 14057; and (iii) pathways and priorities in the U.S. Long-Term Strategy of the United States, which embrace rapidly improving building energy efficiency and increases the sales of clean and efficient electric appliances, while increasing affordable and clean distributed energy resources.

Impactful, Measurable and Achievable Targets to Assess Progress on Emission Reduction
Climate United has a robust plan to track progress against its climate and air pollution goals throughout the period of performance and beyond. We will collect data on each QP as needed to track the climate and air pollution outputs and outcomes and provide the necessary performance management reports shown in **Section 1.3.1**. We will do so in the most efficient manner possible, leveraging technology-enabled tracking systems where available, using engineering-based assumptions and modeling where needed, and relying on existing market data to minimize the burden on customers. This will ensure that we have both a rigorous performance management system and a positive customer experience – both of which are critical to the success of the NCIF and GGRF.



The chart above summarizes the metrics we intend to track to assess progress on our emission reduction goals. We will aggregate and report our progress against our GHG and other air pollutant reduction goals at least annually allowing us to course correct as needed to meet our overall objectives. We will calculate both metric tons of CO_2e saved and metric tons saved per $1,000 invested to allow us to measure the effectiveness of various products. If initial deployment is not yielding cost efficient, long-term GHG reduction to meet our milestones, Climate United will reevaluate and adjust our portfolio allocation.

1.2.2.2 Equity and Community Benefits

Climate United's pipeline prioritization approach is built to maximize holistic impact on Priority Communities and allows us to track our progress on outcomes over time. This will ensure we do not default to the most expedient QPs where additionality and impact are diminished.

Table 7. Equity and Community Benefits Objective and Outcome

Impactful, Measurable and Achievable Targets

GGRF Program Objective	Climate United Target Outcome
Deliver benefits of greenhouse gas- and air pollution-reducing projects to American communities, particularly low-income and disadvantaged communities.	Deliver direct benefits of a just transition to 15.3 million Americans

CUF's impact framework will prioritize, allocate, and manage a portfolio of activities, incorporating multiple variables across social and environmental impacts. We will use a Community Impact Scorecard anchored in our three targeted outcome categories: a healthier planet and population, an American-built green economy, and expanded economic opportunity. Our targeted metrics for each outcome will form a composite "Who Benefits" score which will allow us to understand the relative community impact and GHG reduction for each project or investment. Each projected outcome is evaluated by key questions and metrics. This "Who Benefits" score ties our Community Impact Scorecard to our equity goals and will be tracked throughout the lifecycle of the investment, allowing us to track outputs like quality job creation, homeownership, and cost savings for Americans among other critical outcomes of our financing. To complement our screening and prioritization, we have set percent-based equity goals to make sure that our portfolio reaches our Priority Communities and supports America's small businesses. These targets increase over time to ensure that the extensive community engagement and capacity building described in our Market Development Plan (**Section 1.2.5)** is leading to greater market penetration in Priority Communities. Dollars invested outside of Priority Communities will have a high priority for capital market transformation.

Table 8. Climate United Equity Goals

Priority Community	3 years	7 years
% LIDAC	60%	60%
% J40 Communities	50%	50%
% Rural	12%	20%
% Tribal	6%	10%
Investments and QPs may be included across categories, as applicable		
% Socially and Economically Disadvantaged Individual ("**SEDI**") businesses benefiting from QPs	**30%**	**40%**

We will aggregate and report our progress against our equity and community benefits goals at least annually, allowing us to course correct as needed to meet our overall program objectives. If initial deployment is not yielding the reach and impact that we project, Climate United will reevaluate and adjust our anticipated portfolio allocation and pipeline development process.

1.2.2.3 Market Transformation Benefits

Climate United's investment strategy will animate the private markets and drive increased leverage over time as traditional investors learn about and become practiced at incorporating climate risk diligence and decarbonization into their investment decisions.

Table 9. Market Transformation Objectives and Outcomes

We will track private capital leverage and total capital mobilization during the 7-year

GGRF Program Objective	Climate United Outcome
Mobilize financing and private capital to stimulate additional deployment of greenhouse gas- and air pollution-reducing projects.	Directly mobilize at least $76B of private capital (nearly 6X multiplier) over the initial seven-year performance period to stimulate additional deployment of QPs.

performance period by collecting total cost data at the QP and Community Lender levels. We will evaluate progress to accomplish our broader goals for market transformation by tracking our private capital leverage, which we anticipate will increase over time. We also track the number of commercial and mortgage banks that participate and partner with us to support QPs.

Impactful, Measurable and Achievable Targets

In addition to leverage, we will track and measure additional markers of market transformation to understand the total impact of our strategy.

Table 10. Markers of Market Transformation and Metrics

Outcome	How we're moving the market	Metric(s) Measured
Reduce costs of core technologies to drive economic benefits	• Significant deployment and partner infrastructure with boots on the ground nationwide to drive demand	• Installed costs of core technologies across project categories over time
Viable secondary markets that incorporate decarbonization	• Creation of standardized financial products • National energy efficiency and clean technology performance database	• Number of standardized loan products created, and number of loans closed • Number of issuances for emission and air-pollution-reducing projects
Aligned private market incentives with regulations or policies	• Informing local, state, and federal policies that can further drive change and adoption	• New policies implemented as a result of sharing data, case studies, and experiences with research organizations and government policy makers
Strong Community Lender participation in the low-carbon transition	• Partnering with CCIA grantees to build a continuum of support for Community Lenders	• Growth in clean energy capital deployment for our Community Lender partners

1.2.3. Portfolio Allocation

1.2.3.1. Project Categories

Climate United will invest across all three Priority Project Categories, with the greatest emphasis on building decarbonization and net-zero buildings because (a) buildings are where people most tangibly experience energy usage and the potential benefits of transitioning to clean energy, (b) the NCIF strategy was designed as a complement to the Solar for All program and other incentives in the IRA which are more heavily focused on distributed generation and storage, (c) there are significant capital gaps for the majority of building owners and building types where people live, work, learn, and play, especially in LIDAC and Priority Communities, and (d) the financial markets that drive building construction and renovation are highly regulated, standardized, and operate at scale; piercing this part of the financial system is the only way that we will cut emissions fast enough to meet our 2030 and 2050 targets.

Each category addresses different sectors of energy consumption and production, contributing to Program Objective 1, by reducing the emission of greenhouse gases and other air pollutants associated with the combustion of fossil fuels. <u>Overall, we expect at least 80% of our investments will be in Priority Project Categories</u>. The remaining 20% will be investments in QPs that contribute to the three program objectives but may fall outside of the priority areas, for example, investing in small farms to reduce their overall carbon emissions.

Distributed Energy Generation and Storage

18% of our investments will focus on producing carbon-free electricity. Most QPs in our pipeline are concentrated in small scale rooftop solar and ground mounted community solar. Our projected portfolio includes the deployment of 11.1 GW of renewable energy and would reduce emissions by 91 million metric tons CO_2e over a 15-year period, in support of EPA's carbon-free electricity goal. Of these projects, approximately 18% of the renewable energy generated is for residential use, 62% is for community solar installations, 9% is for small businesses, and 11% is for schools, MSIs, and other community infrastructure. This project category tends to have higher GHG reduction per federal dollar, but lower leverage as there is not an active private market for small scale solar and storage on smaller buildings or in low-income communities, and there is a limited appetite among developers and lenders for small projects. We have pipeline in this category for the development of renewable natural gas and expect to see opportunities for community geothermal or other distributed energy sources as the respective markets mature. All QPs in this portfolio are expected to meet the EPA Priority Project Category criteria.

Strategy to Scale: We have identified potential trusted "platform" Transaction Partners that have existing deployment capacity and reach across like-asset types (e.g., residential solar, Federally Qualified Health Clinics, HBCUs, or K-12 schools) to deploy a standardized model for solar plus storage efficiently, enabling reach into LIDAC communities and ensuring subscription access for community generation. Aggregating these asset pools for secondary market purchase (within co-mingled or new vehicles) and standardizing impact and financial reporting will support the development of more robust data on asset performance for a part of the market that is not deemed credit worthy today – allowing the market to more effectively price risk going forward.

Potential Transaction Partner and Pipeline Example: Florida-based Climate First Bancorp has a residential rooftop program that can be scaled to support low-income families across the South. The technology they utilize enables customer outreach, education, and financing via point-of-sale from a vetted network of 200+ solar contractors, including minority-owned, veteran-owned, woman-owned, and Business Enterprise Certified solar installers. They provide financing and technical assistance to enable effective deployment of funds directly to consumers alongside mission-driven financial institutions. By utilizing a partial credit enhancement of $30M, Climate First Bancorp can make $600M in affordable, no dealer-fee, no prepayment penalty, 100% LTV financing for residential rooftop solar, serving 15,000 families.

Building Decarbonization

67% of Climate United investments will focus on building decarbonization. Every year for the last 20 years, $1.2 - $4.5 trillion in mortgages (the primary financing mechanism for buildings) are originated. Until we integrate building decarbonization into the first mortgage originations process, we will not decarbonize buildings at scale. Leveraging our suite of mortgage products, we will focus on retrofits and upgrades that transition the built environment to net-zero emissions and new construction of net-zero emissions buildings. Every retrofit or new construction project will be evaluated for on-site solar photovoltaics (PV), storage, and electric vehicle charging infrastructure to comprehensively address all of the EPA's Priority Project Categories. Our portfolio projections include the renovation or construction of nearly one billion square feet of building space and reflect a roughly 68% reduction in Scope 1 emissions from on-site fossil fuel use, reducing or avoiding 18 million metric tons of CO_2e over a 15-year lifetime.

Net-zero buildings tend to have higher leverage and greater potential for market transformation, but lower near-term GHG reduction efficiency per dollar. This category also has the potential to generate significant clean energy jobs and revenue for local small businesses, as well as significant demand for U.S. made clean technologies. While the priority will be to help these buildings achieve net-zero emissions, projects that cannot fully achieve this target will still be able to reduce their carbon footprint and develop a plan to achieve net-zero over time. 77% of this portfolio is expected to meet the EPA Priority Project Category criteria.

Strategy to Scale: We will leverage our standardized residential second mortgage products (see **Section 1.2.4.1**) to transform the first mortgage markets for both single and multi-family housing, in partnership with the GSEs. Educating and working alongside mortgage lenders and enabling them to provide more attractive products to incent their customers to decarbonize will train lenders on how to routinely remediate carbon through the mortgage origination process, just as they do with radon or other pollutants today.

> "Innovative subordinate debt products like the ones proposed by Climate United leverage private capital, existing relationships, and expertise in multifamily housing to expand the potential impact of EPA's Greenhouse Gas Reduction Fund. Importantly, such financing is inclusive of all forms of Commercial Real Estate (CRE) finance. National CRE partners will work with Climate United to tap into the knowledge and expertise of industry professionals to grow capacity, educate stakeholders across the multifamily field, create awareness, and drive market demand for decarbonization at scale." - *Robert D. Broeksmit, President and CEO, Mortgage Bankers Association*

*Potential Transaction Partner and Pipeline Example***:** Jonathan Rose Companies, one of our affordable housing partners, has a 50-year-old, 200-unit Section 8 rental property in a Priority Community in Ohio. It has been fully scoped for extensive rehab and is $3M short of a full electrification scope to achieve net-zero emissions. A "Clean Air" subordinate loan would fill that gap and allow the full decarbonization and electrification project to move forward.

Electric Transportation

15% of Climate United investments will focus on electric transportation. Climate United will initially prioritize financing electric passenger vehicles for families, small business fleets, trucks, and school buses. These vehicle types were chosen because of the current availability of battery electric models, the immediate and tangible benefits to families and small businesses, and the impact on air quality and health, particularly for children. Our projected portfolio includes the acquisition of more than 150,000 electric vehicles, reducing or avoiding approximately 25 million metric tons of CO_2e over a 15-year lifetime, in support of EPA's zero-emission vehicle goal. Of these, 59% are passenger vehicles, 24% are electric buses, and 17% are electric trucks. In addition to supporting vehicle transition, we will look for every opportunity to include EV charging onsite for any residential and commercial building renovation projects, so residents and tenants have access to charging. While we will be prioritizing battery electric vehicles, we recognize that plug-in hybrid electric vehicles (PHEVs) may have a more accessible price point for many households and can be a steppingstone in transitioning to full battery electric.

Strategy to Scale: For passenger EVs, Climate United has developed relationships with major original equipment manufacturers (OEMs), Community Lender networks, leading ride share companies, nonprofits providing consumer education on EVs, and large aggregation platforms that support Community Lenders in originating hundreds of thousands of car purchases annually. We aim to pair move-the-market financing with processes that reduce friction and help buyers navigate EV incentives. Offering our no- to low-cost Electrify loans through these platforms will make it compelling and easier to make the electric choice where it is not cost-effective to do so today. For buses and trucks, we will mitigate risk for existing auto financing markets that are not able to take EV buses and trucks as collateral because of uncertainty in future residual value. This will allow these markets to shift more quickly into financing EVs, and once the values are known over time, the market can take over without the need for subsidy. All QPs in this portfolio are expected to meet the EPA Priority Project Category criteria.

Potential Transaction Partner and Pipeline Example: A leading rideshare company with a decarbonization goal to achieve 100% electric vehicles across its platform by 2030 has expressed interest in partnering with Climate United to support their drivers in seeking an affordable auto loan – as low as 0% for low-income purchasers – to buy electric vehicles (EVs) with an option to finance the installation of a Level 2 home charger. This product will allow the drivers to access an EV or PHEV car model at the same monthly cost they could purchase a lower value internal combustion engine vehicle using standard market financing. Seventy-two percent of platform drivers identify as people of color.

We believe there are significant benefits in a cross-sector investment strategy that will drive better overall results and enable us to meet the program's objectives more efficiently. For example, we will be able to target our Electrify consumer auto lending products to residents living in buildings that have received a Clean Air mortgage and installed significant charging infrastructure on site, so the charging meets its utilization requirements (reducing risk for the installers) and the residents gain access to EV charging stations (reducing risk for the residents).

1.2.3.2. Market Segments

Climate United has chosen to focus on market segments that offer a significant contribution to reductions in GHG emissions, tangible benefits to people's lives, and potential for market transformation. Taken together, they chart a path for people and communities to fully decarbonize where they live, the car they drive, and the places they work, learn, and play. We have placed an emphasis on the two residential segments – consumer and multifamily housing – because of the outsized role healthy and green housing plays in driving program outcomes and addressing the dual climate and housing affordability crises.

Market Segment 1: Consumers

Why this segment delivers benefits to American Communities. There are 97 million single family households in the United States (U.S.), accounting for 20% of GHG emissions annually (58% of emissions from buildings) and, as of 2020, only 3.7% of U.S. single-family homes had rooftop solar installed. In addition, light-duty vehicles contribute half of the transportation sector's emissions, which is the largest emitting sector in the economy, and as of 2021, 3.4% of light-duty vehicles sold in the U.S. are battery electric vehicles or 11% if hybrid and plug-in hybrids are included. The adoption of these technologies by consumers is not just important for GHG reduction, they are critical to drive benefits for American families and to change the relationship individuals have with the climate crisis. Access to clean technologies like solar panels, energy efficiency upgrades, electric appliances, and EVs will bring economic, health, and environmental benefits to LIDACs across America driving awareness and demand. When more people – from all walks of life – experience the benefits of the clean energy transition, the climate crisis will be less about fear and more about opportunity.

Our consumer plan includes building wealth for more than 61,000 families through green home purchase, renovation and energy efficiency upgrades, and supporting nearly 90,000 car buyers as they transition from internal combustion engine (ICE) vehicles to EVs. Our strategy builds on existing financial infrastructure to drive outcomes. For example, GSEs purchase hundreds of thousands of single-family home loans to low-income homebuyers each year. They also deliver green single-family home mortgages, but the overlap of green mortgages to low-income homebuyers has been less than a thousand per year. Climate United will offer a strategy to bring these two products in line, so that eligible, low-income homebuyers can also access the benefits of a green home and LIDAC families can benefit from the projected $12B of net savings to consumers of scaling up green mortgages. The potential for this market is supported by developed partnerships with builders, high volume home mortgage lenders, and the GSEs.

Potential Transaction Partner and Pipeline Example: Homewise, a nonprofit CDFI headquartered in New Mexico, is a longstanding Climate United lending partner, having originated $75M in home loans that Coalition Partner Self-Help purchased as a part of its national home loan secondary market program. All loans supported low-income homebuyers and 98% were to borrowers of color. As an active originator of energy efficiency and renovation loans to low-income homeowners, Homewise sees enormous opportunity to be a green mortgage originator-seller in the Climate United program, projecting an annual volume of $5M.

Market Segment 2: Multifamily Housing

Why this segment delivers benefits to American communities. There are 44 million households living in multifamily buildings and at least 57% of the households are LIDAC. Multifamily properties are responsible for 5% of building emissions in the U.S, yet a very small percentage of this housing stock meets high-performance or net zero emissions standards. High upfront costs, lack of consistent code or capital requirements, complex regulations, and lack of awareness have contributed to slow adoption and kept costs high. As we face both a climate and an affordable housing crisis, there is enormous opportunity to decarbonize multifamily housing to create safer, healthier, more resilient, and more affordable homes for millions of Americans.

Climate United has the unique ability to work with the existing ecosystem of first mortgage lenders that routinely finance fossil fuel-based buildings to enable those lenders to introduce their customers to a lower cost, higher leverage debt product that would require an owner to decarbonize their building. We will provide lenders with the tools they need to integrate decarbonization into their current originations and closing routine. Getting first mortgage lenders to bring decarbonization to their customers and “green” their existing processes is truly market transformative and offers the only pathway for comprehensive, scaled decarbonization of the built environment. Our projections include the decarbonization of 188,000 units of multifamily housing across the affordability spectrum. Our approach to deploy NCIF capital through existing mortgage lenders focuses on four deployment verticals: (1) CDFIs, (2) Housing Finance Agencies (HFAs), (3) mortgage banks, and (4) commercial lenders, ensuring that we will have broad reach and impact across all 10 EPA regions. Working across all four verticals allows for decarbonization for large conventional properties (i.e., GSEs), federally and state subsidized affordable housing (i.e., HFAs), small properties in rural and tribal communities (i.e., CDFIs), and workforce housing (i.e., commercial lenders). All lenders will be given the regionally appropriate tools they need to navigate the technical process and requirements to decarbonize buildings and will be allocated subordinate mortgage capital to support the added cost to get the buildings they finance to net-zero or net-zero ready.

Potential Transaction Partner and Pipeline Example: In Indianapolis, a to-be-constructed affordable low-income housing tax credit (LIHTC) deal is awaiting a bond allocation and is currently planned to be constructed with fossil fuel-based heating and cooling. Through our originating partner Cinnaire, Climate United would be able to offer subordinate low-cost debt to offset the higher cost of all electric construction with renewable energy and no combustion on-site. The bond proceeds would be credit enhanced by a GSE and originated by an HFA or local lender who would adopt the net-zero emissions standard and would require, review, monitor and certify its completion.

Market Segment 3: Community Infrastructure

Why this segment delivers benefits to American communities. Community infrastructure has a large impact on our quality of life and is a visible centerpiece in most American communities. There are more than 400,000 houses of worship, 11,000 Federally Qualified Health Centers, and 25,000 childcare facilities, and countless other community buildings across the country where energy usage is a large budget item. Improving the energy sources and efficiency of these buildings directly improves the health of those who visit, creates more resiliency to climate or other natural disasters, and saves money for organizations that will benefit from additional monthly cash flow. Climate United intends to work with Transaction Partners that have existing networks of community facilities like Capital Link (FQHCs), the Low-Income Investment Fund (childcare facilities), Raza Development Fund (community facilities), Nonprofit Finance Fund (community and arts organizations), and others to leverage existing relationships in order to reach, support, and finance building upgrades and solar and storage for QPs wholesale across the network. These investments will have the added benefit of turning these community buildings into resiliency centers in the event of community-wide power outages.

