Project Narrative

1. Program Plan

1.1 Program Vision:

Inclusiv plans to achieve a sweeping clean energy market transformation as a hub catalyzing a network of 924 credit unions (not-for-profit community development lenders) managing $330 billion in assets to engage in equitable climate finance. Inclusiv's Network will launch and scale lending in low-income and disadvantaged communities (LIDAC) that support all CCIA-eligible priority project categories. Inclusiv is uniquely positioned as a hub nonprofit to enable this vast Network of community lenders to finance clean technology projects in building retrofits, transportation, and distributed energy. Inclusiv was the first CDFI financial intermediary in the nation and has the largest reach and size. We created the CDFI field's solar and green finance training program to enable community lenders to develop new and redesign existing products to drive affordable decarbonization in low-income and disadvantaged communities. With CCIA, Inclusiv will deploy capital to scale credit union clean energy lending, making green projects accessible in low-income and disadvantaged communities for the first time. Leveraging $3,040,309,331 of capitalization funding provided by CCIA grant dollars, community lenders in this program will provide $9,500,000,000 in financial assistance to CCIA-eligible projects that benefit over 1.8 million households and small businesses in low-income and disadvantaged communities, avoiding almost 454,000 metric tons of greenhouse gas emissions by 2030.

1.1.1 Community Lender Network Strategy

Fifty years ago, Inclusiv was founded by a coalition of credit unions that today would be known as Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs). Inclusiv has maintained a singular focus on the specialized financial cooperatives that serve LIDAC communities. Inclusiv launched the nation's first capitalization program specifically designed for these specialized community lenders and initiated a campaign that ultimately led to the creation of the federal CDFI Fund. In 1996, Inclusiv was among the first institutions to be certified by the CDFI Fund and remains the only CDFI-certified credit union association. Our capitalization experience with credit unions is unmatched in breadth, depth, and duration, and includes the invention of secondary capital for credit unions (now subordinated debt), which has leveraged more than $3.4 billion in capital to spur growth and deepen impact.

A. Industry Network of Community Lenders for CCIA Deployment: Inclusiv's Climate Lenders Equity Action Response (CLEAR) Network credit unions (CUs), include 924 CDFIs, MDIs and *Cooperativas* (financial cooperatives serving Puerto Rico) with $330 billion in assets that are the most heavily engaged in serving LIDAC communities; most of their loan capital is already deployed in LIDAC communities. CLEAR Network CUs serve more than 23 million community members with 4,223 branches (1,929 in CEJST Disadvantaged Communities), business lines include credit, savings, transaction, and financial education services.

CLEAR Network Current State of Clean Financing: Almost 20% of our CLEAR Network CUs currently offer or are developing clean financing products, most commonly for electric vehicles, energy-efficient appliances, home decarbonization, and solar systems for homes, nonprofit organizations, and businesses. These lenders use, on average, 1% of their assets to provide financial assistance to clean energy projects. Inclusiv's broad Network of CCIA-eligible community lenders are classified as follows:

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Designation or Category	Community Focus
CDFI-Certified by U.S. Treasury Department CDFI Fund	Low-Income and Disadvantaged Communities
MDI-designated by National Credit Union Administration (NCUA)	Native-, African-, Hispanic-, and/or Asian- American communities
Located in U.S. Territories	Puerto Rico, the US Virgin Islands or Guam
Green Lending-Certified by Inclusiv-Univ. of New Hampshire	Communities with Environmental Justice Concerns and Energy Communities
Deep Impact Capitalization by Inclusiv Capital	Deep impact capitalization investment to serve Low-Income and Disadvantaged Communities
Deep Impact Technical Assistance by Inclusiv	Persistent Poverty Counties, Tribal and Rural communities and people with disabilities and limited English proficiency

B. Suitability of Network for Financing CCIA-Eligible Projects: CDFIs, MDIs and *Cooperativas* have unmatched capacity to deliver at scale in LIDAC communities. As member-owned and governed, not-for-profit cooperatives, these lenders are deeply engaged with, and directly accountable to, the communities they serve. As regulated depositories, they can leverage federal resources to increase deposits, lending and impact: an Inclusiv study of the U.S. Treasury's 2010 Community Development Capital Initiative found that over a five-year period participating CUs made $60 in loans for every $1 in U.S. Treasury support. CDFIs, MDIs and *Cooperativas* predominantly lend in LIDACs; in a single year, Inclusiv's analysis of 1.2 million loans ($31 billion) issued by a sample of one-fourth of the lenders in our CLEAR Network found 68% of loans were issued in LIDACs, and <u>these lenders made new loans in 79% of all census tracts that CEJST has identified as Disadvantaged.</u>