> "We are very interested in partnering with Self-Help and Climate United to help ensure that Black communities access the energy cost savings and health benefits that will come with this unprecedented investment in clean energy." – *Dr. Jerry Young, President, National Baptist Convention*

Potential Transaction Partner and Pipeline Example: The National Baptist Convention, the nation's oldest and largest African American religious convention, is interested in partnering with Climate United to help ensure that Black communities access the energy cost savings and health benefits available through NCIF. Seventy-two percent of LIDAC communities are also communities of color and Black children are 34% more likely to live in areas with the highest projected increases in childhood asthma. National Baptist Convention can help bring energy savings, cleaner air, and greater resiliency to houses of worship in 21,000 communities across the country, and—tying back to our consumer market segment —can connect congregants to information, support and access to affordable household energy efficiency, solar and EV loans.

Market Segment 4: Small Businesses and Small Farms

Why this segment delivers benefits to American communities. Small businesses and small farms are the backbone of the economy but are also a disaggregated source of emissions through their buildings, land, and vehicles. Relative to large corporations, each small business or farm may have a limited emissions footprint, but collectively, their impact on the environment is significant. Small to mid-sized companies make up roughly 99% of businesses in the U.S. and are responsible for the majority of emissions from commercial buildings. These small businesses will need financial and technical assistance in the transition. Supporting a small business's ability to adopt clean technologies will save them money on energy bills, enabling them to grow employment and build wealth while maintaining their competitiveness with their larger peers. Climate United will work with networks of small businesses and farms like potential transaction partners Main Street America and Akiptan, and critical market aggregators like Farmer Mac and the Small Business Administration, to support widespread distribution of loans across QPs.

Potential Transaction Partner and Pipeline Example: The National Trust for Historic Preservation and Main Street America have a network of more than 1,600 communities across the country – rural and urban. Gap financing is needed for projects like The Palmer Pharmacy Building, a corner drugstore in Lexington, KY built in 1961 and the only Black-owned drugstore in town. The United Way of the Bluegrass is redeveloping the Palmer Pharmacy as a neighborhood hub. The city has allocated $300,000 for environmental remediation, roof repair, and structural repair. The National Trust's African American Cultural Heritage Action Fund provided a $50,000 grant to support the effort, and the capital stack will also include federal and state historic tax credits. The anticipated gap in funding, including funds required for a deep energy efficiency retrofit and building electrification, is estimated to be $250-$500K.

Market Segment 5: Schools & Minority Serving Institutions
Why this segment delivers benefits to American communities. Our focus within this segment is K-12 school buildings, Minority Serving Institution (MSI) campuses, and school bus conversion. Schools are the third largest sector of commercial building energy usages in the U.S., and energy bills are the second biggest budget item for most districts, after personnel. Students, teachers, and school staff spend 1,000+ hours per year inside a school building – places that are highly visible buildings in a community and can demonstrate the benefits of clean technologies to a broad range of stakeholders. Similarly, more than 400 MSI campuses present an opportunity to decarbonize communities, save energy costs, and create cleaner air in Justice40 communities. Lastly, there are 500,000 school buses in the country that move 26 million children each day and account for over 5 million tons of annual GHG emissions. These buses create the unhealthiest air that a child will breathe all day because 95% of them run on diesel fuel. Electrifying buses will create immediate improvements in air quality and children's health.

Potential transaction partnerships with state and local governments like the Ohio Air Quality Development Authority, the Vermont Bond Bank, Finance New Orleans, and community partners and aggregators like HOPE Credit Union who organize projects on HBCU campuses across the south, will allow Climate United to develop a standardized approach to deploy NCIF funds to support building decarbonization and solar/storage installation on campuses. These state and local partnerships will also be leveraged to work with school districts on bus conversion.

Potential Transaction Partner and Pipeline Example: HOPE Credit Union is developing a pipeline of energy efficiency and solar projects with Historically Black Colleges and Universities (HBCUs) that can help reduce operating expenses and enhance resiliency at these anchor institutions in the Deep South. An HBCU in Mississippi partnered with an energy service company (ESCO) to develop a campus-wide interior lighting upgrade that would offer $355K in energy savings a year, at a total project cost of $5.8M, and quickly hit pause after running the numbers. This is one of 20 projects in pipeline and $34M in total project need for HBCUs across MS, AL, LA, and TN. Climate United will partner with HOPE to supply the gap capital needed to make these projects work across the Southeast.

Market Segment 6: Stand-Alone Generation and Transportation
Why this segment delivers benefits to American communities. Many areas within the U.S. lack access to traditional electricity infrastructure. Stand-alone renewable generation, with a focus on community solar and storage can provide communities with a reliable source of clean energy. Investments in community solar can stimulate local economies, create quality jobs in installation,

operation, and maintenance, and improve air quality. The initial investment in the renewable infrastructure will be paid off through lower operational costs and protection against volatile fossil fuel prices. We will work with platforms, originators, and developers of community solar, with a preference for organizations who prioritize education, outreach, technology enablement, and access for LIDAC subscribers – like potential transaction partners Solstice, HASI, GRID Alternatives, Working Power, Sunwealth, and the Climate Access Fund, as well as companies supported by Elemental Excelerator – or who, with access to NCIF funds, can increase the availability of community solar for lower-credit consumers.

Potential Transaction Partner and Pipeline Example: GRID Alternatives is a national 501(c)(3) nonprofit solar energy and clean transportation provider exclusively serving and partnering with low-income and disadvantaged communities and Tribes. To date, GRID Alternatives has a 28MW pipeline accounting for $65.6M of development costs in need of investment. Funding through Climate United would enable GRID to unlock more low-income dedicated clean energy projects. GRID will focus on developing distributed solar generation, battery storage resiliency, and electric vehicle charging infrastructure projects with and for low-income communities.

Why these segments currently lack and/or have historically lacked capital access

Our approach is to address the historic barriers to capital access within each segment based on the nuanced gaps that exist across the private markets. We know that private capital moves for three reasons: profitability, regulation, or liability. In each segment, the upfront costs of clean technologies often impede near-term profits and there is no federal regulation like the Community Reinvestment Act requiring banks and lenders to address carbon in their lending and investment. Liability is emerging and creates an opportunity until costs come down. <u>Investments in cross-segment decarbonization will not happen without an intervention that changes these dynamics, which is why in every segment we are laser focused on why credit access has been constrained and how to structure the right financial solution to make the math work.</u>

1.2.3.3. Geographies

Due to our extensive community and Transaction Partner outreach, Climate United has a geographically diverse pipeline of projects and partnerships that span all 50 states, many Tribal nations, DC, and Puerto Pico. We have 172 local and regional-focused or local across each EPA region and more than 58 national partners. Our targeted market-building activities as described in **Section 1.2.5**, paired with the geographic reach of our potential implementation partners including NeighborWorks America and the Relay Network, will support local capacity and infrastructure to generate projects. Additionally, our community engagement staff will coordinate with our Advisory Council and work alongside our investment officers to identify and prioritize pipeline opportunities that meet our equity and community benefits targets.

Deployment in geographically diverse communities

> "Part of our enthusiasm for the Climate United application stems from the clarity of their vision for leveraging a portion of NCIF funding to catalyze GHG reduction and mitigation in rural America…. While there are multiple examples of financial innovators supporting farmers in overcoming financial barriers to climate-smart agriculture, there remains a significant opportunity to expand these efforts. Climate United, and its extensive network of sustainable and agricultural finance partners, have a clear and vigorous plan for doing just that." – *Bradford T. Nordholm, President and CEO of Farmer Mac*

We are targeting 20% of our investments in rural communities. Rural communities often have a harder time attracting private capital, which means that NCIF funds may be larger portions of the capital stack to ensure that their projects are financed. Beyond our Transaction Partnerships, we have held listening sessions with rural stakeholders, such as Partners for Rural Transformation and the Environmental Defense Fund-led Climate-Smart Agriculture Finance Coalition, to learn more about how products may need to be adapted and deployed to serve these geographies.

Potential Transaction Partner and Pipeline Example: Communities Unlimited is a nonprofit CDFI focused on rural water and wastewater systems and rural small businesses across rural Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, and Alabama. Climate United will support the installation of solar arrays on their pipeline of 171 wastewater systems across the region. Their strategy is to borrow long-term, low-cost funds to finance arrays that will meet the systems' average annual electricity usage at terms that allow cost savings to pay off the loan and prevent an increase in sewer rates for residents on fixed and low incomes.

Deployment in Tribal communities

We are targeting 10% of our investments in Tribal communities. Our potential transaction partners have extensive relationships in Tribal communities, such as NeighborWorks Capital (NWC) and Indigenous-led and Indigenous-serving organizations around the country, such as the Alliance for Tribal Energy and the Native CDFI Network. Climate United is developing relationships with nonprofit regional inter-Tribal organizations such as the United South and Eastern Tribes, Inc., and the Affiliated Tribes of Northwest Indians to ensure that tribes have capital solutions for their clean energy needs.

Potential Transaction Partner and Pipeline Example: Navajo Power brings residential solar and battery storage systems to homes on the Navajo Nation that lack grid electricity. As of 2023, Navajo Power Home provides solar to 600 people. On average, customers save 42% on their monthly energy costs while receiving access to reliable and renewable electricity. Using financial assistance from the NCIF, Navajo Power can scale its operations and bring solar and battery storage systems to 10,000 homes in Navajo Nation in EPA Regions 6 and 9.

Deployment in low-income and disadvantaged communities

We are targeting 60% of our investments in low-income and disadvantaged communities. This will be driven by our partnership approach with entities whose mission it is to serve LIDAC, including potential transaction partners Inclusiv, the African American Credit Union Coalition, and the Opportunity Finance Network. For example, Inclusiv has worked with Community Lenders serving 47 states, D.C., and Puerto Rico to develop green lending products and provide training through Inclusiv's Center for Resiliency and Clean Energy. Their membership of 481 community development credit unions (CDCUs) has strong national representation across the South, Northeast, Midwest, and West Coast, all serving or located in LIDAC. These CDCUs will serve as originating partners for our consumer loans and single-family mortgages.

Potential Transaction Partner and Pipeline Example: Clearwater Credit Union, a Low-Income Designated credit union and Montana's largest CDFI, has been developing products and partnerships in the green lending space, especially developing a rooftop or ground installed solar loan product which is distributed by 75% of Montana's private sector solar installers. Without deep subsidy, these products struggle to reach Clearwater's predominantly low-income membership. Clearwater and its partners, for example the state's HRDCs (Community Action Agencies) and Native CDFIs, are well-placed to work with Climate United to bring the benefits of clean technologies to the communities they serve at scale.

1.2.4 Financial Products and Transactions

1.2.4.1 Financial Products

From 0% interest rate EV and residential solar loans to multifamily subordinate loans and balance sheet loans to Community Lenders, Climate United has developed a suite of financial products for all three project categories and six market segments based on collective experience and feedback from borrowers, lenders, and community engagement partners. Climate United will use its 75+ lending offices and 220+ lending partnerships across the country as our innovation sandbox to continuously test, measure, and adjust these products. In addition to Climate United's deep lending infrastructure, we will utilize our well-developed financing vehicles, structures, and partnerships to deliver at scale. This enables local solutions that benefit from national partnerships that bring efficiency, low-cost capital, and spur market transformation.

Climate United will ensure a sustainable fund that can be revolved far beyond the grant compliance period while offering products that meet borrowers and markets where they are. Specifically, funds will be leveraged with private capital to provide adequate levels of subsidy to spur the adoption of green alternatives. As costs come down and markets mature, we will slowly decrease the amount of subsidy per transaction to ensure our products are additive and to maximize sustainability of the fund.

Climate United will use three primary product approaches:

1. **Standardized products** originated locally and aggregated to leverage secondary markets. Across the full award, we project approximately 66% will be deployed through these products across market segments;
2. **Direct investments into Community Lenders** to facilitate standardized and tailored loans into QPs that will stay on the balance sheets of the Community Lenders, we project approximately 10% will be deployed to balance sheets;
3. **Direct investments from Climate United** into QPs that require a customized financing solution and will stay on the balance sheet of Climate United, which is projected to be approximately 24% of awarded funds.

The product summaries and tables below provide details on our financial products, along with how they will support NCIF project categories, market segments and geographies.

Approach 1: Standardized Loan Products

1A. Clean Air will finance highly energy efficient, all-electric whole-home or building retrofits or new construction that meet both net-zero emissions and net-zero ready standards. We anticipate all Clean Air retrofits will meet the EPA's Priority Project criteria, as will LIDAC new construction that achieves the full net-zero building standard in EO 14057 by eliminating Scope 2 emissions. This product will be offered in all 10 EPA regions with an initial focus on areas with supportive policy and favorable project economics (i.e., buildings currently heating with oil, propane or electric resistance where conversion to high-efficiency heat pumps offer the largest energy and operating cost savings). Additionally, regions that have a density of good candidate buildings will likely offer the best opportunity for catalyzing market transformation.

Table 11. Clean Air Product Terms

Market Segment	Consumer	Multifamily	Commercial
Geographies	LIDAC only	All geographies*	All geographies
Interest Rate**	Up to 2.36% below market	0.25%-3%	2.5%-3.5% below market

Market Segment	Consumer	Multifamily	Commercial
Combined LTV	97%	95% or higher	100%
Max Term (yrs)	30	30-40	15
Amortization (yrs)	30	30-40	25
Lien Position	1st	Fully Subordinate	1st

*New construction would be limited to LIDAC communities
**Interest rates can vary by credit profile and have lower rates for LIDAC borrowers, greater efficiency, and level of housing affordability

1B. Save a Ton will finance substantial reduction of GHG in existing buildings to make significant progress towards net-zero (i.e., model at least a 1-ton reduction per unit, 20% energy reduction, or similar metric) and will be focused initially on regions in cold climates and those with a dirtier than average grid. The goal will be to drive uptake in regions that can deliver large carbon savings per retrofit to ensure economic efficiency with limited GGRF funds. Borrowers will make a plan (e.g., an energy audit paired with a zero-over-time plan) to achieve net-zero, making Save a Ton eligible as a Priority Project and meeting EPA energy efficiency standards.

Table 12. Save a Ton Product Terms

Market Segment	Consumer		Multifamily	Commercial	
Sub-segment	1st Mortgage	Unsecured	Subordinate 2nd Mortgage	1st Mortgage	Subordinate
Geographies	LIDAC only	All	All	All	All
Interest Rate*	Up to 1.86% below market	2.5% fixed to 2.5% below market	0.25% - 3% fixed	2%-3% below market	3% fixed to 2% below market
Combined LTV	97%	N/A	95% or higher	100%	100%
Max Term (yrs)	30	15	30-40	15	15
Amort (yrs)	30	15	30-40	25	15
Lien Position	1st	Unsecured	Subordinate	1st	Subordinate

*Interest rates can vary by credit profile and have lower rates for LIDAC borrowers, greater efficiency, and level of housing affordability

1C. Simply Save is designed for borrowers who need flexible, timely financing to address more immediate energy efficiency and electrification upgrades. To qualify, consumers must finance items on an approved list of upgrades such as weatherization, Energy Star appliances, and charging equipment for EVs. Commercial borrowers will finance energy efficient equipment that either meets Energy Star or provides 20% modeled energy use reduction based on an energy audit. The consumer product will layer well with the Department of Energy (DOE) Home Electrification & Appliance Rebates program to help borrowers bridge rebates and/or tax credits.

Table 13. Simply Save Product Terms

Market Segment	Consumer	Commercial
Geographies	All geographies	All geographies
Interest Rate	LIDAC: 3% fixed; Non-LIDAC: 2% below market	2%- 3% below market depending on LIDAC

Combined LTV	100%; $500 minimum loan	100%; $5,000 minimum loan
Max Term (yrs)	15	10
Amortization (yrs)	15	10
Lien Position	Unsecured	UCC on equipment

1D. Sun Savings will finance the installation of solar or solar/storage on buildings across market segments to support distributed generation of renewable energy and drive cost savings.

Table 14. Sun Savings Product Terms

Market Segment	Consumer	Commercial
Geographies	All geographies	All geographies
Interest Rate	LIDAC: 0% fixed; Non-LIDAC: 2% below market	2%- 3% below market depending on LIDAC status
Combined LTV	100%	100%
Max Term (yrs)	20	20
Amortization (yrs)	20	20
Amortization Note	Borrower can prepay portion and re-amortize the balance after receiving tax credits	
Lien Position	UCC on Panels	UCC on Panels

1E. Electrify will make EVs affordable via low-cost, long-term financing that keeps monthly vehicle payments low. To qualify, the vehicle must meet the zero-emissions transportation standards. The purchase/installation of level 2 chargers can be included in the loan amount.

Table 15. Electrify Product Terms

Market Segment	Consumer	Commercial
Geographies	All geographies	All geographies
Interest Rate	LIDAC: 0% fixed; Non-LIDAC: 2% below market	2%- 3% below market depending on LIDAC status
Combined LTV	120% (to include Level 2 charger)	120% (to include Level 2 charger)
Max Term (yrs)	7	7
Amortization (yrs)	7	7
Lien Position	Lien on car	Lien on car

Financing Structures for Standardized Loan Products

The financing vehicles vary slightly by market segment and are based on Climate United's extensive experience working within private capital markets. In the single-family market, lenders will originate high loan-to-value (LTV) mortgages without costly mortgage insurance. Climate United will purchase them at a slight premium to cover the ordinary cost of origination that is normally passed on to the borrower in the form of a higher interest rate. We will then sell the mortgages to GSEs with a top loss guaranty backed by a Loan Loss Reserve funded by the NCIF grant. The GSEs will package these mortgages into Mortgage-Backed Securities that will be sold in the private capital markets, recapitalizing Climate United to do additional lending. Climate United may hold some MBS to generate revenue to support fund operations and future lending. For all other standardized products, Climate United will purchase these at a slight premium directly from lenders or via loan aggregators. We will then use two liquidity strategies: (1) blend private and NCIF capital to warehouse loans on its balance sheet and (2) sell whole loans and

Asset-Backed Securities to the traditional private capital markets at a discount to generate an appropriate risk adjusted yield for investors while raising additional liquidity to make more green loans. Climate United anticipates that these loan sale discounts will decrease over time as the green lending and investing markets mature.

For our standardized loan products, we are conscious of the impact that a stringent competition may have on lender participation, our timelines to execute, and/or administrative costs. For this reason, Climate United may request an EPA exception under 2 CFR § 1500.4(a) to competitive procurement requirements for loan purchases (and to the extent servicing is retained by the originating lender, loan servicing), as noted in the FAQs. Purchases of these loans (and the option for the originating lender to retain servicing) will be marketed broadly and offered to all lenders meeting transparent eligibility requirements. In cases where the originating lender does not retain loan servicing, however, loan servicers for purchased loans will be selected by Climate United in accordance with EPA's procurement process.

Approach 2: Direct Investments in Community Lenders or Other Transaction Partners
Origination of certain QPs will require specialized financial products that do not fit neatly into our standardized offerings. In addition, some Community Lenders will prefer to hold loans on their own balance sheet versus financing through standardized secondary markets. For these reasons, Climate United will also invest directly in Community Lenders that will use capital to invest across project categories and all six market segments nationally, in close coordination with the recipients of funds through the Clean Communities Investment Accelerator.

2A. Balance Sheet Lending and Advances Backed by Standardized Loans: Climate United will make loans to Community Lenders to provide subsidized liquidity to originate QPs in their markets. We expect to mainly offer non-recourse debt, which would allow Community Lenders to borrow beyond their capitalization constraints to quickly increase volume. This product will be offered interest-only for up to 20-year terms at interest rates between 0.5%-6% depending on the security, QP types supported and the beneficiaries of the projects. Lower rates will go to Community Lenders originating loans in Priority Communities and in states or regions where there is not a high concentration of Community Lenders. These loans can be used in various positions within the QP capital stack (e.g., equity, subordinate debt, senior debt) to ensure they meet the “may not have otherwise been financed” and “private leverage” tests.

2B. Asset-Level Credit Enhancement: Climate United will offer credit enhancement for Community Lenders and other Transaction Partners who have access to the liquidity to originate QPs but cannot take on certain risks that limit the private capital from flowing, particularly in Priority Communities. The enhancement can be structured as a loan loss reserve or partial guaranty that will be sized based on what is needed for the transaction. The Community Lender will pay a small fee (0.25% – 2.00%) to access the credit enhancement.

Approach 3: Customized Financing Solutions from Climate United to QPs
Lastly, Climate United will structure customized financing solutions for QPs across all six market segments nationally, except consumer. Different projects will require different pricing and risk structures as well as various forms of investment (equity, senior debt, subordinate debt, guaranties). Examples of these customized solutions include, but are not limited to:

3A. Residual value guaranty for EV bus and truck financing: Most capital providers cannot currently finance EV fleets at scale because of the uncertainty of future residual values. Until the volume of data exists, Climate United will structure a residual value guaranty product that creates a floor for the future value of the bus or truck.

3B. Minimum utilization guaranty for EV charging: A barrier for EV charging infrastructure, particularly in LIDAC, is uncertainty around usage as EV adoption increases. To address this problem until there is steadier usage, Climate United will structure a minimum utilization guaranty which will provide a floor for usage that allows private capital to finance the upfront charging installation with more certainty in future cash flow.

3C. Loan participations with Community Lenders or other Transaction Partners: Climate United will offer loan participation facilities to create streamlined access to capital for the origination of certain QP types. The participations can either come alongside or be subordinate to the originating lender and provide subsidized liquidity, credit enhancement, or both. The terms will vary depending on the profile of the QPs.

Financial Products Projected Volume Summary

Table 16. Financial Products Volume Summary

Market Segment		NCIF $	% of NCIF
Standardized Products	Clean Air	$3,652	27.7%
	Save a Ton	$3,760	28.5%
	Simply Save	$88	0.7%
	Sun Savings	$475	3.6%
	Electrify	$769	5.8%
Direct Investments in CLs		$1,288	9.8%
Direct Investments in QPs		$3,172	24.0%
Total		**$13,204**	**100.0%**

Note: All numbers in millions of dollars

1.2.4.2 Current Transaction Pipeline

Climate United has a significant pipeline that supports our ability to deploy at least $850M in the first 6 months, $1.8B in the first year, $7.2B in the first three years and deploy the full award within five years. We have Transaction Partners across the country standing ready to support this deployment, evidenced by 262 Transaction Partner and Pipeline letters attached.

Climate United's pipeline provides tangible evidence of the opportunity to realize equitable and deep national decarbonization which meets America's “Net Zero by 2050” ambitions. It reflects a pragmatic, achievable blueprint to manifest the goals set forth by the Inflation Reduction Act, various EOs (14005, 14008, 14096) and *The Long-Term Strategy of the United States* in a manner consistent with the aims of frameworks like the Justice40 initiative: to ensure a fair and equitable national energy transition. Our pipeline is the product of a months-long collaborative effort by the Coalition Partners and includes meaningful contributions from a further constellation of dozens of Transaction Partners covering the entire breadth and depth of the capital markets and the green and community investment landscape. This pipeline reflects our deep commitment to a 50 State Strategy: simultaneously national in scale and purpose, but intimately local in engagement, execution, and outcome.

Soon after the NOFO was released, we developed a robust QP intake model for partners to input pipeline across project categories that detailed the project type, intervention, location, and capital needs. We received input from 74 partners and the results were a $124B project pipeline over the initial seven years. NCIF funds represent $32B of that number, and the remainder is capital mobilized through available incentives and direct private financing. The tables below detail the potential impact of the pipeline if NCIF funds of this scale were available. Full methodology is available upon request.

Table 17. Summary of Qualified Pipeline by Category

Project Category	Key Pipeline Metric	15-Year GHG Emissions Reduction/Avoidance	Total Project Cost	Total NCIF Funds
Distributed Energy Generation & Storage	20 TWh/yr	107 MMT CO_2e	\$32B	\$11B
Building Decarbonization	15.5B sqft	66 MMT $CO2_2e$	\$82B	\$18B
Electric Transportation	2.3B VMT/yr	6 MMT $CO2_2e$	\$9B	\$3B
Total		**179 MMT $CO2_2e$**	**\$124B**	**\$32B**

Table 18. Building Decarbonization Pipeline by Building Use

Building Typology	Number of Units	Total Square Feet	Current Annual GHG Emissions $MTCO_2e$	15-Year GHG Emissions Reduction/Avoi-dance $MTCO_2e$	Total Project Cost
Single-Family Household	124,126	236,434,170	251,408	3,157,763	\$19.6B
MF Housing	443,175	499,211,439	122,718	14,891,343	\$46.3B
Community / Nonprofit Infrastructure	0	262,092,179	93,875	2,937,691	\$2.9B
Other Commercial, Ag, & Industrial	0	7,725,834,257	4,310,697	4,971,374	\$8.9B
Schools & MSIs	0	6,800,954,155	106,529	40,252,273	\$4B
Total	**567,301**	**15.5B sq ft**	**4,885,227**	**66 MMT CO_2e**	**\$82B**

1.2.4.3 Transaction Partnerships Plan

The CUF Coalition Partners have a long history of working with and through Community Lenders and other Transaction Partners to support the origination of loans and projects and will bring our same approaches to the NCIF. We have 230 total potential Transaction Partners, of which 172 are active locally across all 10 EPA regions and 58 who work nationally. ***The following list includes <u>five example</u> partners per region and is not exhaustive.***

Table 19. Local Community Lenders by EPA Region

EPA Region 1	EPA Region 2
Coastal Enterprise Inc,	New Jersey Economic Development Authority
Massachusetts Community Climate Bank	New York City Energy Efficiency Corporation
PosiGen Inc.	New York Green Bank
Sunwealth Power, Inc.	JetStream Federal Credit Union

Vermont Bond Bank	NYC Housing Preservation & Development
EPA Region 3	**EPA Region 4**
City First Enterprises, Inc. (CFE)	Communities Unlimited
Climate Access Fund (CAF)	Latino Community Credit Union
DC Green Bank (DCGB)	HOPE Credit Union
Federation of Appalachian Housing Enterprises (Fahe)	SAVES (Sustainable and Verifiable Energy Savings) Green Community Fund
Virginia Housing	Optus Bank
EPA Region 5	**EPA Region 6**
Compeer Financial, ACA	Come Dream, Come Build (CDCB)
Low Income Investment Fund (LIIF)	Finance New Orleans (FNO)
Minnesota Housing	Jarvis Christian University
Ohio Air Quality Development Authority	Rio Grande Valley Multibank (RGVMB)
Wisconsin Housing and Economic Development Authority	Homewise
EPA Region 7	**EPA Region 8**
Community Builders of Kansas City	Akiptan Inc
Missouri Green Ganc	Clearwater Credit Union
Navajo Power	Climate-Smart Agriculture Finance Coalition
NDN Fund	NeighborWorks Southern Colorado
Neighborhood Finance Corporation	Rocky Mountain Communities
EPA Region 9	**EPA Region 10**
GRID Alternatives	Beneficial State Bank
Hawai‘i Home Ownership Center	Craft3
Nevada Clean Energy Fund	DevNW
RAZA Development Fund	NeighborWorks Alaska
Kaua‘i Federal Credit Union	Washington State Housing Finance Agency

In addition, we have strong and aligned partnerships with national clean technology lenders and investors who can adopt standardized products and co-invest with Climate United at scale to reach into markets where private capital is not flowing today. These include HASI (formerly Hannon Armstrong Sustainable Infrastructure), Elemental Excelerator, Bank of America, Wells Fargo, JP Morgan Chase, Bank of Montreal, Amalgamated Bank among others. We also have core partnerships with critical market-makers like Fannie Mae, Freddie Mac, and Farmer Mac, to drive adoption of new emission reduction standards across the hundreds of billions of dollars of transactions they do annually, in all EPA regions.

> “Fannie Mae has a long history with constituent members of the Climate United coalition, including Self-Help, an approved Fannie Mae Single-Family seller, and Community Preservation Corporation, a Multifamily specialty affordable lender. Should Climate United be a recipient of NCIF funding, we will seek opportunities to work with Climate United where grant funds can serve as a catalyst to spur more sustainable housing.” – *Tim Judge, Chief Climate Officer, Fannie Mae*

Transaction Partnership Operating Model

Climate United's Transaction Partnerships operating model builds upon the proven models and processes used by the Coalition Partners. Most Transaction Partnership relationships are longstanding with organizations active in the community and in the green finance field who are ready and willing to expand their work with the support of NCIF funds. Some are newer to clean energy and are beginning to work GHG reduction into their lending operations. With attention to developing a broad and deep resource infrastructure, we will facilitate connections between Transaction Partners and Market Development partners, including workforce, technical assistance, predevelopment and community engagement partners. We will use the following process to identify, onboard, and develop a financing relationship.

1) **Open call for Transaction Partners**. We will maintain an open and transparent process for Transaction Partners to submit information about their organization and qualified pipeline. We will review submissions against a stated Transaction Partner criterion, and Partners that meet that criterion will be assigned to a Climate United relationship manager.
2) **Counterparty Assessment.** Based upon the Transaction Partner type and their relevant market segments, we will conduct a Counterparty Assessment that reviews their operational and lending or investment history, current financial position, pipeline, community impact, and operational ability to execute QPs in accordance with our Investment and Fair & Responsible Lending Policies.
3) **Review of Capital Needs.** We will work with counterparties to determine which financial product(s) best support their pipeline and organizational needs, including if they are best suited to originate standardized products, take on direct debt, or need a customized solution.
4) **Capital Deployment.** We will work with our Transaction Partners to either facilitate the origination of our standardized products or structure the right on or off-balance sheet solution, using standardized legal documentation where possible. For all use of funds, we will require a verification step to ensure the NCIF funds are used to support QPs.
5) **Ongoing Monitoring and Reporting.** Once capital is deployed, we will collect ongoing financial and impact data on the QPs to support our portfolio monitoring, reporting requirements, and market development efforts per our Investment Policy.

1.2.5 Market Development Plan

Climate United's program plan relies on a coordinated partner-driven approach to market development focused on trusted local organizations with existing relationships and capacity to execute. Our plan is to build a supportive ecosystem for the financing of QPs that leverages national networks of local implementation partners and strong coordination with labor and workforce organizations to ensure financed projects are (i) generating high-quality jobs with a diverse, skilled workforce, (ii) delivering high-performing buildings for owners and occupants, and (iii) eliminating the barriers that have historically prevented the scaling of clean energy technologies across segments. This is an all-hands-on-deck opportunity to coordinate across other GGRF programs, local, state and other federal programs, and the significant tax incentives in the IRA to change the calculus for the adoption of clean technologies.

Climate United's Market Development Plan has three (3) core components:

1) **Capital demand side market building**. Activities focused on increasing access, generating awareness and driving demand for clean technologies across market segments.

2) **Predevelopment**. Activities required to take an interested customer and convert to a financed project within each market segment.
3) **Capital supply side market building**. Activities focused on aggregating data and educating the capital markets and the surrounding infrastructure (e.g., ratings agencies, market analysts) on the opportunity to invest in individual QPs or in aggregated pools of QPs.

This work exists on a spectrum and requires alignment, supportive technologies, a targeted workforce strategy and significant coordination to execute. Climate United partners have done this in other sectors and geographies and will look to leverage that experience and relevant relationships for implementation.

1.2.5.1 Predevelopment Plan

Barriers to Developing a Pipeline of Financeable Projects Across Sectors. There is limited awareness of the urgent need to reduce GHG emissions and there is no simple path forward to begin the process. Effectively using NCIF capital to create awareness, drive demand, and overcome the financial and technical obstacles to getting started is at the heart of Climate United's predevelopment strategy. We will ease the financial burden of up-front feasibility studies with predevelopment grants and loans tailored to each segment and we will partner broadly with technical assistance providers so that projects can be developed efficiently and with integrity. By financially supporting comprehensive upfront technical work and partnering with industry leaders, we will bring NCIF capital to existing pipelines across all sectors, allowing work that is happening every day to reach cleaner solutions.

Project Feasibility and Scoping. Current markets support "business as usual" consumer choices. Fossil fuel heating and cooling systems, internal combustion cars, and gas appliances are sold every day at prices well below their green counterparts. When a consumer or property owner needs to make the choice for a system, vehicle, or appliance replacement or upgrade, the easy choice is often not the greenest one. Transitioning to green choices requires significant education, intervention, and support.

When the IRA was passed, Climate United began immediately thinking about how this amount of capital could be deployed quickly and what industry infrastructure would be required to drive scale. We undertook a national survey of energy services firms performing technical feasibility work and determined that there is a pressing need for capacity building at the local level, so we developed partnerships with national networks of local technical organizations. Climate United has identified potential transaction partners like The Relay Network, a national group of nonprofit energy services companies and Building Energy Exchanges working in communities across the country every day supporting the clean energy transition, who would be capable of carrying out our national predevelopment and market building strategy in conjunction with other strong potential partner networks such as NeighborWorks Capital, National Housing Trust, and other lender partners working to standardize decarbonization methods in lending practice.

Working with partners we will fill regional gaps and:

- Identify QP requirements, assessment standards, and financial and technical underwriting criteria;
- Identify the appropriate assessment and underwriting criteria for projects according to "Clean Air", "Save a Ton", "Simply Save", "Sun Savings" and "Electrify" product standards;
- Develop contractor standards and qualifications that align with IRA rebate structures;
- Develop data management, reporting requirements, and associated systems requirements to enable a request for proposal (RFP) process for bids by qualified development firms;

- Develop uniform tools for building assessments and estimating costs and climate impact, sample solutions based on size and age of building, sample RFPs, and sample contracts;
- Create a national database for energy usage, carbon reduction, and decarbonization project costs broken down by EPA region, so other potential asset owners can find appropriate “comps” to guide future decarbonization investment;
- Create region-specific decarbonization playbooks that will be customized by the local technical service providers to align with state and local utility incentive programs and regulatory environments, with updates annually;
- Develop and deliver ongoing training to lenders, contractors, owners, community organizations, building operators, and other priority segments, in conjunction with established, on the ground community organizations;
- Facilitate vendor matchmaking for QPs;
- Develop and manage a project hotline for all stakeholders;
- Track local impact metrics in alignment with EPA requirements;
- Facilitate network knowledge sharing based on real-time challenges and solutions in the field bringing forward success stories and case studies.

This work is critical to begin now and should be coordinated across all GGRF awardees. Hotlines for consumers, toolkits for lenders, feasibility roadmaps for building owners and contractors, and workforce training and retraining are all critical ecosystem infrastructure and will drive integrity, success, and scale. As the market matures and transforms to low carbon as the norm, the costs of these necessary predevelopment support and market building efforts will decrease. Climate United is committed to doing this work alongside the EPA and all awardees.

1.2.5.2 Market-Building Plan

Climate United has a plan for both non-financial and financial market-building activities that will generate broad demand for QPs and connect interested organizations with the technical skills, tools, and financial products they need to execute.

Non-Financial Market-Building Plan. Our capital demand side market-building plan focuses on broad awareness building, targeted outreach and education, and straightforward conversion to address the historic barriers noted in the Program Vision. The foundation of our strategy will be potential partnerships with national networks of local organizations like NeighborWorks Capital, NeighborWorks America, National Housing Trust (NHT), National Baptist Convention, Industrial Areas Foundation, among others. These organizations will engage, educate, and equip local partners with the tools to facilitate QP development.

For example, NeighborWorks America could leverage its infrastructure and the work of its 247 members that are active in every state, Puerto Rico, DC, and on Tribal lands to convene and train partners across the country, both virtually and in person, to raise the level of knowledge of energy-related investment and lending. This effort will be coordinated with our technical pre-development partners to ensure every local organization is equipped with what they need to develop quality projects.

In addition, we will utilize an online platform that will be broadly accessible to stakeholders across market segments. We anticipate integrating navigational tools to help users understand their eligibility for tax credits and rebates by leveraging a national database of clean energy incentives, such as the DOE-funded Database of State Incentives for Renewables & Efficiency (DSIRE) platform managed by the NC Clean Energy Technology Center (NCCETC) and connecting users to financing options. This platform will include multiple customer journeys depending on the user, for example:

- A family looking for a vetted HVAC contractor for a new heating and cooling system can insert their address and connect directly with our local contractor network who can package the green option with our standardized financing products;
- A childcare center operator can search their location and receive an estimate of potential savings through efficiency measures, electrification of core systems, or solar panels and then connect with a qualified provider and lender within the Climate United network.

This will allow all partners – elected officials, community leaders, employers, etc. – to drive attention and awareness to one website (e.g., climateunitedfund.org) to understand options and access funds. We know that access, and ease of access, is fundamental to changing hearts and minds. The Coalition Partners have experience building out these platforms in other programs to optimize user experience and drive towards action.

For our standardized direct to consumer products, we will work with local institutions and organizing groups to connect to community members (e.g., potential transaction partner Interfaith Power & Light has 40 affiliates with a network of over 22,000 faith institutions representing more than 6.5 million people). We will equip them to disseminate consumer education, technical assistance information, and access to consumer loan products, helping to move millions of families toward electric transportation, residential solar installations, and decarbonizing their homes.

To complement the demand generating activities, we will develop an inventory of contractors housed on a common platform and will partner with workforce development and labor union-sponsored apprenticeship programs in LIDAC communities, like those sponsored by the American Reinvestment Company in coordination with the AFL-CIO Housing Investment Trust, to make sure there are locally available qualified contractors where there is project demand.

Financial Market-Building Plan. Our capital supply side market-building plan focuses on asset and data standardization, financial product development, portfolio analysis, and market education. Through a cooperative design process with our Transaction Partners, we will create and refine our standardized products so we can more quickly scale and support the development of viable secondary markets. This will include the development of the following tools:

- Clear eligibility and underwriting standards and delineation of best-practice technical assistance/predevelopment processes and carbon measurement protocols;
- Standardized and simplified loan documents, where appropriate and needed;
- Scorecards to measure all projects on common metrics;
- Standardized project data collection and reporting protocol;
- Operations manuals and process maps for participating originating lenders; and
- Training for staff of our Transaction Partners on specific financial products, eligibility, and general green building issues and solutions.
- A customizable loan origination platform that seamlessly combines an application portal, automated underwriting, verified networks of service providers, and incentive information, allowing Community Lenders to accelerate their green lending programs.

The Coalition Partners have existing technology platforms that can be leveraged to facilitate data aggregation, tracking, and analysis by adding additional reporting fields tailored to this program for loan portfolio sales, reporting, and performance tracking. This software system will simplify the purchase and tracking of loans or investments in QPs, creating a systematized, secure process for evaluating whether a QP meets all criteria for loan purchase, and centralize all loan reporting – with common definitions – in one place. Climate United Coalition Partners have supported the development of a similar software program to assist in the purchase and securitization of CDFI small business loans; developed a reliable tracking system for its Building Decarbonization programs in multifamily housing; and a platform that on boards and tracks performance for standardized mortgage programs. The knowledge gained from these software platforms will enable quicker implementation and facilitate best practices.

Access to this standardized and comprehensive dataset will enable the development of financial products that create liquidity and mobilize private capital for QPs. It is particularly important for asset-backed and/or mortgage-backed securities and other financial products that will be resold in the secondary markets as the ratings agencies, investment banks, market analysts, and others can access and leverage this information to inform broader market activities.

1.2.5.3 Labor and Equitable Workforce Development Plan

Generating high-quality jobs with a diverse, skilled workforce through setting policies and enforcing standards on financial products

Climate United is committed to generating high-quality jobs and spurring economic mobility for American families while reducing GHG emissions. We believe that a clean energy transformation requires a trained, engaged workforce paid living wages in a sustainable market model and we are committed to partnering with labor unions and workforce development organizations to drive a strong, green American workforce of the future. Our plan includes:

Prioritizing investments in projects with high labor standards. As part of our Impact Measurement and Management practices, Climate United will use standard criteria for evaluating labor practices on projects, and, for certain market segments, projects that track contractor wage information and/or have affiliations with, or commitments to, union labor or workforce programs will receive financing priority. For projects that reach a size or type where BABA and Davis-Bacon regulations apply, we will do extensive due diligence along the lifecycle of the loan to monitor compliance with these regulations and any permanent job standards required through Climate United community benefits agreements.