Unlike other lenders that design products with little input from members of low-income and disadvantaged communities, CUs are governed by their members, who provide regular input and feedback on lending products and programs. Loan portfolios of CLEAR Network CUs reflect the diversity of their lending: 36% of loan dollars are deployed for vehicle purchases (ideal for EV investment), 31% for residential real estate (including home improvements), 11% for businesses, and the remaining 28% for a wide range of flexible consumer loan products, including more than $10 billion in unsecured consumer loans (great for home energy upgrades, solar energy systems). Our Network CUs will deploy CCIA capital in LIDACs that they know very well, with financial products well suited to a wide range of projects, including: Consumer loans for energy efficient appliances; Real Estate Lines of Credit for deep decarbonization retrofits of buildings; vehicle loans for zero-emission transportation; unsecured Consumer loans for residential solar and EV charging stations; business and cooperative loans for community charging infrastructure, community solar and micro-grids. As depositories, CUs continuously recycle and leverage loan capital into new loans, achieving a 10x multiplier effect, deepening impact for years after initial direct leverage of CCIA capital. Our CLEAR Network can provide financial assistance to CCIA-eligible projects, in support of the climate goals in the following bodies of work:

U.S. Nationally Determined Contribution	Inclusiv's CLEAR Network has already financed **over $500 million in solar projects and energy retrofits for buildings**, moving the U.S. closer to carbon pollution-free electricity and net-zero emissions. The Network leads in vehicle

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	lending, with over $86 billion in current vehicle loans, creating a straight path to electric vehicle loans, helping the U.S. reach its zero-emission vehicle goals.
Executive Order 14037	As mentioned above, the Network is well-positioned to finance zero-emission vehicles, bolstering the domestic market and moving the U.S. towards its goal of 50% zero-emission vehicles in new car and light truck sales by 2030.
Executive Order 14005	CUs have a strong historical connection with American workers, and many CLEAR Network CUs have been organized by and for diverse worker groups at American companies. CUs also support small businesses, including local clean energy and installers, through financial coaching and operating capital loans. This history will ensure CCIA-investment is channeled to America's workers, including supporting Made in America, where applicable.
Executive Order 14008	The CU movement is a national network comprised of individual CUs that each represent distinct communities, and collectively represent millions of Americans. Inclusiv's CLEAR Network and CCIA program are poised to mobilize quickly to deploy capital that drives climate action at home and builds climate resilience in local markets across the country.
Executive Order 14082	Our Network aids with deployment of Inflation Reduction Act (IRA) programs in many areas. For example, our CUs engage in local tax time coalitions and free tax assistance sites (VITAs). We are speaking with the U.S. Treasury Office of Tax Policy to support education and dissemination of tax credits, rebates and other subsidies through our Network. We work with private sector tax preparers to ensure support consumers in claiming the IRA's many energy incentives.
Executive Order 14096	Our CCIA program centers communities with environmental justice concerns. We ensure the programs benefits target these communities, driving affordable options for clean energy in housing, power generation, and transportation, while building workforce training, and high-quality and well-paying jobs union jobs.
Interagency Working Group on Coal and Power Plant Communities	Our Network works in Coal and Power Plant Communities on economic development and revitalization every day. These include CUs in West Virginia, Western PA, rural Ohio, Texas, and Louisiana. And we have letters of support for our CCIA program from the from CU leagues that serve Louisiana, Texas, Oklahoma, Missouri, Kansas, and Iowa, all of which focus on clean energy job creation and support of small business development for clean energy.
Justice40 Initiative	As mentioned above, Inclusiv's Network specializes in serving disadvantaged communities, far exceeding Justice40 goals, in 2022 alone, an estimated 56% of our Network's $121 billion loans were made in disadvantaged communities.