Leveraging existing local workforce development and apprenticeship programs. Climate United embraces the standards, goals, and financial capacity unlocked by the BABA and Davis-Bacon criteria and funding. To ensure that our projects are ultimately supporting high quality and union jobs which match thresholds set with BABA and Davis-Bacon, we will continue to meet with national, regional, and local leadership of National Association of Building Trades Unions, the International Union of Painters and Allied Trades, the AFL-CIO, 32BJ, and other labor unions and workforce advocates and organizations. We will work with relevant training assets, workforce outreach programs, local hire programs, manufacturers programs, and other paid training initiatives associated with the project and potential pipeline opportunities. In addition, Climate United will seek out long-term partnerships with MSI's (Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and Asian American and Pacific Islander Serving Institutions) supporting workforce development, e.g., North Carolina A&T's STEPs4GROWTH clean energy workforce training program.

In communities where workforce is an acute constraint, we will conduct targeted outreach to labor union-sponsored training and workforce development programs and platforms to achieve our deployment objectives. As noted in their letter of support, the Union of Southern Service Workers, a long-time partner with members across North Carolina, South Carolina, Georgia, and

Alabama, is interested in working with Climate United to connect its members to workforce development opportunities. We will seek to weave together a rich tapestry of partnerships with national workforce agencies, labor unions, state workforce agencies, and local agencies. For example, we will look to establish training partnerships with organizations like 32BJ who are training building operators and facility managers so that they have the skills to operate the modern high-performing energy systems that will be financed under this initiative.

The Coalition Partners also have broad experience working in small communities, in rural locations and with small or affordable housing properties where union labor may not be available. Supporting local businesses – particularly Minority and Women-owned Business Enterprises – small multifamily properties, and small commercial and community spaces will be critically important to drive an equitable transition.

Supporting better data for identifying and recruiting candidates. We will support the creation of national data platforms to help local-level partners identify skilled-laborers seeking higher compensation that can transition to clean energy jobs. We are eager to build a partnership with the newly announced American Climate Corps to help mobilize the next generation of clean energy workers and leaders. There are many successful workforce programs throughout the country which can scale to meet our climate challenges, and Climate United is especially supportive of models using paid training programs to build a qualified workforce in LIDAC.

Supporting organizers rallying for a clean and healthy workplace. Lastly, we envision partnering with unions to create awareness and drive demand for decarbonization in the places where union members live and work, including the American Federation of Teachers to drive support for K-12 building decarbonization and the Service Employees International Union to drive support for hospital, health center, and multifamily decarbonization.

On September 22nd, Climate United hosted an outreach webinar to Workforce and Labor partners with over 50 participants, helping us to begin building a relationship with new workforce and labor partners and deepen our existing relationships with those organizations with whom we have pre-existing strong relationships.

Complying with the requirements of BABA, Davis-Bacon and Related Acts
The Coalition Partners have experience managing compliance with BABA and Davis-Bacon. For example, Coalition Partner Self-Help has experience in managing Davis-Bacon requirements as a direct recipient of Neighborhood Stabilization Program (NSP) funds through United States Department of Housing and Urban Development (HUD). Similarly, CPC Group has experience administering Community Development Block Grant – Disaster Relief funds after hurricanes Sandy, Irene and Lee. To ensure compliance and oversight going forward, CUF's 12-person Compliance Team with members with BABA and Davis-Bacon experience will help ensure that our projects remain in compliance with these associated Acts.

Climate United will follow all compliance procedures which include Davis-Bacon and CBA compliance requirements in loan agreements and assigning an internal compliance staff member to each project above Davis-Bacon thresholds. This staff member will be responsible for collecting documentation and completing a pre-funding compliance checklist, working with the loan officer and borrower to ensure loan document compliance, reviewing payroll reports for discrepancies or violations during the construction period, signing off on compliance prior to each funding draw, and prompting intervention if labor standards are willfully violated. Climate United will also ensure—as we develop training materials for Community Lenders—that we provide technical assistance resources around these federal requirements.

For Build America, Buy America, we will craft purchase agreements with American-made manufacturers to ensure that our Transaction Partners have the commercial technologies needed at competitive pricing to complete QPs, allowing Climate United to support American-made products where available and use American-made construction materials. For example, for our EV consumer strategy, Climate United has begun conversations with American-made car and heat pump manufacturers to make sure there is supply available for the additional demand our products will generate.

1.2.5.4 Coordination Plan

Leveraging existing resources from federal, Tribal, state, territorial, and local governments and non-governmental organizations to maximize effectiveness of investment objectives

Across our program plan and investment strategy, Climate United will identify and incorporate other funding sources at the federal, state, and local level that may be blended with NCIF funding to carry out QPs and minimize the financial burden on households and individuals.

The Coalition Partners have extensive experience working with government agencies and programs over many years and continue to engage to coordinate and prioritize our areas of focus to fill gaps across the landscape. The Climate United team has spoken to dozens of state, local, and Tribal governments in the development of our strategy and more recently held an outreach call with various governmental agencies, informing them of the unique opportunity presented by the NCIF and ways to work on coordinated strategies. For example, Climate United has actively pushed to ensure clean technology incentives in the IRA are broadly accessible. We advocated for clean vehicle tax credits to be made available to families of modest means without sufficient tax liability to claim the benefit directly, or else they would be left behind in the clean mobility transition. We were thrilled to see that Treasury's proposed rulemaking will make these credits transferable at point of sale in 2024, making a tremendous difference in expanding more equitable access over the next decade.

CUF will have a Chief Policy Officer to support and coordinate with EPA Regional Offices regarding existing federal programs and policies, and to help lead local and national policy initiatives to create a supportive ecosystem for green financing, e.g., helping adapt codes and standards that support cost-effective project development and make policy recommendations to enhance or modify existing federal programs so they incorporate decarbonization as a requirement going forward. Federal program alignment with 2050 climate goals across all departments of government is critical to acceleration and economy wide adoption.

In addition, Climate United's investments would leverage standard housing finance programs such as the HOME Investment Partnerships Program, LIHTC, and National Housing Trust Fund (NHTF), and general economic development funds such as the American Rescue Plan Act of 2021 (ARPA) State and Local Fiscal Recovery Funds and the US Treasury's CDFI Fund New Markets Tax Credit program, Bond Guaranty Program, and Financial Assistance and Technical Assistance programs providing support to CDFIs. Across the board, our objective is to leverage existing local, state, or federal incentives and grant programs to their fullest extent in order to decrease the amount of required NCIF financing for QPs, keep the economics attractive, and the debt burden low. Once we have success decarbonizing projects in these programs, we will explore how these sources can independently incorporate decarbonization into their program parameters consistent with the 2050 climate goals.

Table 20. Potential Program Linkages by Sector and Resource

Program	Priority Project Sector			Resource Linkage	
	Building Decarbonization	Distributed Energy Generation and Storage	Zero-Emission Transportation	Financial (Grant / Loan / Tax Credit)	Policy / Technical Assistance
Charging and Fueling Infrastructure Discretionary Grant Program			✓	✓	
DOE Home Energy Rebate Programs	✓			✓	✓
DOE Loan Program Office		✓		✓	
DOE National Community Solar Partnership		✓			✓
DOE National Electric Vehicle Infrastructure Formula Program			✓	✓	
DOE State and Local Solution Center	✓	✓			✓
DOE State-Based Home Energy Efficiency Contractor Training Grants	✓			✓	
DOE Weatherization Assistance Program	✓				
EPA Climate Pollution Reduction Grants	✓	✓		✓	✓
EPA Environmental Justice Thriving Communities Technical Assistance Centers Program					✓
HUD Office of Native American Programs	✓	✓		✓	✓
IRA Clean Energy Tax Credits & Incentives	✓	✓	✓	✓	
Joint Office of Energy and Transportation Technical Assistance Program			✓		✓
State Renewable Portfolio Standard		✓			✓
State-Funded Energy Efficiency and Electrification Programs	✓			✓	
State Low-Emission Vehicle/Zero Emission Vehicle Credit Programs			✓	✓	

Coordinating with GGRF grantees

Climate United is a partnership-oriented organization that currently has in-depth plans in place with four CCIA applicants – the Opportunity Finance Network, Inclusiv, Appalachian Community Capital (ACC), and the Native CDFI Network. All these potential partnerships are designed to (1) create a pathway to growth for CCIA grantees where they can "graduate" into Climate United's standardized financial products (e.g., commercial loans, solar loans, and/or green mortgages) or balance sheet liquidity and (2) align on all aspects of administration, such as reporting, to ensure that Community Lenders have a process as they grow their green lending.

Climate United plans to coordinate with the **Opportunity Finance Network** (OFN) to create a program that will allow Community Lenders to seamlessly access grant funds from CCIA and loans from our NCIF strategy, so the Community Lenders are able to develop capacity, generate a pipeline of projects, test the market, and access loan capital to support growing programs. This partnership will focus on mission-driven Community Lenders – particularly nonprofit CDFI loan funds and similar mission-driven lenders – and could also include support for the more nascent Green Banks and CDFIs that need this grant/loan mix to expand their lending platforms. Similarly, Climate United plans to coordinate with **Inclusiv** if we are successful in our respective NCIF and CCIA applications to seamlessly access grant funds from CCIA and liquidity from the NCIF. This partnership will focus on Inclusiv's national network of 481 community development credit unions (CDCUs), providing a continuum of support to stand up, stabilize and scale CDCU green lending programs across the country.

Climate United also plans to coordinate with the **Appalachian Community Capital (ACC) Green Bank for Rural America.** The Green Bank for Rural America will focus on Appalachian, Coal, and Energy Communities, underserved rural communities that have been disproportionately impacted by the closure of fossil fuel producing mines and power plants. We intend to work together with ACC to coordinate strategies, support a network of shared Community Lender partners, create common platforms or definitions to ease reporting burdens, and otherwise support each other in implementation. Our organizations have a shared mission and robust history of working together to address economic opportunity in Appalachia.

Lastly, Climate United has plans to coordinate with the **Native CDFI Network (NCN).** NCN is a coalition of Native CDFIs that will drive CCIA resources into Tribal communities. Climate United will provide predevelopment support – on a competitive basis – to projects that need additional support, and we will provide financing on projects that are beyond the size of what CCIA grantees can support. See attached letters of support from all four lead CCIA applicants, in our Community Engagement and Accountability Letters of Support.

In addition, Climate United has met with dozens of states applying for Solar for All (SFA), ensuring that these states will have access to the additional capital necessary to successfully expand solar programs nationwide. Recognizing that SFA is singularly focused on closing the equity gap in access to solar energy, we anticipate complementing SFA deployment by providing additional low-cost residential solar and energy efficiency financing for LIDAC where needed, as well as serving non-LIDAC households that will not be eligible for SFA subsidy. Depending on market conditions and SFA awardee program design across states, we will fill gaps, complement state programs, provide "Clean Air" (net-zero ready) LIDAC projects with SFA information, support lenders in providing debt financing to residential-serving community solar projects like the DOE Community Power Accelerator, and ensure that once deeper subsidy levels of SFA grant funds have been exhausted, LIDAC families can continue to access affordable financing for solar long into the future.

1.2.6 Investment Policies

CUF's Investment Policies were written to ensure strict compliance with all program and EPA guidance while providing sufficient flexibility to take risks that the private markets are not currently taking to catalyze adoption and market transformation. Investments are primarily made in the form of loans but may also include credit enhancements and other products listed in

"Market Segments and Products." Each of CPC Green and SHCC will execute NCIF Investment policies built on their decades of experience balancing fiduciary and mission impact goals. *Note: Coalition Partners (CPC Green and SHCC) will maintain their own Investment Policies containing specific criteria for their financial products. CUF's Investment Committee and Chief Compliance Officer will ensure that Subawardee investment policies are in alignment with the overall CUF Investment Policies.*

Traditional Financial Factors

<u>Segment Appropriate Underwriting Analysis:</u> CUF investment staff will utilize its investing expertise and that of its Transaction Partners to integrate appropriate underwriting criteria and financial analysis into its investment process, which will be more inclusive and flexible than traditional lending institutions on aspects of credit risk (for example, higher loan-to-value, higher risk positions in the capital stack, below-market pricing) to ensure additionality, but will remain rigorous on counterparty and partner assessments to ensure that funds are invested in quality projects that can meet their stated impact goals, limit impact risk, and repay invested capital under a base case scenario. CUF will use a risk scoring framework to help evaluate and compare the risk level of each investment. Based on the risk score, we will hold an appropriate loan loss reserve for each investment. CUF will also evaluate the climate risk of each investment utilizing a climate risk assessment scorecard (described in section 4.4 of the Investment Policy).

We will deliver financial products using three primary approaches: 1) standardized products, 2) direct loans to Community Lenders, and 3) direct investments or loans into QPs. Underwriting criteria for each are detailed in our Investment Policies. These financial products will evolve based on regular input and feedback from the Climate United Advisory Council Product Development subcommittee and learnings from direct deployment and portfolio performance.

<u>Transaction Partner screening and analysis</u>: CUF will leverage its underwriting expertise to evaluate potential Transaction Partners by:

- Sourcing Transaction Partners following all EPA Procurement Guidance and Regulations including Request-for-Proposals where needed.
- Conducting due diligence on potential Transaction Partners to evaluate their ability to source and manage impact-aligned QPs. Areas of due diligence will include: mission alignment, community and workforce engagement, commitment to strong labor standards, QP pipeline, capacity and systems, management track record, enterprise risk, reference checks, and CAMEL analysis (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity).

Qualified Project Screening

CUF and its coalition subawardees and Transaction Partners will use the EPA-provided QP framework to determine if a project is a QP and eligible for financial assistance. Working with the Compliance lead of each Sub-Awardee, CUF's Compliance team will verify that each investment funded only supports QPs. As shown in the Investment Process Approval Authority Matrix in section 11.2 of the Investment Policies, <u>CUF will not disburse funds to an investment without approval from the Compliance Team regarding compliance with the QP requirements.</u>

Housing Affordability

Climate United will conduct due diligence on any housing-related investment to ensure it will lower overall utility expenses, improve quality of life, and make the housing more affordable. As part of this due diligence, CUF will use the CUF Impact Scorecard to prioritize housing investments that support affordable housing properties and their residents. The CUF Community Impact Scorecard incorporates multiple variables across social and environmental impacts.

Properties that have existing or proposed restrictions regarding the long-term affordability of the property will score higher on the CUF Community Impact Scorecard than properties without restrictions. Climate United will also work with key stakeholders (developers, property managers, etc.) to minimize the displacement of existing residents while financing energy-related improvements to the property.

LIDAC Portfolio Targets and Minimum

Climate United's investment policies will require that at least 40% of grant funds be used for the purposes of providing financial assistance in low-income and disadvantaged communities but will target 60% of financial assistance in LIDAC. These policies outline the following:

- Percent-based equity goals (see section 3.0 of the Investment Policies) that cover initial portfolio deployment a 3-year and 7-year markers to ensure that Climate United's extensive community engagement and capacity building achieves targeted market penetration in Priority Communities over time. As noted, section 3.0 of the Investment Policies formalizes the minimum 40% commitment while detailing Climate United's 60% LIDAC target.
- Priority Community targets that focus Climate United's market building and pre-development funds on projects that will need higher levels of subsidy to build local capacity and an effective workforce.

Portfolio-Level Diversification and Risk Management

CUF's portfolio diversification and concentration limits are detailed in section 7.1 of the Investment Policies. Portfolio risk management will include concentration limit policies that cover: Single Project Exposure, Market Segment, Geography (EPA Region and state), and Risk Rating and will apply to the full portfolio (including subawardee investments). The CUF Board Investment Committee will review these portfolio concentrations quarterly. Due diligence of each investment will analyze how the potential investment would impact the portfolio concentration. The concentration limits will take effect once 30% of the award is disbursed.

Governance Framework and Approval Processes

As detailed in section 11.0 of the Investment Policy, CUF's investment strategy and process will be managed by two key entities: the Investment Committees (Board and Staff levels) and the Investment Approval Authority Matrix. The Board Investment Committee will be responsible for the review, oversight, and updates to the investment strategy as well as the review of portfolio and impacting reporting. The Staff Investment Committee will oversee investment approvals and Watchlist/Troubled Assets. The Investment Approval Authority Matrix (detailed in section 11.2 of Investment Policies) will govern the day-to-day investment process review and approvals (disbursements, waivers, etc.).

1.3 Program Reporting

1.3.1 Reporting Plan

Climate United will be tracking impact and financial performance at the project level and analyzing impact and financial performance at the portfolio level to make necessary adjustments in products, partnerships, and market building support. Our practices will be assessed by a third-party periodically to ensure all policies, processes, and procedures match our intended plan.

We will be tracking performance against the metrics included in **Section 1.2.2** in three categories: Climate and Air Pollution, Equity and Community Benefits, and Market Transformation. This will provide us with performance indicators to track and assess progress against topline outcomes:

- Reduce or avoid 134 million MT CO2 and combustion of 2.3 quadrillion BTU of fossil fuel over the initial 15 years;
- Bring the benefits of the clean energy transition to 15.3 million Americans – of which at least 60% live in or are qualified as low-income and disadvantaged communities;
- Directly mobilize $76B in private capital over the initial 7-year performance period.

For each prospective deal, we will create a transaction profile which will outline the type of financing, counterparties, NCIF capital, leveraged capital, target environmental outcomes and performance indicators, and location (LIDAC, rural, J40, Tribal, other). This will serve as the basis for performance tracking and reporting throughout the lifecycle of the transaction.

We will work with EPA to develop a Program Performance Report and dashboard that meets the needs of the GGRF and employs best practices of performance management and tracking for financing programs. We will leverage the best practices for green finance reporting as employed by entities such as the New York Green Bank and others. As currently envisioned, we would expect to provide the following information in these reports at the noted frequency.

Table 21. Climate United Reporting by Category

Category	Sub-Category	Quarterly Reports	Annual & Final Reports
Grant Expenditures	Program expenditures	✓	✓
	Closed transactions	✓	✓
	Current transaction pipeline	✓	✓
Environmental Outcomes	Climate and air pollution benefits	✓*	✓
	Equity and community benefits	✓*	✓
	Market transformation benefits	✓ (leverage)	✓
Category	**Sub-Category**	**Quarterly Reports**	**Annual & Final Reports**
Program Evaluation	Third-party program evaluation and market studies**		✓

**Quarterly Environmental Outcomes will be reported on a commitment basis, i.e., based on the investment profile of closed transactions. **Third-party evaluation will include market impact studies/case studies and impact on a sample of QPs to validate assumptions and methods.*

In addition to the reports noted above, Climate United will provide the necessary organizational financial statements and disclosures as required by EPA.

1.3.2 Reporting Capacity

CUF has the staffing infrastructure, experience, and technology to ensure effective data and outcomes tracking and program compliance.

- **Staffing**: We will have 81 staff at CUF in addition to support from staff at Coalition Partners who will work in coordination to share definitions, templates, and best practices.
- **Experience**: We are ready for the robust reporting and compliance aspects of this program because of our experience tracking and managing other complex public-private partnerships. For example, CI Group conducts on-site building energy monitoring on every C-PACE asset financed; CPC Group is managing program reporting for the $250M Climate Friendly Homes program in NY State; Self-Help manages large grants from U.S.

Treasury, including the Emergency Capital Investment Program, New Markets Tax Credit program, Bond Guarantee Program, as well as HUD programs like Neighborhood Stabilization Program, among many others and provides more than 500 reports annually across programs.

- **Technology**: We will leverage our existing, flexible system infrastructure to build the appropriate systems and data architecture for the NCIF. We have experience doing this for the programs listed in the previous bullet, as well as other programs, that we can leverage to increase our speed to market.

Compliance track record and learning culture: Across Coalition Partners, data has been used not just to track and report required metrics to funding partners (where we are all fully compliant), but also to ensure programs and products achieve intended outcomes and create necessary feedback loops for program and product improvement. For example, Self-Help designed a new First Generation Home Loan product to serve targeted borrowers more effectively and used data from a financial capability pilot to design branch staffing and training infrastructure that bolstered their ability to support members on their path to credit readiness. CUF will design data collection and analysis to ensure effective reporting to EPA and ensure we reach our stated outcome and coordination goals. We expect to contract with a third-party evaluator, competitively procured, that can independently assess data collection processes, measurement, and outcomes in line with CUF's NCIF program plan, and that will provide case studies and lessons learned that can more broadly benefit players across the ecosystem.

1.3.3 Past Performance and Reporting History

Over our combined 110-year history, Coalition Partners managed and administered hundreds of assistance agreements, producing timely and compliant reports across 9 federal agencies. Over the last 5 years, Coalition Partners received and managed hundreds of millions in federal and/or state grants. CUF is a new entity purpose-built for the execution of our program plan and does not have a robust reporting history. However, the Coalition Partners have experience acting as the fiscal steward of both federal and non-federal funds. We have demonstrated our ability to meet required compliance and reporting standards through delivery of acceptable technical reports under multiple financial assistance agreements. Our reporting experience includes the ability to provide high-quality and timely reports consisting of financial data, impact performance, progress towards program achievements, and expected outputs and outcomes. Our operational models, program documents (including policies and processes), and supporting systems are designed to be timely, accurate, and compliant with all reporting requirements.

1.4 Program Budget

1.4.1 Expenditure and Disbursement of Awarded Funds

Upon start of the award period, CUF will ensure that internal control procedures are in place to comply with regulations and award terms. CUF will ensure separation of duties and adequate oversight and controls over the entire Climate United program. All grant expenses will be reviewed to ensure allowability, allocability, necessity, reasonableness, and where appropriate, conformity with GAAP. A Single audit will be required annually from the subawardees in addition to CUF, performed by a certified, external, independent audit firm. CUF will take prompt action to correct any instances of noncompliance, including those identified in audit findings by establishing appropriate corrective action plans. CUF will maintain all accounting records for payments and program income and prepare grant budgets to actual statements on a monthly basis, along with other required statements and reports, and perform monthly account reconciliations. These financial statements will be reviewed monthly by our finance team to ensure that we spend our grant funds in line with the expected budget and financial projections. Ultimately, Climate United consists of three experienced lenders, all of whom have are used to adapting to programmatic challenges to reach desired outcomes. Our deeply shared values and mission alignment has fostered deep connections between coalition members, committed to quality performance and the responsible, timely use of our funds. Should a coalition member struggle with disbursing funds in a timely manner, CUF will work in collaboration with our subrecipients and/or internally to adapt our strategy for success, such as adding additional staff or adjusting terms of financial products. We will also work transparently with the EPA to make any strategy and supporting budget justifications as necessary. Given our collective experience, extensive partnership network, and the market demand, Climate United is confident in the timely and efficient disbursement of grant funds.

1.4.2 Budget Description and Table

Leveraging our extensive experience managing federal funds and deploying capital, Climate United's budget effectively balances the need for the operating resources that support strong compliance practices and to maximize financial assistance for QPs. We have put together a judicious staffing strategy that applies reasonableness as a principle to ensure such a large fund can be effectively managed by a lean staff count of diverse professionals. By using our existing deployment platforms, relationships, systems, and processes, Climate United can successfully manage an award where we have dedicated 3.28% to program administration, allowing us to dedicate 2.20% to market building activities (pre-development and market development) and 94.52% to financial assistance for QPs. Full detail by program expense category is available upon request. With our low administrative overhead, the vast majority of EPA funding will make it into communities across the entire United States, and 60% of our total funds will go to investments in LIDAC communities, well exceeding Justice40 goals.

Table 22. Total Spend by Activities

Total Expenditures		
Category	**Total**	**% of Total Award**
Program Administration	**$457,973,953**	**3.28%**
CUF	*$167,428,262*	*1.20%*
CPC Green	*$150,729,000*	*1.00%*
SHCC	*$139,816,691*	*1.08%*
Predevelopment/Market Building	**$307,634,011**	**2.20%**
CUF	*$115,340,891*	*0.83%*
CPC Green	*$100,000,000*	*0.72%*
SHCC	*$92,293,120*	*0.83%*
Financial Assistance	**$13,204,392,036**	**94.52%**
CUF	*$4,118,595,453*	*29.48%*
CPC Green	*$4,699,999,748*	*33.64%*
SHCC	*$4,385,796,835*	*31.39%*
Total	**$13,970,000,000**	**100%**
Investments in LIDAC (Justice40)	*$8,382,000,000*	*60%*

This commitment to efficient program administration is found across all of Climate United; no coalition member has a program administrative budget of more than 3.8% of their individual budget. Climate United is projected to fully draw the entire NCIF award within the first five years of operation and is confident about these projections given our initial pipeline, broad partnerships, and our historical lending volume. Given this, we assume that program administration costs in years six and seven will be covered by program income earned through income and repayments of financial assistance.

Personnel. Climate United has kept program administrative costs low by using a judicious staffing strategy, only adding positions that are necessary for successful program oversight and compliance. Estimated market salaries for each position are detailed in the budget worksheet. We expect that more than 90% of CUF staff will focus exclusively on the Climate United program, with the balance being part of the current senior Calvert Impact team that will ensure coordination and continuity between the CI Group platform and the CUF strategy. Because we will begin hiring all positions that are not currently filled as soon as we receive notice of award, we have budgeted personnel for all 12 months starting in year one. Salaries have been adjusted after the first program year by 5% to account for inflation/cost-of-living increases and other market forces. The total cost of personnel salaries and fringe over all five years is $101,354,375. The staffing strategy includes individuals at all job levels and salary ranges, with experienced senior level to execute and manage such a large portfolio. These salary rates will align with the CI Group's existing salary structure and are based on extensive research on comparable market data. These job levels and salary ranges include:

Table 23. Climate United Salary Ranges

Job Level	Job Description	Salary Range
CEO	Oversight of entire company	~ $450K
Sr. Management	Oversight of entire department and team and reports directly to CEO or COO	~ $250K - $450K
Director	Oversight a portion of a department or team and reports to Sr. Management	~ $200K - $300K
Manager	Team members with significant experience who manage a function or process with oversight and support	~ $175K - $225K
Officer	Team members who manage a function or process with oversight and support	~$125K - $175K
Analyst	Entry-level roles and roles that do not have management responsibility	~ $85K - $125K

Key Functions of CUF:

- **Executive** (6 FTEs): Company-wide management, overall vision and direction of CUF, oversight of external relationships and Board, hiring, office management, design and implementation of strategies, planning and procedures.
- **Compliance** (11 FTEs): EPA award agreement and reporting; oversee subawardee and contractor compliance; manage complaints including Hotline.
- **External Relations** (10.65 FTEs): Expand brand and product awareness, grow community partnerships and provide community feedback; develop general engagement strategies.
- **Finance** (12.65 FTEs): Responsible for financial management including documenting cash flows, managing to budget, subawardee and contractor oversight, preparation of financial reports, projections and annual Single Audits.

- **Investments** (20.5 FTEs): Investments sourcing, underwriting and deployment; ongoing portfolio and relationship monitoring, managing to asset and risk allocation.
- **Legal** (5.15 FTEs): EPA, regulatory and legal compliance; provide staff, Board and partner training; manage outside counsel; provide transactional and contractual legal support.
- **Policy** (4 FTEs): Create and utilize linkages with local, state, and national programs, advance policy agenda to support US Climate goals, and constituent affairs.
- **Risk** (4 FTEs): Risk management operations both internally and externally.
- **Technology** (5 FTEs): Data collection, analysis and reporting; technology oversight including IT security; technical assistance to staff, subawardees and contractors as needed.

Fringe Benefits. CUF's fringe benefits are 37% and include Employer related taxes such as Supplemental Security Income (SSI), federal and state unemployment, medical and dental coverage, transportation and education benefits, 401k match, annual bonus, all per current CI Group policies. Paid Time Off is included in base salary estimates.

Travel. All travel projections have considered both the average FY 2023 federal lodging and meals/incidentals per diem rates to determine accurate costs for both categories. We prioritize outreach to geographically diverse communities and have subsequently budgeted travel to all EPA regions, including ten three-day trips to each region for four staff members yearly and 50 two-day visits for two staff members to further connect with deployment partners. We are budgeting for internal staff travel, including meetings with subawardees, the Board, and the Advisory Council, as well as the attendance at 20 conferences yearly for six staff members. To share successes and collaborate in person with partners, we have budgeted for an all-staff Climate United Conference to occur every other year. The overall travel budget will operate at $4,515,467 over the 5-year period and accounts for over 173 different travelers.

Equipment. We are not currently budgeting for any equipment expenses.

Supplies. Office space for new staff will have to be furnished and provided with all necessary office supplies. We have budgeted for the purchase of desks, chairs, tables, laptops per employee, office supplies, and a staff supply allotment of consumable supplies (pens, paper, toner etc.). The supply budget over five years amounts to $999,642.

Contractual. CUF will contract specific services necessary to the NCIF program objectives and the proper deployment of funds. Legal services, both transactional and new product development, IT, which includes customizing software to manage the entire EPA grant, warehousing data, and creating reports. Other contract costs include external review on compliance, procurement contract management, audit costs, HR recruiters, external verification for impact measurement and management, software licenses, marketing for website design and further consulting, market building and predevelopment, copier leasing, office space, and acquisitions of intangible property. All procurement activities will be conducted in accordance with EPA award terms and conditions, procurement policies and 2 CFR Part 200 and Part 1500 requirements. Our total contractual budget over the 5-year period will be $254,616,865.

Subaward Costs. We have budgeted $12,602,124,384. As noted in the application, Climate United is a coalition approach of three partners. CPC Green is expected to receive an allocation of $4,950,728,748, or 35.44% and SHCC is expected to receive an allocation of $4,617,906,647, or 33.06%, respectively to carry out the activities detailed in the application.

Other Direct Costs. We have allocated participant support costs, LLR and partial guarantees, and conference registration fees to this category. Over the five-year period, this portion has budgeted $984,824,799.

Indirect Expenses. We have budgeted $21,564,468 in indirect expenses over the five years. This is based off a 10% de minimis rate (Per 2 CFR § 200.414) applied to the total Modified Total Direct Cost of $215,644,684. If successful in receiving an NCIF award, CUF plans to work with its Cognizant Agency for indirect costs to establish an indirect cost rate. For administrative ease, CUF has decided to waive the indirect costs associated with the first $25,000 on its subawards. Our detailed budget table is attached in Budget Table. Budget assumes full requested award amount. Adjustments may be necessary based on final award amount and EPA feedback.

2. Organizational Plan

2.1. Organizational Background and Track Record

2.1.1. Description of Business

Climate United Fund, a Delaware 501(c)(3) charitable nonstock corporation, and a wholly controlled subsidiary of Calvert Impact, Inc. (CI), was formed to unify three experienced partners under one umbrella to create a lasting national financial institution capable of accepting funds from the NCIF and partnering with the private sector to catalyze a green future. While each of the three Coalition Partners would have qualified as eligible applicants – all are nonprofit organizations who do not accept deposits, are funded in part by charitable and/or public funds, invest in projects, have missions aligned with the GGRF objectives, and are not controlled, directly or indirectly, by non-eligible recipients – forming CUF as a separate legal entity allows CUF to adopt custom policies, procedures, and governance specifically crafted to most efficiently deploy NCIF funds while mitigating deployment risk. As a subsidiary of CI, CUF benefits from the organizational support, risk management infrastructure, and experience of the CI Group while being ring-fenced from any unrelated risks or activities. Finally, as a separate entity, CUF will be able to leverage NCIF funds with private capital more effectively as a stand-alone entity without any existing liabilities.

Table 24. Climate United Total Footprint

	CI Group	CPC Group	Self-Help
HQ location	Bethesda, MD (leased)	New York, NY (leased)	Durham, NC (owned)
Other locations	None	Four additional offices – upstate NY (leased)	81 offices and branches (90% owned) – CA, FL, IL, NC, SC, VA, WA, WI
Foreign Qualifications	AZ, CO, DC, DE, IL, MD, NV, NJ, NY, ND, WA	CA, CO, CT, FL, GA, IL, MA, MD, MI, MO, NC, NJ, PA, SC, TX	CA, DC, FL, IL, NC, SC, TX, VA, WA, WI
Other Licensing	Blue Sky licensing in all 50 states, DC, PR, Guam, USVI; 50 state charitable registration	National Fannie Mae, Freddie Mac, and HFA licenses; Mortgage licenses – FL, CO, CA (pending)	Federal lending charter that enables lending in any state or district
Deployment Footprint	All 50 states, DC, PR, Guam, USVI; 100+ countries globally	All 50 states, DC, PR, Guam, USVI	All 50 states, DC, PR, Guam, USVI

The CI Group is a corporate family encompassing four 501(c)(3) non-profits, an SEC registered investment advisor, and over a dozen special purpose vehicles. The parent organization is CI, a Delaware 501(c)(3) charitable nonstock corporation. CI is the sole member of CUF, the applicant. CUF expands upon the CI Group's existing business lines – leveraging charitable and public funds with private capital to drive environmental and social change, which it has been doing since 1995. The CI Group issues two securities – each of these securities is qualified to be offered and sold in all fifty states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. CI Group holds charitable registrations in all 50 states. CUF will obtain additional licenses and registrations as necessary or advisable in connection with the proposed Climate United program but does not anticipate requiring material additional licenses or registrations. ***For the avoidance of doubt, the CI Group has no legal or operational relationship with Calvert Research and Management, the for-profit asset manager owned by Morgan Stanley.***

The CPC Group is anchored by its parent, CPC, a New York 501(c)(3) not-for-profit corporation and encompasses several special purpose subsidiaries through which the parent organization operates various mission-related activities. Climate United's strategy expands upon CPC Group's existing national business lines – financing and investing in multifamily housing projects, which it has been doing since 1974. Each of Climate United's proposed mortgage deployment partners are required to have all State licenses where the properties secured by the purchased mortgage loans are located. Climate United will be able to leverage CPC Group's footprint and mortgage licenses to execute our national mortgage deployment strategy.

Self-Help is a corporate family consisting primarily of five non-profit organizations including a loan fund, two credit unions, a research and policy affiliate, and a 501(c)(3) parent organization, the Center for Community Self-Help. The Climate United strategy expands upon Self-Help's existing business lines by providing responsible financial products and services to create and protect opportunity for all, which it has been doing since 1980. Each of Climate United's proposed mortgage and lending originators shall be required to have all applicable State licenses. Climate United will be able to use the Self-Help affiliated Credit Unions branches as innovation centers to test and refine products that can then be scaled for the national strategy.

2.1.2 Organizational and Governing Documents

CUF was formed in 2022 as a wholly controlled subsidiary of CI. Its mission is to mitigate "the adverse effects of climate change and increasing the adoption of solutions to help significantly lower greenhouse gas emissions, specifically to enable low-income and disadvantaged communities to deploy or benefit from zero-emissions technologies" as stated in its Form 1023 filed with the IRS. The Certificate of Incorporation of CUF outlines that it shall be "operated exclusively for charitable, scientific, and educational purposes" as defined in the Internal Revenue Code and that in furtherance of these purposes, CUF may engage in all lawful acts "including, without limitation, providing capital, leveraging private capital, and providing other forms of financial assistance for the rapid deployment of low- and zero-emission products, technologies and services." The bylaws of CUF further expand on its mission which includes leveraging private capital for market transformation with the goal of rapidly deploying low and zero-emission products, technologies and services, and maximizing positive outcomes such as home ownership and quality job creation. The bylaws set forth a governance framework designed specifically to support the GGRF program objectives, including a diverse and majority independent board with deep and relevant expertise for the NCIF program, robust compliance and reporting oversight structures, the Impact & Equity Committee and the Advisory Council ensure outreach and deployment into historically disadvantaged communities as set forth in greater detail in **Section 2.2.1**. Organizational and governance documents for Climate United are attached in Organizational and Governing Documents.

CPC Green is a coalition subrecipient and is a single member New York LLC, with CPC, a 501(c)(3) New York not-for-profit corporation, as its sole member. CPC Green's Articles of Organization outline that it, among other things, "may provide capital, leverage private capital and provide other forms of financial assistance with the goal of rapidly deploying low- and zero-emission products, technologies and services." SHCC is a coalition subrecipient and a single-member LLC with SHVF, a North Carolina 501(c)(3) non-profit corporation, as its sole member. The Articles of Organization for SHCC and its Operating Agreement explicitly provide that it may provide capital, leverage private capital and provide other forms of financial assistance with the goal of rapidly deploying low- and zero-emission products, technologies and services.

2.1.3 Organizational Experience

Climate United's program plan is informed by its Coalition Partners' combined 110 years of organizational, lending and investment experience. The Coalition Partners have experience with each financial product, market segment, Priority Community, and capital strategy set forth in the proposed Program Plan and Investment Strategy. Our strategy is not theoretical, but instead grounded in experience and decades of historical performance. Among other functions, the Coalition Partners have relevant experience:

- Developing financial products and programs from idea to scale in coordination with communities;
- Deploying capital at scale with integrity;
- Managing and mitigating risk in investment portfolios;
- Designing repeatable and standardized approaches to transform markets and drive policy change; and
- Reporting on social and environmental impact and incorporating lessons into future strategy.

All three Coalition Partners have experience in all of the named functions, but we have called out just a few examples from across the individual Coalition Partners below.

Developing Products and Programs from Idea to Scale with Communities

The CI Group has a long history of developing innovative financing models to fund its mission including impact securities, syndications, participations, securitizations, and blended finance models. CI Group's first financial product, the Community Investment Note™, was designed alongside community activists and nonprofit lenders and launched in 1995 as one of the first retail accessible impact investing products on the market. Since 1995, the CI Group has raised more than $2.5B in Community Investment Note sales from 19,000 investors, ranging from large financial institutions, foundations, family offices and individuals. This product has been the model for more than a dozen additional community investment focused financial products across the industry, which the CI Group has helped support. In early 2021, the CI Group began developing a new impact security offering, the Cut Carbon Note, one of the first retail-accessible, investment grade rated asset backed securities. The Cut Carbon Note is backed by C-PACE (Commercial Property Assessed Clean Energy) bonds and assessments that provide low-cost, long-term funding for building decarbonization and offers incentivized pricing for buildings that meet enhanced energy efficiency to drive faster adoption of low-carbon practices. The initial issuance of $400M launched in June 2023 and is built to scale to $2-3B in the first five years.

Similarly, the CPC Group has created a Sustainable Mortgage Product designed to drive conventional lenders to originate or purchase loans that achieve net zero or net zero ready standards. CPC is also the go-to partner for NY City and State Housing Program implementation, with one of its earliest mission goals to "lessen the burdens of government." The CPC Group is expert at program stand up and operationalization achieving scale and efficiency on behalf of its public sector partners and has deployed $3.3B on behalf of NYC and $450M on behalf of NYS over the last 49 years.

Self-Help has over 40 years of experience in designing consumer, home, and commercial lending products tailored to the needs of low-wealth borrowers, communities of color, and those traditionally underserved by the financial marketplace. Eighty-six percent of Self-Help's direct lending has been to LIDAC. Self-Help has been an early clean finance actor, helping to demonstrate the market in advance of engagement from traditional financial institutions to build access to clean technologies. Self-Help made some of the first solar loans to developers in North Carolina and was the first lender in the country to use USDA guarantees for large-scale solar farms. These loans, $176M from 2013 through 2016, were transformational in building the solar development market in North Carolina, now in the top five states for solar energy generation, and they advanced “green collar” jobs through partnerships with community colleges enabling local workers to receive certifications in solar installation. Banks now comfortably play the lending role Self-Help modeled. Self-Help also purchased several portfolios totaling $42M of on-utility-bill financing loans supporting energy efficiency home upgrades (mostly heat pumps and rooftop solar) from a peer CDFI. These 2013-2014 purchases were a first nationally and helped demonstrate the viability of a secondary market for these loans, and they come with additional community and green benefits including an upfront energy audit, post-work commissioning to ensure energy use reduction goals were achieved, and a workforce development program that has specific commitments to MWBE hiring and job training.

Deploying Capital at Scale with Integrity

We know that there is urgency to deploy while staying true to the program’s objectives. Across our three partners, we have deployed $5.25B in loans and investments in communities since January 2020 across 42,000 discrete transactions, with an average annual deployment of $1.55B between 2020-2022. We have the infrastructure to deploy a large award from the NCIF quickly and with high integrity and we know how to work with our intended borrowers to generate demand. In 2022, CPC was selected through a competitive bid to administer New York State (NYS) Homes and Community Renewal’s Climate Friendly Homes Fund, a $250M state program to finance electrification retrofits in at least 10,000 units of multi-family housing that serve economically disadvantaged communities. This program funnels technical assistance and funding into 5–50-unit buildings in NYS with a focus on replacing older and less energy-efficient systems with all-electric, high-performance heating, cooling, and hot water systems. To maximize impact and the reach of the program, CPC identified like-minded green lending institutions, CDFIs, and other community-based nonprofits to collaborate on the identification and screening of building retrofit opportunities. After launching the program in February of 2023, CPC has already developed a pipeline of over 6,500 units.