C. Barriers and Solutions to Realizing Full Potential of Network

Over the past four years, more than 1,000 community lenders have applied to our Green Lending Training and named the following barriers to building clean financing in LIDAC communities:

Barrier	Inclusiv Solution
Lenders lack knowledge of clean energy	**Educate Community Lenders.** Our training includes compelling data about existing demand and rapidly growing interest in clean energy projects, closely tied to the many city, municipality, county, state, regional, and federal programs that lower the barriers to obtaining clean energy projects. We also

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	give lenders training and tools on how to build a green loan pipeline, generate demand, and educate end users who will benefit from CCIA projects.
Lack Green Technology/ Markets/ Lending Knowledge	**Training.** Inclusiv teamed up with the University of New Hampshire's Carsey School of Public Policy, with support from the U.S. Department of Energy to design the nation's first Solar Finance Training Program for community-based lending professionals, which has expanded to include Consumer Decarbonization Lending and Resilient Solar plus Storage Lending. These courses, which will be described in greater detail in Section 1.2.4, help lenders understand their local market for clean technologies, vet installers for potential partnership, design loan products and think strategically about underwriting practices that will ensure accessibility to LIDAC borrowers.
No TA at Ecosystem-Level for LIDACs	**Centralized Ecosystem-Level Technical Assistance** (TA) **Services**. Inclusiv training is accompanied by a robust technical assistance program to accelerate lenders' ability to launch and sustain green lending programs. See section 1.2.4 for more detail.
Lack low-cost capital to compete with national clean financing	The training provides lenders with tools to design and market loan products to compete with national providers, but CCIA capitalization will allow lenders to scale these products, and particularly in LIDAC communities to compete against high-cost lenders and installers who take advantage of lack of access to conventional credit. CCIA funds will capitalize new loan products, mitigate risk, address liquidity constraints, maintain affordability and build financially sustainable programs in a rising interest rate environment.

D. Desired Future State of Clean Financing in Community Lenders Network: Since 2019, when we launched our Center for Resiliency and Clean Energy, Inclusiv has systematically worked towards our desired future state: a country that will be populated by thousands of directly accountable community lenders that provide clean, equitable financing to millions of consumers, homeowners, small businesses, and other community members, to reduce greenhouse gas emissions, lower energy cost burden, and build clean, safe, and resilient energy systems for all people. In this desired future state, all people have access to fairly priced capital and trusted guides to help them navigate the local clean energy market to select, pay for, and install CCIA-eligible projects, with community lenders that ensure investments in the clean energy economy are delivered equitably and the fruits of those investments are felt most significantly in low-income communities in the form of reduced energy consumption costs, revenue from clean energy generation and jobs in the new green economy. Inclusiv's CCIA program will jumpstart this vision: capitalization grants will build the balance sheets of locally-owned lenders, leveraging private capital in the form of member deposits that revolve continuously into new loans with expanding and deep lending impacts in LIDAC communities in perpetuity; while transaction-level subsidies will support affordability and deepen access and impact.

1.1.2 Geographic Coverage and Diversity

A. Geographic Coverage and Diversity of Community Lenders in CLEAR Network: The table below shows the number of CUs in Inclusiv's CLEAR Network in each EPA region. The distribution of lenders in the table below is proportional to the concentration of LIDACs in each region, except Region 2, which has a higher concentration of lenders because it includes 90

Cooperativas that serve Puerto Rico, an island that has suffered disproportionate impacts of climate events and is deeply and urgently committed to green financing.

As noted above, Inclusiv's analysis of 2022 transaction data from about one-quarter of our core Network found $16.2 billion in LIDAC loans, including loans in 79% of all CEJST Disadvantaged Communities, with $3.2 billion issued in rural LIDACs, $3.6 billion issued in Persistent Poverty Counties, $1 billion issued in Energy Communities, and $576 million issued in census tracts that overlap Tribal areas, with half of those loans issued in tracts that were at least 98% within Tribal areas. The data shows 68% of all loans were issued in LIDACs, a focus that is unmatched by any other regulated depositories. The data also revealed a correlation between the concentration of branches in LIDACs and proportion of financing activities in LIDACs. These results were used to generate the conservative estimates of annual lending volumes in LIDACs for the entire core Network for each EPA region in the table below.

Inclusiv CLEAR Network: CDFIs, MDIs and *Cooperativas* by EPA Region

EPA Region	# of Lenders	Total Members	Total Assets ($ Billions)	# Branches in LIDACs	Est'd # of 2022 Loans in LIDACs	Est'd 2022 Loans in LIDACs ($ Billions)
1	20	424,865	$6.92	30	22,188	$0.95
2	176	2,316,105	$22.38	304	99,963	$4.82
3	77	981,907	$14.85	76	63,868	$2.25
4	156	6,704,451	$93.17	522	841,798	$20.99
5	125	2,559,525	$33.30	243	293,315	$7.23
6	179	3,064,933	$38.95	342	387,316	$9.45
7	18	821,235	$14.03	57	210,378	$3.55
8	20	357,547	$5.15	27	17,640	$1.07
9	114	3,786,189	$66.43	196	266,962	$11.39
10	39	2,157,458	$35.02	131	200,339	$7.09
Totals	**924**	**23,174,215**	**$330.20**	**1,929**	**2,403,766**	**$68.77**

In addition to these established CUs, Inclusiv also supports the establishment of new CUs serving LIDACs and literally wrote the book on organizing community development CUs.