Managing and Mitigating Risk in Investment Portfolios

CI has managed the $2.5B raised through its Community Investment Note in a portfolio of loans and investments to 557 financial intermediary clients in the U.S. and around the world. CI works closely with its partners to provide flexible, patient and customized capital including blended finance structures, working capital loans, off-balance sheet lending structures, and fund investments to enable them to customize capital solutions tailored to a specific social or environmental challenge. CI’s portfolio has supported the development of industries– including providing loans to more than 300 CDFI balance sheets over three decades – and new financial structures like the first Environmental Impact Bond, the first Blue Bond, the first Forest

Resilience Bond, among many others. Despite driving significant innovation and impact, CI's portfolio has maintained credit losses of less than one percent over its history and Calvert Impact Capital, Inc. has repaid 100 percent of interest and principal on every dollar they have raised from individual and institutional investors over 28 years. It is this track record that will be critical in developing and distributing new financial products through CUF.

Similarly, CPC Group manages a $550M construction lending facility on behalf of 17 private institutions to drive multifamily lending complementary to conventional sources. Over 49 years and through many market cycles, CPC Group has never missed a payment to its investors and has absorbed all modest losses. CPC Group is, and has been, program administrator and primary lending partner for dozens of NY City and State housing and storm recovery programs and is the sole servicer for the NYC and NYS pension fund permanent loan programs. Additionally, Self-Help is able to provide financing to traditionally underserved communities while maintaining a near-zero default rate and fulfilling commitments to funding partners through strong underwriting policies, servicing procedures, and active portfolio management. This track record, along with a high net worth and strong operating liquidity, allows Self-Help to attract and manage significant debt and investment to support its programming. In the last five years, Self-Help has managed over 150 public and private funding agreements totaling over $1.3B. It is in compliance with all funding agreements and has never had a delinquency or default to a funder.

Designing Standardized Approaches to Transform Markets and Drive Policy Change

During the height of the COVID-19 pandemic, the CI Group partnered with state governments and philanthropy to seed a series of five small business recovery funds alongside its CDFI partners. These innovative programs were built to leverage a CDFI's balance sheets 20 times so the CDFIs could lend without balance sheet constraints. During this period, the CI Group raised more than $500M from 71 private, philanthropic, and public sources to purchase more than 6,000 standardized loans from 36 CDFI partners across 19 states. More than 80% of the small business borrowers qualify as SEDI. This model functioned as the foundation for a Loan Participation Program for the State Small Business Credit Initiative and has spurred numerous policy conversations about the ability for the federal government to support secondary markets for CDFI originated small business loans. This model has been held up as an example in the U.S. Treasury's report on the SSBCI as ways to effectively reach SEDI businesses.

Similarly, SHVF launched the Community Advantage Program in 1994, a secondary market affordable home loan program to create systemic change in the mortgage market by demonstrating that home loans can be successfully made to low-wealth or low-income families with modest credit histories. In this program, Self-Help purchased loans from more than 30 other home lenders—from smaller Community Lenders to nationwide banks—with agreed-upon responsible terms, provided a partial guarantee, and sold them to the GSEs. The program provided $4.6B to support 52,000 homebuyers through responsibly underwritten, low down payment mortgages. Borrowers in the program have been 91% low-income, 39% borrowers of color, and 49% first-time homebuyers. The documented success of this program through the Great Recession is often used as primary evidence that responsible, low down payment loans were not a cause of the foreclosure crisis, countering arguments that blamed the victims of poorly underwritten loans.

Reporting Social and Environmental Impact and Incorporating Lessons into Future Strategy
Each of the Coalition Partners has robust impact management and measurement practices that provide data and transparency to investors, partners, and other stakeholders and hold each organization accountable to their respective missions.

Calvert Impact is one of the founding signatories to the Impact Principles, an industry standard developed by the International Finance Corporation (IFC), and a member of the BlueMark Practice Leaderboard, a recognition of the highest integrity IMM practices globally. Calvert Impact releases an Impact Disclosure Statement annually, outlining its robust IMM methodologies and an annual Impact Report that includes the organization's holistic impact on markets and communities.

Similarly, CPC reports impact annually to S&P, who rated a $150M issuance in 2019. CPC has maintained their rating year over year. Self-Help has collected economic and community impact data beginning with its first loan 38 years ago. Self-Help systematically collects and reports on more than 30 metrics annually including metrics relating to job creation, early childhood education, charter schools, healthcare, and affordable housing. They also collect data on the demographics and low-income status of community service recipients, as well as detailed information on age and size of businesses, the demographics of the project's owners or leaders, and the borrower's low-income status. SHVF has annually received the highest possible rating (AAA, 4 stars plus+) by Aeris, a third-party assessment of ability to document and track community outcomes, with respect to its impact and financial performance.

2.2. Governance and Management

2.2.1. Governance Plan

The CUF governance structure is based on the proven operating governance models of the Coalition Partners and tailored to fit the need for transparency, accountability, and oversight.

Board of Directors Composition

The anticipated initial composition of the Board of Directors is 14 members, summarized in the table below. The * denotes Board members that are independent from the Coalition Partner organizations. Board resumes are included in Bios of Board Members.

Table 25. CUF Board of Directors Summary

Board Director	Expertise	Regional focus (if applicable)	Representative Community(ies)
Phil Angelides*	Clean technologies; clean energy investment to drive reductions in emissions and air pollution	California; National	Labor
Meesha Brown*	Global public awareness campaigns to spark social and environmental movements	Global	LIDAC
Martin Eakes	Community investment at scale; policy advocacy for responsible lending	South; National	LIDAC
Nicole Ferreira	Multifamily public housing, finance and development	New York; National	LIDAC

Anthony Foxx*	Transportation equity; clean mobility; workforce development	South; National	LIDAC
Crystal German	Strategy and program innovation; community activated solutions	National	LIDAC
Bart Harvey	Leveraging policy change to scale green community solutions; financial markets and institutions	National	LIDAC
Brendan Herron*	Clean energy investment to drive reductions in emissions and air pollution; clean technologies; financial markets and institutions	National	LIDAC
Dolores Huerta*	Labor leader and civil rights activist	California; National	Labor; LIDAC; rural communities
Sadie McKeown	Market transformation to decarbonize multifamily housing; financial markets and institutions	New York; National	LIDAC
Harold Pettigrew*	LIDAC economic development; activating a national network of Community Lenders	Mid-Atlantic; National	LIDAC; Persistent Poverty Counties
Lori Pourier*	Inclusive economic development in Tribal Communities	Tribal lands	Tribal communities; rural communities
Jenn Pryce	Connecting capital markets with communities; building resilient business models; financial markets and institutions	Global	LIDAC
Renee Sattiewhite*	Activating a national network of Community Lenders	National	LIDAC

CUF has intentionally reserved three board seats as of the date of this application to allow for additional representation as we continue engagement with key implementation partners and networks. The Board Chair will be appointed by the Board of Directors once fully seated.

Board Committee Structure

The CUF Board has seven standing committees as set forth below. The Climate United Advisory Council is described in greater detail in **Section 1.2.1.2**. The compensation of senior management of CUF shall be overseen by the Compensation Committee of Calvert Impact.

Table 26. CUF Board Committees and Responsibilities

Committee	Responsibilities
Investment	Approve Investments Policy; set target portfolio allocation; review portfolio performance; staff credit committee oversight
Enterprise Risk Management	Approve Enterprise Risk Policy, IT Policy, Data Retention Policy, oversee climate, operational, IT, strategic, reputational risk; internal controls risk assessment
Enterprise Risk Management	Approve Procurement Policy, Treasury Policy, Cost Accounting Policy and Timekeeping Policy; approve budget; manage audit; review financial performance

Governance and Nominations	Oversee board training; board nominations; succession planning, Board Charter
Impact and Equity	Approve Consumer Protection and Fair Lending Policy, JEDI Policy and Impact Management Policy; oversee community engagement including community benefits agreements; approves equity and impact provisions in Investment Policy
Reporting and Compliance	Approves Gifts and Gratuities Policy and Investigations and Reporting Policy; oversee staff/partner training; Whistleblower
Subawardee Oversight	Approve Subaward Management Policy; subawardee management and oversight

Committee charters are attached in Organizational and Governing Documents and the committees organizational chart is included on page 4 in Legal Entity Structure Diagram.

Board Independence, Policies and Procedures

The Board of Directors will initially consist of 17 Directors. Each of the Climate United Coalition Partners shall independently nominate two Directors (such Directors, the "Coalition Partner Directors") to the Board. All Directors other than the six Coalition Partner Directors are anticipated to be independent. The Board shall endeavor to maximize the number of independent directors and the Board shall at all times consist of a majority of independent Directors. An "independent director" is defined (informed by IRS Form 990) as a director (i) who is not (and no family member is) an employee or officer of any member of the CI Group or any current or future subawardee, (ii) who was not (and no family member was) involved in a transaction with CUF required to be reported on Schedule L of Form 990 for CUF's tax year, and (iii) has no material or significant relationship (including as a partner, controlling shareholder, or through other financial interests or familial relationships) to the CI Group or any subawardee, any of their affiliates, or any of their executives or officers; provided, that the receipt of any compensation from a member of the CI Group or subawardee of less than $10,000 during any period of twelve (12) consecutive months or any reasonable compensation paid to such director for board service shall not be considered material for the purposes of determining independence. Any director who has held a management position with the CI Group or any subawardee or any of their affiliates is not considered independent until three years after their departure. The chairperson of the Board shall be selected by a majority vote of the Board. All Directors (other than the Coalition Partner Directors) shall be nominated for approval by the Board and by the Governance and Nominations Committee. CUF is a wholly controlled subsidiary of CI. Accordingly, all Directors of CUF shall be appointed by the board of CI. The board of directors of CI consists solely of independent directors.

The Board shall meet at least quarterly but may meet more frequently as needed. Two board meetings a year shall be in-person meetings. Board meetings are expected to be approximately four hours but may be longer or shorter as needed. Non-Coalition Partner Directors shall serve staggered three-year terms. The Board shall designate a secretary to oversee the Board meeting minutes, which together with committee minutes shall be permanently retained. To ensure transparency and to ensure the Board is kept appraised of committee activities, all committee meeting minutes shall be delivered to the Board in a timely manner following the meeting and, in any event, at least quarterly.

The Board shall be required to attend annual trainings with respect to key Board policies including, Conflict of Interest Policy, Whistleblower Policy, Investigations and Reporting Policy, Code of Ethics and Business Conduct, and Gifts and Gratuities Policy. Because Board members may also serve on boards of other organizations which receive NCIF funding, the Board Conflict of Interest Policy requires that Directors disclose any conflicts or potential conflicts of interest as they arise, but not less than annually. If any conflict of interest arises, such Director shall recuse themselves from such Board or committee action and may be excluded from any discussions or materials relating to such conflict including from any discussions determining if such conflict exists. The Whistleblower Policy is meant to establish a mechanism for directors, officers, employees, and third parties to raise concerns, in a confidential and non-retaliatory manner, about CUF to maintain correctness, transparency, and accountability. Individuals, including whistleblowers, have the right to raise concerns confidentially and without being subjected to reprisal. The Reporting and Compliance Committee will assist the Chief Compliance Officer and General Counsel to investigate claims in a timely, appropriate, and confidential manner, in accordance with CUF's Investigations and Reporting Policy. The Chair is authorized to use outside parties to investigate and such costs shall be paid by CUF. The Directors are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the Board as set forth in the CUF Code of Ethics and Business Conduct. Complete policies are attached in Board Policies and Procedures and Legal and Compliance Risk Management Policies and Procedures.

The Governance and Nominations Committee will ensure that all nominated Directors possess the requisite skills, expertise, and experience to serve as a Board member. All Directors shall possess experience in reducing emissions or investing in clean technologies and investing in and working with low-income and disadvantaged communities. Specific attention and efforts shall be made in recruiting and fostering relationships with potential board members to order to ensure a diverse Board – with representation from rural, Tribal, low-income, and disadvantaged communities, including communities with environmental justice concerns and persistent poverty counties. To ensure a strong pipeline of potential board candidates, the Governance and Nominations Committee shall collaborate with the Advisory Council, the Impact & Equity Committee and the Strategic Community Engagement Managers to actively pursue promising potential directors.

2.2.2. Management Plan

CUF will have an organizational structure that includes 81 people (for a total of 78.95 FTEs) working more than half of their time on Climate United with experience across all core functions required for successful implementation. A summary of FTEs by function is below.

Table 27. CUF Organizational Roles and Functions

Leading Role	Roles and Functions	Total
CEO & President	Executive Leadership (1 FTE)/Oversight, Executive Support (2 FTE)	3
Chief Financial Officer	Financial Leadership (1 FTE)	1
General Counsel	Legal Leadership (1.15 FTE) & Legal Support (4 FTE)	5.15
Chief Operations Officer	Operations Leadership (1 FTE)	1
Chief Investments Officer	Investments Leadership (1 FTE) Investment (10 FTE), Underwriting (5 FTE), Portfolio Management (4.5 FTE)	20.5

Chief Risk Officer	Risk Management Leadership (1 FTE) and Corporate Risk Support (3 FTE)	4
Chief Reporting & Accounting Officer	Accountability Leadership (1.15 FTE), Support for Finance (2 FTE), Accounting (4 FTE), Reporting (4.5 FTE)	11.65
Chief Compliance Officer	Compliance Leadership (1 FTE), Subawardee Compliance (2 FTE), Portfolio (5 FTE) and General Compliance (3 FTE)	11
Chief External Relations Officer	External Relations Leadership (1 FTE), Communications (3.15 FTE), Outreach (4 FTE), Investor Relations (1.5 FTE), and Predevelopment (1 FTE)	10.65
Chief Policy Officer	Policy Leadership (1 FTE), Constituent Affairs (1 FTE) and Policy Analysis (2 FTE)	4
Chief People Officer	Human Resources Leadership (1 FTE) + Human Resources/Hiring Support (1 FTE)	2
Chief Technology Officer	IT Leadership (1 FTE), Developer (1), Product Development (1), Data Management (2 FTE)	5
Total		**78.95**

Senior Management. CUF has an experienced management team that is broadly representative of and has a long history of working on behalf of geographically diverse, Tribal, and LIDAC communities that will oversee the implementation of the award and the execution of our investment strategy and program plan. This leadership team includes representatives from Coalition Partners with the requisite expertise across functions and may be augmented or expanded as necessary should we receive an award. This management team is built to further the cohesion developed across Climate United and to ensure coordination in deployment. This team will be supported across functions by a team of 81 employees. Details on team diversity, our backgrounds and experiences are provided in Resumes of Senior Management.

President & CEO: Elizabeth "Beth" Bafford has spent her nearly 20-year career across the public, private, and social sectors and the last decade building new businesses that connect the capital markets with communities to drive inclusion, clean energy, and emissions and air pollution reduction. She has expanded Calvert Impact from a single-product company to a platform of products and services built to support and scale the community and green finance industries. This includes a loan syndications business that has structured and raised nearly $1B on behalf of community and green finance providers; a series of small business recovery funds; the Cut Carbon Note; and the Mission Driven Bank Fund. (Duke University, B.A. Public Policy, MBA Social Entrepreneurship concentration)

Chief Reporting & Accounting Officer: Eric Boven has two decades of experience in successful nonprofit management and funding compliance in complex environments and with complex programs across federal, state, and local programs. Eric oversees organizational compliance with 150 active private and public funding agreements Self-Help, including six different programs through the CDFI Fund program at Treasury as well as the Emergency Capital Investment Program (Treasury), the Charter School Credit Enhancement Grant (Dept. of Ed), AmeriCorps (CNCS), the Neighborhood Stabilization Program and Community Development Block Grant program (HUD), the OJJDP Mentoring Grant (Dept. of Justice, as well as numerous state, county, and city programs. (Cornell, Executive Leadership Program, Calvin College, B.S.).

Chief Policy Officer: Erin Burns-Maine has more than 16 years of experience in leading national strategic public policy and external affairs. As CPC's Chief of Staff, Vice President of Policy and Advocacy, she provides oversight and guidance on priority projects and strategic initiatives. Erin is responsible for crafting the company's policy agenda and working with a diverse set of stakeholders to advance CPC's pro-housing and neighborhood-based policy priorities at the city, state and federal levels. (Clark University, B.A., M.A., NYU Fellowship for Emerging Leaders in Public Service).

Chief Compliance Officer: Sharmin Carter is Vice President and Controller for CPC overseeing the company's Accounting Department, financial and regulatory reporting and managing the annual financial audits. She has held similar roles at the Bank of Ireland, General Motors Asset Management, AIG Asset Management, ING Investments and PepsiCo. (Baruch College, B.A. Accounting, NY CPA license).

Chief Investment Officer: Catherine Godschalk has spent more than 25 years working at the intersection of private capital and impact, with program and product development, policy, and financing roles. She currently serves as the VP of Investments at CI, overseeing a global portfolio of impact investments aimed at building, scaling, and strengthening intermediaries and structured funds tackling social and/or environmental challenges, including clean energy and emissions and air pollution reduction. Since joining Calvert Impact in 2011, Catherine and her team have tripled the size of the investment portfolio while maintaining exceptional credit quality. (Harvard – Kennedy School of Government, Masters, Columbia, B.A.).

Chief People Officer: Dina Curtis has spent her career in mission-driven roles across the financial and advocacy ecosystem and has been at CI for over a decade. She manages people and culture at CI, including all screening, hiring, HR processes, performance review processes, office management, and general people management. She maintains and oversees CI's Employee Handbook and JEDI policies. (Memphis State, BA).

Chief External Relations Officer: Krystal Langholz has dedicated her career to bringing inclusive economic growth to LIDAC, rural, Tribal, and geographically disbursed populations. Krystal has spent the last year developing new products and services at CI, including designing and informing the Community Engagement and Accountability strategy for Climate United. Prior to Calvert Impact, Krystal served as the Chief Operating Officer and Executive Vice President of Strategy and Capitalization of the Oweesta Corporation, a national Native CDFI intermediary. Before her time at Oweesta, Krystal served as the founding Executive Director of Hunkpati Investments, a certified Native CDFI on the Crow Creek Indian Reservation in South Dakota. (Colorado State, M.A., Luther College, B.A.).

General Counsel: Emmeline Liu currently serves as the General Counsel of the CI Group, where she oversees all of the CI Group's legal affairs including corporate governance, non-profit law, compliance, licensing and registration and compliance with applicable laws. She has experience with C-PACE financing, financing emissions reductions, renewable energy, securitizations, secured and unsecured lending transactions, blended capital structures, project finance and securities laws. She also manages regulatory compliance and securities issues relating to the issuance of the Community Investment Notes and the Cut Carbon Notes. (University of Chicago J.D., Cornell University, B.A.).

Chief Risk Officer: Lauri Michel has spent the last 30 years driving policies, systems, and programs that contribute to climate solutions, including clean energy and emissions and air pollution reduction, sustainable and affordable housing and equitable community development.

She manages credit and enterprise risk, leading to a core portfolio that has experienced less than one percent cumulative losses throughout her tenure. Lauri has also developed holistic IT, data, and cybersecurity policies and procedures that she has rolled out across the CI Group. (University of Pennsylvania, B.A., UC Berkeley, M. Arch).

Chief Financial Officer: David Rothberg is EVP and CFO for CPC. He oversees the company's Finance Department, including Investor Reporting, Accounting, Treasury Operations, and corporate finance responsibilities. In addition, David has primary responsibility for managing the risk associated with the company's lending portfolio. David is on CPC's Operating Committee, and Credit and Investments Committees, providing guidance on strategic investments, capital allocation, risk, and audit. (Duke University, B.A.).

Management Policies and Procedures

CUF's Staff Conflict of Interest Policy attached in Legal and Compliance Risk Management Policies and Procedures, covers both actual and perceived conflicts of interest. Each CUF staff member must disclose any potential conflict of interest as they arise and at least annually. In the event of a conflict, if the CUF staff member has decision-making authority, such staff shall recuse themselves from discussions, decisions or activities related to the conflict. In non-decision-making situations, staff may be reassigned or disqualified from working on certain matters. The legal team shall oversee management and resolution of staff conflicts of interest and shall log such conflicts and their management or resolution.

The CUF Board shall be responsible for establishing CUF's mission, vision and strategic direction as detailed in the Board Charter attached in Board Policies and Procedures. The Board appoints and evaluates the executive officers. The Board Committees also review and approve major policies and procedures as set forth in more detail in **Section 2.2.1** including the overall risk framework and portfolio composition of CUF. The Audit and Finance Committee approves the annual budget and financial statements and oversees CUF's overall financial health and integrity. The Board shall hold CUF management accountable for achieving its organizational goals. Finally, the Board oversees and ensures transparency and ethical conduct within CUF.

The CUF management team develops and executes operational plans to achieve the strategic objectives set forth by the Board. This includes hiring and managing staff and developing and implementing HR policies and programs, preparing the annual budget and management of financial operations, making decisions relating to product development and adapting to changing market conditions and plans, identifying and mitigating day-to-day operational risks, interacting with customers, partners and key stakeholders. CUF management will also provide regular updates to the Board and its committees on the organization's performance, significant developments, challenges and opportunities.

CUF management will develop and maintain appropriate management succession plans to support both planned and unplanned senior management transitions. This includes identifying the key positions for which a plan is necessary, identifying the expected successor or successors, outlining the job requirements to build competencies, as needed, and monitoring progress over time. Overall, our goal is to have a broad and deep management team that limits key person risk.

2.3. Equitable Policies

2.3.1. Consumer Protection Plan

Climate United is firmly committed to the principles of fair lending and equal opportunity. Predatory or discriminatory practices are inconsistent with our objectives, which prioritize cost savings and wealth creation for families of modest means. Based on decades of combined fair lending experience and existing policies of the Coalition Partners, including Self-Help's federally regulated credit unions, CUF's Consumer Protection Plan and corresponding **Consumer Protection Fair and Responsible Lending Policy ("Fair and Responsible Lending Policy")** governs our direct investments, subawards, and contracts, and provides eligibility requirements with which Transaction Partners across all product types must comply. Recognizing that the applicability of fair lending laws varies by product and provider, the below plan and associated policy define a set of broadly applicable standards that require compliance with relevant federal regulations, ensure responsible lending, protect program integrity, and promote equitable outcomes across diverse communities.

Fair & Responsible Lending Policy

As one part of our larger consumer protection strategy, CUF has adopted the Fair and Responsible Lending Policy to ensure that Climate United and its Transaction Partners engage in lending practices that are not unfair, deceptive, or abusive. The policy requires fair, responsible, and transparent lending across all sectors; mandates ongoing compliance with all federal fair lending laws applicable to the specific sector; sets forth minimum requirements for consumer, commercial, and mortgage loan design, marketing, underwriting, and servicing; and outlines the process for responding to consumer complaints. Each lender and service provider using CUF financial assistance products to originate or service loans must have a policy that meets the minimum requirements outlined in the Fair and Responsible Lending Policy, as well as written lending procedures that comply with such requirements and applicable law.

Compliance with Federal Law

The Fair and Responsible Lending Policy requires compliance with applicable laws, rules, and regulations governing financial products and services. Recognizing that applicability will vary based on the lender and type of loan, such laws, rules and regulations include, as applicable and without limitation, the Equal Credit Opportunity Act (15 USC § 1691 et seq.), Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d-1), Regulation B (12 CFR § 1002), Regulation C (12 CRF § 1003), the Fair Housing Act (42 U.S.C. §§ 3601-19), the Fair Debt Collection Practices Act (15 USC § 1692e), Fair Credit Reporting Act (15 U.S.C. § 1681 et seq.), the Truth in Lending Act (15 USC § 1601 et seq.), and Regulation Z (12 CFR § 1026). The Policy requires that Climate United, Coalition Partners, and Transaction Partners adopt written lending procedures that outline methods for compliance with applicable law, in addition to demonstrating and certifying their ongoing compliance.

Product Design, Marketing, Underwriting, and Servicing

The Fair and Responsible Lending Policy provides principles for designing, marketing, underwriting, and servicing direct investments to consumers, to ensure fair outcomes for all borrowers. These principles inform lending decisions in conjunction with the **Climate United Fund Investment Policy** and provide guidelines for Transaction Partner's lending procedures.

- <u>Product design</u>: To protect borrowers from exorbitant costs, the policy requires interest rates and fees be reasonable and comply with limits set by the applicable Climate United financial assistance product. Lenders must pursue transparent and consumer-friendly marketing that avoids deceptive practices. For example, the policy requires factual and clear disclosures that describe costs, benefits, product descriptions, and limitations to be clearly, prominently, and accurately represented on all materials. Marketing must not improperly target or exclude applicants on an impermissible discriminatory basis.
- <u>Underwriting</u>: Underwriting guidance by product type requires review of affordability, ability to repay, application completeness, collateral standards, required verifications, credit

policies, and transparency. Denied consumer loan requests must be documented in compliance with practices prescribed by the Equal Credit Opportunity Act.

- Servicing: Servicing guidance requires lenders to attempt to understand the causes of loan delinquency and work with borrowers to provide appropriate opportunities to overcome short-term difficulties. Collection actions must be conducted according to applicable law.
- Ongoing compliance with laws and regulations: The policy requires each lender and service provider to underwrite, originate, and/or service loans in material compliance with all applicable laws, rules and regulations. CUF will monitor such compliance by requiring a certification of compliance in subaward agreements and reporting.

Responding and Tracking Complaints

Climate United will swiftly respond to complaints against Transaction Partners, including lenders and service providers, and other subrecipients and contractors. Community members, borrowers, or others will be able to report grievances or concerns via a webform or the Hotline (which may be submitted anonymously), which will allow CUF to comprehensively track complaints. CUF or its designated coalition partner will begin appropriate investigations of reported grievances within 30 days of the original report. The investigating party will work with the Transaction Partner to address the grievance and will take timely corrective action as needed to protect consumers and impacted parties. A Transaction Partner found to be in noncompliance with our Fair and Responsible Lending Policy will be given an opportunity to address the finding and return to compliance; however, repeated, ongoing, or egregious failure to comply with our Fair and Responsible Lending Policy will result in severance of Climate United's relationship with such Transaction Partner.

Consumer Protection Resources

CUF is committed to maintaining resources that ensure ongoing compliance with applicable consumer protection laws in addition to a culture of fair and responsible lending, which include:

- Compliance Team. CUF will have a 12-person Compliance Team, including the Chief Compliance Officer and General Counsel. The Chief Compliance Officer will be responsible for overseeing the monitoring of subawardees and other Transaction Partner compliance with the Fair and Responsible Lending Policy, subaward agreements, contracts, and all applicable federal laws and regulations. Oversight will include the periodic review of subawardees and other Transaction Partner transactions and of grievances and outcomes. The Chief Compliance Officer will have appropriate qualifications, significant experience with financial compliance procedures, and board-designated authority to enforce compliance requirements.
- Board committee(s). CUF's Impact & Equity Committee will be responsible for ensuring compliance with the Fair and Responsible Lending Policies and ensures that any issues of noncompliance are addressed appropriately and in a timely manner.
- Training. CUF will conduct trainings for management and staff across CUF to provide current and accurate information on consumer protection laws, federal regulation, and how these laws and regulations inform CUF's internal policies and procedures. CUF will offer trainings to Transaction Partners or refer Transaction Partners to other available resources to ensure their understanding of applicable consumer protection laws and regulations.
- Quality assurance: CUF will partner with quality assurance nonprofits to initiate a vendor registration process for qualified contractors listed on our platform so that installation standards, industry credentials, training requirements, business insurance, and licensure criteria are met, ensuring that high-quality products and services are delivered.

Selecting Subawardees and Contractors for Predevelopment & Market Building Services

Over the grant period, CUF may select subawardees or contractors to provide predevelopment, program administration or market-building services. CUF is committed to ensuring that these activities are conducted in a manner that does not present unwarranted risk to consumers. CUF will complete proper due diligence to identify and select subawardees and contractors that have policies and practices demonstrating transparency, fairness, and compliance with applicable federal law. Written agreements will outline duties, obligations, and responsibilities of the involved parties including penalties or termination for those found in violation of the agreement or applicable federal law. To support borrowers directly, CUF will work with the EPA, States, Transaction Partners, Predevelopment and Market Building Partners, and other local entities to form lists of approved vendors as outlined in **1.2.1.2 Community Accountability Plan**.

Consumer Protection Across the Marketplace

Unprecedented investment in the U.S. green economy, a complicated array of incentives, a growing number of players and products, and trailing regulation will introduce high potential for abusive practices across the clean technology sector. Beyond ensuring the products and services offered and facilitated by CUF take consumer protection into account, CUF will actively support the development of a policy and regulatory infrastructure needed to curtail potential abuse and ensure an equitable green lending marketplace for all consumers. By leveraging strong partnerships with trusted research and policy organizations and our own fair lending expertise, we will actively support the research and development of a climate finance policy and regulatory infrastructure – at state, federal, and local levels – that ensures an equitable green lending marketplace. Working with proven advocacy organizations, we will provide online consumer education guides, advocate for responsible policies and regulations that promote transparency, and engage a broad coalition to set a policy agenda that promotes inclusion of Priority Communities and does not exacerbate preexisting inequities.

2.3.2. Equity Policies and Practices

Operational and investment policies and practices:

A deep commitment to equity can be found in all of our associated CUF policies and practices.

Operational Activities

Community engagement: Through community engagement, Climate United works to earn trust and build authentic, long-term relationships that enable us to respond to needs and issues that our communities have identified as priorities. We build from a base of existing community assets, advancing critical relationships with allied community organizations. Our community engagement strategies are described in **Section 1.2.1**, but they include:

- **Inclusive Product Design**: Climate United has and will continue to work with community partners to create products that meaningfully serve their associated markets.
- **Mobilizing Networks:** Leveraging our many existing relationships, Climate United is, across all market segments, working in partnership with various networks to reach local communities through trusted, existing relationships.
- **Accessible and Intentional Marketing**: Climate United will create marketing resources that are accessible in multiple languages and fully ADA compliant that communities can adapt for local usage.
- **Creating Meaningful Channels for Feedback and Accountability**: Through our Impact Management processes, CUF will create feedback loops with our partners and build accountability into the lifecycle of every investment.

Procurement policy/supplier diversity**:** CUF is helping small businesses grow and thrive through supporting supplier diversity in our procurement practices. As outlined in our Procurement Policy, our associated Justice, Equity, Diversity, and Inclusion ("JEDI") practices at the staff, board and ownership levels are part of our criteria for vendor selection. This includes supporting businesses owned by women, people of color, LGBTQI+ individuals, veterans, and people with disabilities, in accordance with our broader policies for vendor selection.

Investment activities

Investment policy**:** CUF's Investment Policy focuses on providing fair, sound, and affordable financial products that utilize flexible and prudent underwriting standards. Relying on investment and portfolio allocation practices designed to maximize access for underserved capital markets, these policies provide pricing discounts to LIDAC borrowers to ensure product affordability.

Predevelopment/Market Building Activities: Climate United will prioritize providing subsidies for predevelopment activities in rural communities, areas of persistent poverty, and Tribal communities. It can be difficult to find the financial resources for these activities, such as finding the money to appropriately scope the size of the needed solar arrays. By intentionally supporting this work in LIDAC communities, Climate United will be creating an equitable pipeline and ensuring that these communities are included in the clean energy transition.

Creating Partnerships with Diverse-Led Organizations**:** In both our lending pipeline, as well as with our technical services delivery, Climate United will engage in intentional outreach to ensure that we are working with organizations that are representative of and integrated in the local community. In communities of color, this means that Climate United will deliberately seek partnerships with Minority Business Enterprises or organizations led by people of color who have trusting relationships with that community.

Equitable Portfolio Goals**:** For our ultimate recipients, Climate United has set equity goals outlined in **Section 1.2.2.2** to ensure that NCIF capital ultimately reaches underserved communities and small businesses, equitably growing the American economy:

Governance policies and practices

JEDI Policies: CUF falls under CI Group's broader JEDI policy. We expect that our partner organizations and subcontractors will comply and maintain similar JEDI policies and values that prioritize access, inclusion, and equity in the management and policies of each organization. This policy articulates our belief that our diverse identities and experiences help us channel investor capital more effectively to the communities that need it most and articulates how we embody our beliefs. Our impact strategy is to channel capital to communities traditionally excluded from our financial system, particularly low-income communities, women, and communities of color. Our goal is to create a financial system that addresses these structural inequities around race, gender, poverty, and climate and lend to portfolio partners who actively combat them. These policies provide a clear call to action both at a corporate level and in our portfolio strategy.

Impact & Equity Board Committee**:** CUF's Impact & Equity Committee will approve the equity and impact portions of the Investment Policy of CUF, ensuring that this policy is grounded in an equitable lens and captures best-practices with impact management. The committee will review and approve impact reporting to the EPA and will work in partnership with the Advisory Council to ensure that Climate United reaches all equity targets and objectives.

Advisory Council: As discussed further in **Section 1.2.1.2**, Climate United's Advisory Council consists of an initial 23 members that provide a range of specific expertise relevant to management and implementation to all three partners. The Advisory Council will focus on product development, community engagement, and accountability to mission.

Staff representation & diverse leadership: Climate United believes that our diverse identities and experiences help us channel investor capital more effectively to the communities that need it most. Our coalition is currently staffed with diverse teams, and we expect to maintain our practices to ensure that this remains true as we expand the team to support this work.

Table 28. Climate United Coalition Partner Staff Demographics

	People of Color	Women
CI Group		
Leadership	40%	80%
Staff	41%	71%
Self-Help		
Leadership	61%	65%
Staff	67%	72%
CPC Group		
Leadership	28%	53%
Staff	51%	54%

2.4. Risk Management

2.4.1. Legal and Compliance Risk Management Plan

Plan to Comply with 2 CFR § 200.302(b) (financial management plan)

CUF and each subawardees will maintain policies, procedures, and systems to enable reporting to EPA and the tracing of funds to establish that NCIF funds are compliant with the applicable Federal statutes, regulations, and the terms and conditions of the Federal award. CUF will use Sage Intacct (CI Group's existing accounting system) to track all inflows and outflows of funds, any internal transfers, and document the origin of such funds. CUF will appropriately document, record and retain all authorizations for disbursements in accordance with its Cost Accounting Policy. Each subawardee will leverage their existing and tested accounting systems and establish policies and procedures to comply with the applicable obligations in 2 CFR §200.302(b).
CUF will adopt, as reviewed and approved by the Audit and Finance Committee, an annual budget in accordance with the budget as approved by the EPA. The CFO shall be responsible for overseeing the quarterly unaudited financials (including budget to actual) and annual audited financials and shall report such to the Audit and Finance Committee which will subsequently report out to the Board at least quarterly. The CFO will manage to the budget with materials deviations subject to Audit and Finance Committee approval.

Plan to Comply with 2 CFR § 200.303 (internal controls)

Per 2 CFR § 200.303, CUF's approach to internal controls aligns with the COSO Internal Control Framework. Below are examples of such practices, across CUF, by each of the Internal Control Framework components. The efforts described are part of CUF's approach to comply with the U.S. Constitution, Federal statutes, regulation, and terms and conditions of the award.

Control Environment: CUF's internal controls program, including approval of the Investigations and Reporting Policy, is overseen by the Reporting and Compliance Committee which is comprised solely of independent Directors of CUF. The CUF Code of Ethics and Business Conduct is approved and overseen by the Board. CUF's General Counsel and Chief Compliance Officer are both members of the senior management team and spearhead the 12-person compliance team (the "**Compliance Team**"). The Compliance Team oversees CUF's internal compliance policies and procedures and actively evaluates the effectiveness of such controls and provides reports to the Reporting and Compliance Committee. CUF will reconcile accounts on a monthly basis, which will include reconciliation of all bank and other relevant accounts, with management reviewing of all accounts and financial statements and reporting to interested parties and the EPA. An A133 audit will be conducted annually by an independent audit firm during the course of the award – which will include an assessment of compliance with the requirements of the EPA and internal controls over the program. CUF will develop a plan to correct any noted deficiencies and take appropriate corrective actions in order to preclude repeat findings in subsequent audits.

Risk Assessment: CUF conducted an initial assessment of its risks, including fraud, and developed policies and procedures to mitigate such risks as discussed in greater detail below in "Legal and Compliance Risk Assessment." Over time, as the CUF program matures, these risks may change, and internal controls may need to be modified to address these changing risks. The Enterprise Risk Management Committee of CUF in collaboration with the Reporting and Compliance Committee will take reasonable steps to anticipate, evaluate, and assess any changes which may affect internal controls and update or cause the applicable overseeing Committees to update CUF's policies accordingly.

Control Activities**:** CUF implements controls that are based on the risk they are intended to mitigate for each process across the full end-to-end lifecycle. From receipt of funds from EPA to receipt and evaluation of applications for investment, to investment approvals, disbursement of funds, through the management and oversight of the subawards and investments to eventual closeout. We document the controls for each operational process through each of these phases in a risk and control matrix to clearly document the risk to the investment objectives, the control activity and owner, as well as the control evidence that will be retained and used for monitoring.

Information and Communication: CUF follows CI Group's Data Retention Policy which establishes requirements for the secure and ethical management of information. It classifies data based upon sensitivity, emphasizes controlled access, data protection and responsible data retention. Information technology security and responsible resource usage are highlighted. CUF will also adopt the CI Group's IT Policy which requires multi-factor authentication, mandatory IT training including simulated phishing attacks, and encryption for personally identifiable information. CUF will use the results of its audits and other control testing to inform management's understanding of internal control design and operating effectiveness. CUF will provide quality information through established reporting lines to external parties, including but not limited to EPA and its Transaction Partners. CUF will establish dedicated communication channels to timely receive and process information, including from EPA and others.

Monitoring Activities: CUF management will monitor its internal control system through ongoing monitoring and separate evaluations, including monitoring compliance with statues, regulations, and terms and conditions of the federal award. For example, the Chief Compliance Officer will oversee the review of the staff-documented compliance for all or a significant proportion of initial projects under the program to ensure compliance with objectives that procedures have been correctly followed and adequate documentation recorded and retained - following consistent adherence to procedure, the Chief Compliance Officer will continue to periodically review projects. As an example of separate evaluations, the Chief Compliance Officer together with the CFO will manage the A-133 single audit and implement any suggested changes as a result of such audit. If any compliance failure or gap is discovered, the Chief Compliance Officer shall promptly notify senior management and/or the Reporting and

Compliance Committee of the nature of non-compliance and updates and changes to policies and procedures as a result thereof (which may include a period of increased internal monitoring).

Plan to comply with 2 CFR § 200.332 (requirements for pass-through entities)

CUF will identify all subawards as subawards to the subrecipients clearly in the subaward agreements and will include all critical data elements noted in 2 CFR § 200.332. Any subsequent changes to these critical data elements will require a subaward modification. CUF will structure its subaward agreements to clearly indicate all requirements imposed on the subawardee, including those imposed for CUF to comply with its own award, as well as additional requirements imposed on the subrecipient by CUF. CUF shall use established indirect cost rates for any subawardee in accordance with 2 CFR §200.332(a)(4) or the de minimus indirect cost rate as set forth in its Cost Accounting Policy.

CUF will establish subawardee monitoring plans in accordance with its Subaward Management Policy. All subrecipient monitoring will include verification that the subrecipient is audited when their federal awards meet or exceed the threshold of $750,000. The results of subrecipient monitoring, including onsite reviews and audits will be used to inform other actions as appropriate, including enforcement actions, or adjustment to CUF's own records. Subawardees are required to submit supporting documentation for reimbursement requests and the Compliance Team shall document its review and approve such documentation before disbursing funds. Each of CPC Green and SHCC (and other future subawardees) will conduct periodic internal audits to assess any weaknesses and/or immediate needs for remediation. The results of such internal audit and remediation efforts shall be disclosed to the Subawardee Oversight Committee. <u>Each of CPC Green and SHCC will have dedicated staff to ensure that any subawardees are complying with all of the terms and conditions of the subaward as set forth in 2 CFR Part 200.332</u>.