B. Capacity to Support Community Lenders in All EPA Regions: As a national CDFI-certified intermediary, Inclusiv deploys financial, technical, educational and technology resources in LIDAC-serving CUs to transform local progress into lasting national change. Inclusiv's direct support for hundreds of CUs across all ten EPA regions includes:

- **Inclusiv/Capital**, which has made 1,500 investments in hundreds of CUs across the country, 1,000 direct grants to small CUs, and offers a solar loan participation platform to help CUs rapidly learn how to finance solar projects;
- **Inclusiv Center for Resiliency and Clean Energy,** which has provided green lending training to 120 CUs across all 10 EPA regions;
- **CDFI Data Analytics, Certification and Reporting Services**, which currently serves more than half of all CDFI-certified CUs;
- **CU Operations and Compliance,** which provides direct TA to small and MDI CUs;

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- **Inclusiv/Communities**, deepens engagement of CUs with communities of color through Inclusiv/Black Communities, Juntos Avanzamos, and the Inclusiv/Puerto Rico program;
- **Financial Coaching Platform and Training,** which helps CUs deliver high-impact financial coaching and help consumers to reduce energy cost burden and connect to subsidies.

1.1.3 Demonstrated Interest

Letters of Interest: 220 mission-driven that specialize in serving LIDAC areas have provided letters of interest stating they would plan to seek support from Inclusiv, if provided a CCIA grant award. <u>These CUs span all ten EPA regions</u>, and are based in 37 states, the District of Columbia and Puerto Rico. See "1.1.3 Community Lender Letters of Interest– Inclusiv" attachment.

Inclusiv's CCIA program vision is based on hundreds of hours of specific and detailed engagements over the past three years with over 1,000 community lenders that demonstrated interest in creating affordable and equitable loan products for LIDAC communities and applied to our Solar and Green Lending training programs. Of these interested community lenders that are <u>already engaged in clean financing</u>, Inclusiv has delivered rigorous clean financing courses and workshops to almost 700 lending professionals, including lenders from 120 CUs. The graduates of these courses join a rapidly growing Inclusiv Clean Financing Alumni Network that has demonstrated a soaring demand for clean financing capital and knowledge. The intensive technical support offered through the Alumni Network of our Training and Certificate program resulted in CUs <u>making an estimated $800 million in LIDAC-focused green loans in the past three years</u>. These CUs are poised to leverage CCIA grants with their own deposit capital to expand their programs, and provide financial assistance to increase the availability and accessibility of clean financing in low-income and disadvantaged communities.

Beyond the CUs already offering clean financing, Inclusiv catalyzed increasing demand for training, technical assistance, and capitalization funding to launch new programs across our professional networks, including:

- **Inclusiv Community Development CU Network ("core Network")**: Nearly 500 Inclusiv member institutions serve more than 19 million members in predominantly LIDAC communities. Inclusiv's membership actively supported the creation of our Center for Resiliency and Clean Energy and continues to demonstrate strong support for clean financing initiatives both participating in and leading training, workshops and webinars.
- **Puerto Rico *Cooperativa* Network**: Hurricanes Irma and María and ongoing power grid failures spurred *Cooperativas* to invest heavily in green loan products; they created the first solar loan product on the island in 2014 and have financed more than $168 million dollars in green loans since 2021. Inclusiv has strong representation in Puerto Rico, including its network of 95 state-charted cooperativas and 4 federal credit unions, that reach 75 of 78 municipalities on the island, and have deep interest in working with Inclusiv to fund renewable and clean energy projects in their communities, as evidenced by 83 letters of interest, see pages 32-33, 38-203, 206-208 of attachment "1.1.3 Community Lender Letters of Interest".
- **MDI CU Networks**: Inclusiv has extensive MDI engagement via outreach programs (e.g., Inclusiv/Black Communities, Juntos Avanzamos) and deep partnerships with other mission-driven organizations (e.g., African American CU Coalition (AACUC), National Association of Latino CU Professionals (NLCUP) and Hawaiian Asian Pacific Islanders (HAPICUP)). These networks have sought training and expressed strong demand for equitable access to clean

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financing to promote healthy, sustainable communities. See letters of support from NLCUP (pages 85-86), AACUC (pages 7-8), and the Native CDFI Network (pages 99-100) in attachment “1.2.1 LIDAC Engagement and Accountability Letters of Support – Inclusiv”.