Risk Mitigants

CUF's initial risk assessment has identified several key risks as set forth below and CUF has established policies and procedures to mitigate each of these risks as outlined below.

<u>Resource Allocation:</u> CUF recognizes that the key to success for any compliance program starts with the board and senior management's recognition of its importance and establishing a top-down culture of robust compliance which is sufficiently resourced including external resources like the National Grants Management Association and experienced outside counsel. The compliance plan will be overseen by CUF's Reporting and Compliance Committee. The 12-person Compliance Team will include dedicated project-level compliance staff who will review and document adherence to policies and procedures through the entire cost cycle of any investment. Each of CPC Green and SHCC will also have a Chief Compliance Officer overseeing their respective compliance programs. In addition to ensuring appropriate internal resource dedication, recognizing that federal reporting may be novel to some deployment partners, CUF will work to establish a shared knowledge management repository for partners and leverage national technology platforms to streamline reporting requirements.

<u>Training</u>: The Chief Compliance Officer shall develop and run periodic trainings for CUF staff and the Board, as applicable, relating to federal grant reporting requirements, procurement rules, grant administration (including ensuring that staff is familiar with project budgets, concrete and measurable objectives, timelines and performance metrics set forth in the award), provide external resources and retain qualified federal contracts counsel as appropriate. The CUF Compliance Team shall conduct trainings for the Board and all staff including relating to the Conflict of Interest Policy, whistleblower policies, Code of Ethics and Business Conduct,

harassment, IT policies (including cybersecurity), Gifts and Gratuities Policy, Timekeeping Policy, Cost Accounting Policy and Investigations and Reporting Policy and practices to prevent fraud. CUF will also conduct periodic trainings and offer technical assistance to deployment partners including subawardees which may include performing on-site reviews of subrecipient's program operations if appropriate. CUF's compliance policies are attached in Legal and Compliance Risk Management Policies and Procedures.

Legal and compliance risk assessment

CUF's initial risk assessment has identified several key risks as set forth below and CUF has established policies and procedures to mitigate each of these risks as outlined below.

Reporting Compliance Risk: CUF recognizes the risk of failure to comply with Federal and EPA reporting requirements as set forth in 2 CFR §§ 200.328 to 200.330 is highest as the CUF program is being initially established and scaled – accordingly, the CUF Compliance Team will conduct heightened review of individual transactions at the outset of the program which reviews may be pared down as internal control checks are passed. CUF will also retain external support as needed, to assist in reviewing, updating and advising on its compliance policies and procedures. The Compliance Team will periodically report on the effectiveness of internal controls to senior management and the Reporting and Compliance Committee to ensure proper oversight of CUF's compliance program. Failure or refusal of staff or external parties to comply with applicable compliance policies and procedures may result in termination.

Compliance with Davis-Bacon, BABA and related Acts: CUF will include Davis-Bacon and BABA, to the extent applicable, in its loans with subrecipients and contractors as set forth in greater detail in **Section 1.2.5.3** above.

Litigation and Reputational Risk: CUF recognizes the potential reputational risk to EPA and CUF given the size and visibility of the NCIF program. The Coalition Partners' existing relationships with deployment partners significantly mitigates this risk – we are not working with new unvetted partners in new and uncharted waters, but leveraging our tested network with trusted partners and deploying products with which we have decades of experience. When exploring new deployment partnerships, CUF will thoroughly vet such new partners not only for sufficient capacity, financial strength and experience, but will also collect references, diligence key personnel and evaluate them for potential reputational risk. The Coalition Partners' existing experience with the financial investments and products offered mitigates the risk of non-compliance with laws since each of the Coalition Partners is familiar with the legal and regulatory landscape.

Fraud and Abuse: In order to prevent fraud and abuse, and ensure transparency, CUF will establish a Whistleblower Hotline and has a Whistleblower Policy, with anonymous email and phone reporting mechanisms and a non-retaliation policy. CUF's Code of Ethics and Business Conduct and the Investigations and Reporting Policy addresses how CUF investigates and responds to any reports of wrongdoing. The independence of the Board combined with the Conflict of Interest Policy, which requires prompt disclosure of any potential or perceived conflict and mechanics to exclude such conflicted director, mitigates against fraud and mismanagement. Finally, the Board is composed of individuals who have sufficient expertise and are informed and active in the operations and finances of CUF, allowing the Board to serve as an effective independent oversight body mitigating the potential for fraud or theft of funds.

Contractual Risk: To mitigate contract risk, in addition to thoroughly vetting potential contractual counterparties, CUF will also leverage its internal and external legal counsels to draft thorough legal agreements for all portfolio investments and loans. Legal contracts will include consequences for making material misrepresentations or failure to meet material performance standards which may include monetary penalties, contractual remedies up to and including termination of the contract. The Audit and Finance Committee shall oversee the Procurement Policy which shall comply with all federal procurement procedures and requirements. The Audit and Finance Committee shall also approve all significant agreements with vendors. CUF shall collect identification for all vendors including W-9s.

2.4.2. Financial Risk Management Plan

Enterprise Risk Management Framework: CUF understands that the NCIF represents two different risk perspectives: risks associated with capital markets operations and risks associated with federal grants and the management of federal funds. As a result, CUF's risk management plan leverages an enterprise risk management (ERM) approach to identify and manage risk that supports the program's objectives. CUF's risk management plan across their respective enterprises aligns with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework and the COSO Internal Control Framework. Comprehensive financial and non-financial reporting and internal controls are periodically reassessed by management and relevant board committees to consider changes in business and operating environments. Many internal controls are detailed in the previous Legal and Compliance Risk section. The CUF risk management plan is designed to align with core recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The recommendations of the TCFD are organized into four areas, Governance, Strategy, Risk Management, and Metrics & Targets, which complement CUF's risk management plan.
Governance**:** CUF is committed to a culture of risk awareness: all staff are trained annually on risk management protocols, and all processes are codified in a body of documented policies, practices and procedures which form the core of the risk management plan. These policies, practices, and procedures have been designed to manage credit, liquidity, market, operational, strategic, reputational, and other critical financial risks. These policies, practices, and procedures also constitute the primary operating environment for the Chief Risk Officer and are embodied in the operation of the CUF Enterprise Risk Committee and other bodies (e.g., Investment Committee, Audit and Finance Committee).

Risk Identification – Risks are identified on an ongoing basis, considering both internal and external risk factors as an organized process inclusive of both top-down and bottom-up identification approaches. Once identified, risks are aligned to CUF's overall risk taxonomy, which include the categories of risk each entity will face relative to their mission and operations, including, but not limited to political, economic, strategic, technological/cybersecurity, environmental, legal / compliance, as well as financial and operational. Risks are managed at the lowest level that can achieve the appropriate response to manage the risk within the organization's risk appetite. Risks deemed material to CUF are assessed through both qualitative and quantitative lenses to define appropriate risk response and mitigation strategies.

Risk Assessment – On an ongoing basis, risks are assessed based on their likelihood of manifesting, the impact to objectives if they do manifest, and the velocity of the risk materializing. CUF teams will regularly assess a variety of metrics, such as capital and liquidity needs across the business, balance sheet exposure, risk profiles by product type, concentration by region/product, and macroeconomic factors (e.g., market conditions, interest rate risk).

Risk Response and Internal Control – Responses are defined by management to mitigate the risk to acceptable levels without compromising the investment objectives of the program. CUF will regularly reassess and improve the effectiveness of existing risk management processes. And when needed, risk response and internal controls will be revised to ensure that CUF adapts its risk management to include novel risks that arise with evolution of the landscape.

Risk Monitoring and Reporting – Material risks based on likelihood, velocity and impact are reported regularly to the Board through the Enterprise Risk Management Committee and senior management of CUF. Senior management will have the ultimate responsibility to approve any mitigation or contingency plans. Senior management – with Board coordination – also has responsibility for reporting material risk events to external stakeholders (e.g., EPA, regulators, law enforcement, the public) in accordance with applicable federal or state laws.

CI Group is well versed in the monitoring and management of risks commonly found in the operation of capital markets, including (but not limited to): credit risk, liquidity risk, market risk, operational risk, concentration risk, prepayment risk, and reputational risk. As a recipient of federal grant monies, CI Group understands the importance of assessing, documenting, and managing risks specific to federal grants and federal financial management. These risks can include an additional focus on common federal grant-related risks, including (but not limited to): programmatic compliance (e.g., EPA GGRF and NCIF program guidance), statutory compliance (e.g., IRA, 2 CFR 200), portfolio management to assess progress toward objectives, internal controls, compliance to reduce waste, fraud and/or abuse, and reporting/transparency risk (e.g., responsiveness to EPA reporting, FOIA, oversight inquiries, Congressional disclosure). Our Investment, Risk Management and Treasury Policies are attached in Financial Risk Management Policies and Procedures and our compliance policies are attached in Legal and Compliance Risk Management Policies and Procedures.

The CUF Board Enterprise Risk Management Committee oversees review and approval of CUF's Risk Management Policy at least annually, which identifies core risks, the executive management member owner and the Board Committee responsible for each risk, and the management plan for such risk to ensure ongoing assessment, response, reporting, and monitoring of these risks. The Chief Risk Officer is the executive management owner of the Risk Management Policy. CUF's Risk Management Policy identifies the core financial risks to the enterprise and its ability to achieve its objectives: Portfolio Credit Risk, Market Risk, Operational Risk, Strategic Risk, and Climate Risk. Management of these risks is an ongoing and integral part of CUF's business operations, through policies, internal controls, and management judgement. New products and strategic initiatives will be screened through this ERM framework.

Credit Risk**:** Credit Risk will be managed by the Chief Investment Officer and reflected through CUF's Investment Policies, which articulate risk and exposure limits for CUF's portfolio by categories such as single obligor, market segments, and geography. Proprietary risk scoring tools, available market data, due diligence processes, counterparty analysis, and product minimum underwriting criteria are all components of CUF's Investment Policies that enable identification and assessment of credit risk. Investment Policies also outline the approval authorities, loan-level and portfolio level reporting requirements, and portfolio quality management practices that ensure ongoing assessment, response, and management of credit risk in CUF's portfolio. Investment Policies are updated, reviewed, and approved annually by the CUF Board Investment Committee.

Liquidity and Other Financial Risks**:** CUF's Treasury Policy addresses limits to the risk accepted in the general activities of treasury, including the normal course of dealing with financial institutions and financial service providers to manage liquid cash resources; interest rate hedging (if applicable) and borrowing as needed for liquidity management. CUF's Audit and Finance Committee oversees the Treasury Policy, and CFO is executive responsible for this policy.

Market Risk**:** Market risk, including changes in interest rates, inflation, and other macroeconomic variables, will most directly impact CUF through its effect on demand for and viability of portfolio financing, as portfolio revenue is the primary source of revenue for the organization. CUF will manage Market risk through our broader financial management, including annual budgeting and goal setting, with monthly actual-to-budget reporting throughout the year. CUF's Board Audit and Finance Committee will meet and review performance quarterly, with further financial performance reporting to the full Board each quarter. Stress scenarios will be conducted as appropriate. Portfolio product pricing is determined in alignment with the overall financial targets. An automated Power BI forecasting report that is linked to our pipeline source data, our portfolio system of record, and our accounting system, allows us visibility on portfolio and corresponding financial performance actual and forecasts, updated on a daily basis. This will allow management to track pipeline and outstanding portfolio deployment against allocation and deployment targets on a regular basis and nimbly readjust predevelopment and pipeline development strategies and/or portfolio pricing model as needed. Upon full deployment of the EPA grant proceeds, CUF may pursue strategies to generate additional liquidity to ensure ongoing lending activity, such as CUF borrowings or asset sales. The CFO will manage associated market risks associated with such activity.

Operational Risk: CUF will have a robust operational risk management infrastructure to manage its low appetite for operational risk across all business units of the enterprise. As detailed in the Legal and Risk Management section above, CUF will rely on an array of policies and procedures training, and other mitigations to ensure full compliance with all laws and regulations and data management and IT systems that are secure and provide reporting that allows for broader risk detection, response, and management across the enterprise. The Chief Operating Officer is the lead executive overseeing CUF's operational risk management. It is important to point out that Climate United will be passing much of our transaction risk through to our lender partners, many of whom are regulated and licensed institutions, which provides significant protection to CUF. For our unregulated lender partners, we will do a thorough diligence to ensure organizational capacity and lending sophistication. For some of our more nascent green bank partners we will support their business development with our own organizational infrastructure as they build out their platforms and become seasoned lenders over time like many of their CDFI peers.

Strategic and Reputational Risk: We will manage strategic and reputational risk through transparent communication about our work, adherence to our Impact Measurement & Management practices, which span the lifecycle of our work – strategy setting, deal sourcing, origination, and underwriting; portfolio management; and portfolio transaction exits – and commitment to our objectives. CUF's President & CEO, with oversight by the Board, leads management of strategic risk.

Climate Risk: CUF's portfolio will have a core focus on climate justice and financing those communities most vulnerable and most impacted by climate change. CUF will identify and assess this risk using a climate risk scoring tool during its underwriting process as described in section 4.4 of the Investment Policy. The climate risk scoring tool will utilize third-party climate risk data providers to inform its assessment and incorporate into our overall credit and risk management assessments. We endeavor to identify both vulnerabilities to climate hazards such as coastal flooding, inland flooding, precipitation, temperature, wildfire, and wind, as well as resilience capacity and strategies at the project, community, or Transaction Partner level. CUF will intentionally have a higher tolerance for climate risk if the QP is located in a LIDAC area. LIDAC areas are generally exposed to higher levels of climate risk and to achieve CUF's equity and impact goals, CUF will strategically navigate these risks on an individual project and portfolio level. We will methodically track and manage the adaptation risks, transition risks, and physical risks present in our portfolio with a quarterly climate risk portfolio report that is reviewed by the CUF Investment Committee and Enterprise Risk Management Committee. We will track QP climate risk scoring data in our information management systems and leverage our portfolio reporting infrastructure to assess and monitor climate risk at the portfolio level. We intend to build capacity to conduct scenario modeling of climate risks in portfolio as well.

2.5. Financials

2.5.1. Financial Statements

The following financial statements from the Coalition Partners are attached in Financial Statements:

- Calvert Impact, Inc.: unaudited financial statements for 2022 and YTD 2023
- Calvert Impact Capital, Inc.: audited financial statements for 2022, 2021, 2020
- CPC audited financial statements for 2022, 2021, 2020
- Self Help Ventures Fund audited financial statements for 2022, 2021, 2020

The CI Group underwent a corporate restructuring in 2022, accordingly we have included the unaudited financials from CI, the current parent entity, as well as the audited financials for Calvert Impact Capital, Inc., the prior parent entity. Each Coalition Partner is financially healthy and well-managed, as demonstrated by our financial statements. Below is a summary of each organizations' respective core ratios and targets that we manage to on an ongoing basis.

Table 29. Coalition Partner Ratios and Targets

Coalition Partner	Core Management Ratios and Targets	Demonstration of Strength
CI Group (Ratios for Calvert Impact Capital, Inc.)	• Core capital: 10% • Capitalization cushion: 15% • Liquidity: 8% • Self-sufficiency: >100%	The CI Group manages its operations to these core ratios and has consistently been at or above its targets and covenants for capitalization, liquidity, and portfolio quality. The CI Group became self-sufficient in 2017 and has remained so since.
CPC Group (Ratios for CPC)	• Net Assets: No less than $175 M • Liquidity: No less than $35M • Debt Coverage Ratio: Maximum of 75%	The CPC Group manages its operations to these core targets and has consistently been at or above the targets for capitalization, liquidity, and leverage.
Self-Help (Ratios for Self-Help	• Unencumbered Assets: >=$50M • Total Net Assets to Total Assets: >=15% • Tangible Net Assets: >=$240M	Self-Help Ventures Fund manages its operations to these core targets and has consistently been at or above the

Ventures Fund)	• Operating Liquidity: Unrestricted cash and cash equivalents >3 months of Operating Expense	targets for capitalization, liquidity, and leverage.

2.5.2. Financial Projections

Climate United has combined its robust, bottom-up analysis of market demand (see **Transaction Pipeline**) with its intentional product design to generate financial projections across the seven-year period of performance attached in Financial Projections. We have provided the financial projections of CUF, SHCC, and CPC Green. The financial projections of Climate United show the following on the balance sheet:

- Based on the recognition of the entire of the grant award in year 1, a decline in net assets is shown as funds are drawn down on by our subgrantees and used for operations. In year 6, the balance sheet starts to increase again due to net income from earned revenue.
- A growth in restricted cash and cash equivalents in year 1-5 as program income is put into a reserve account until the federal funds are fully expended. These funds, along will some leveraged debt, will fuel lending activities in years 6, 7, and beyond.
- Restricted cash includes the program income reserve and cash held against partial guarantees.

On the Income Statement, we show a decline in operating expenses between year 5 and 6, as Climate United stops providing subgrants to Self-Help and CPC. Taken together, these projections demonstrate that:

- Our cumulative portfolio of loans and investments yields sufficient annual income to ensure continued operability of Climate United as a national clean investment platform.
- We increase leverage and decrease subsidy over time as the market adopts and adapts to financing our priority segments.
- All NCIF funds will be expended in the first 5 years at which point we will seek to leverage our existing portfolios to generate additional liquidity to continue lending. We expect modest top-level leverage in the beginning (prioritizing deployment of NCIF funds), with future debt issued based on portfolio longevity and performance.
- All Coalition Partners continue to lend in years 6 and 7 at or near their previous rates, even after the NCIF funds are fully disbursed.

All Coalition Partners are committed to recycling program income and future lending through similar products and programs (adapted over time as needed) to continue pursuing the policy goals of the program, including our commitment to 60% invested in LIDAC. If markets shift, there are multiple revenue and expense levers (e.g., increasing interest rates over time as the need for subsidy decreases, shifting the portfolio mix, adjusting risk parameters to manage expected losses, etc.) that can be adjusted to ensure continued operability. We will follow the markets closely to ensure we are not displacing private capital; over time, assets that are perceived too risky today will be financeable and will no longer need deep pricing and/or credit enhancement.

Table 30. Projection Assumptions, Risks and Mitigants

Assumption	Risks	Mitigants
Weighted average portfolio yield of between 3.3% and 4.2% annually across 7 years (full coalition)	Our portfolio yield is significantly below market today, but may not be in lower-rate environments, which could make it hard to meet our deployment projections	Build a scaled portfolio that can cover costs on a thin spread to provide flexibility on pricing in lower rate environments; allocate deeper discounts for LIDAC investments and cross-subsidize through non-LIDAC portfolio
Expected annual write-off rates of 5% (full coalition)	Uncertain risks in under-developed private markets could yield a higher than projected loss rate	Standardized products allow for real-time, relevant and actionable data on performance that can be used for fast feedback loops and revisions to underwriting criteria to loosen or tighten credit based on experience
Up to 40-year lending products driving long weighted average duration of portfolio assets (full coalition)	Long-term fixed rate loans can be susceptible to interest rate risk as markets fluctuate	Leverage federal dollars initially to mitigate duration risk and allow for long-term patient capital; issue long-term debt to fuel future lending and manage asset-liability risk
Significant ramp-up in originations in the first year and through year 3, stabilizing over time (full coalition)	Pent-up demand does not translate in the early years; longer-ramp up and more capacity building needed	Started the pipeline development process in July with the release of the NOFO, which will continue through the spring to push forward on projects and build a clear path to executable pipeline in the first six months; strong existing relationships with many Transaction Partners gives us a realistic view of actionable pipeline
Adequate liquidity to support lending activities (full coalition)	Insufficient liquidity to make payments on outstanding debt and pay operating expenses	Will maintain sufficient liquidity, as included in any debt covenants, and manage asset-liability risk by issuing long-term debt; will actively monitor cash inflows and outflows through real-time portfolio tracking

Additional financial projection worksheets detailing product pricing and risk assumptions available upon request for CUF and its coalition subawardees. Projections will be adjusted based on final award amount.