1.2 Investment Strategy
1.2.1 LIDAC Engagement and Accountability Strategy
1.2.1.1 LIDAC Engagement Plan
Our LIDAC engagement plan is comprehensive, national in scope, but accessible and customized to meet local needs, and prioritizes frequent, ongoing engagement. Our plan includes expanding and scaling existing partnerships, as well as launching new partnerships, with community organizations, such as advocacy nonprofits, credit union leagues, green lending financial technology companies, financial coaching platforms, and academic and research institutions, as evidenced through 67 letters of support from national and regional community organizations - see “1.2.1 LIDAC Engagement and Accountability Letters of Support–Inclusiv” attachment.

CLEAR Network CUs are community-owned, democratically governed, not-for-profit cooperatives; every user is a member/owner. These CUs predominantly serve LIDAC communities, accountable to LIDAC communities that control the institution. Inclusiv engages with CUs frequently and in considerable depth through numerous programs that can be grouped into six principal engagement mechanisms, as summarized in the table below:

Mechanism	Description
Program Design	As described further in Section 1.2.4, Inclusiv provides training and TA to help CUs work with community members to design clean energy programs/loan products for local LIDAC priorities.
Initiatives to Expand Equity	Programs such as Inclusiv/Black Communities provide training, marketing support and technology for historically Black CUs to deliver products that address the effects of discrimination and bias in traditional financial services.
Multilingual Community Engagement Tools	Supports community outreach and education, and engagement strategies to listen to community priorities, such as Juntos Avanzamos, supports CUs with bilingual and culturally-competent staff and leadership, provides signage to facilitate serving members with limited English proficiency. Designation requires the acceptance of alternative forms of ID, including the Matricula Consular and ITIN, serving individuals regardless of immigration status.
Ensuring Access	Inclusiv partners with disability rights organizations, training CUs on providing safe, reliable and affordable financial services for people with disabilities, including free tax preparation sites (VITA), financial counselor training on disability services, paid CU internships to people with disabilities.
Consumer Counseling and Support	Inclusiv’s Financial Coaching Platform and Training integrate consumer CCIA project education so that financial coaches at every CCIA-participating provide LIDAC borrowers, small business clean energy providers and installers with targeted financial coaching education to ensure that both businesses and consumers understand the economics of the projects and projects that are financially sustainable.
CDFI Support	Training/TA so CUs increase engagement and track the delivery of financial products in underserved LIDAC communities within their service areas.

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1.2.1.2 LIDAC Accountability Plan

Inclusiv will partner with national and regional community organizations to ensure LIDAC accountability. Many are well-established partnerships, as evidenced by the 67 letters of support in "1.2.1 LIDAC Engagement and Accountability Letters of Support–Inclusiv" attachment.

In addition, CLEAR Network CUs are the most participatory, transparent, and accountable full-service financial institutions serving LIDAC communities at a national scale. As detailed in Sections 2.1.1, 2.1.3 and 2.2.1, Inclusiv's own governance structure is likewise directly accountable to the CDFI, MDI, Low-Income and community development CUs that make up our core Network, elect and serve on our board, and maintain our equity policy to maintain majority representation from leaders of color. See attachment "2.2.1 Resumes of Board Members – Inclusiv" which provides an overview of Inclusiv's current Board of Directors and Capital Policy, page 3, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv," which details how Inclusiv's Board of Directors are elected and comprised to be diverse and representative of the communities Inclusiv serves.

Participatory Governance, Member Owned and Controlled. As not-for-profit financial cooperatives, CUs are owned and governed by their members. Each member of a CU has one vote in electing the Board of Directors, regardless of savings on deposit. CU boards of directors are made up of CU members, community volunteers elected by their peers.

Responsible, regulated financial institutions. All CUs are regulated, fully insured depositories, subject to rigorous examination by prudential regulators. As member-owned financial cooperatives, they are accountable to members, not external shareholders or donors. All decisions are made to benefit their members/owners. Earnings are reinvested in the CU in the form of lower loan rates, higher interest on savings or more services to benefit members.

Transparency and Fairness. In addition to the Board of Directors, each CU has a Supervisory Committee, a volunteer committee drawn from the membership and is responsible for ensuring that CU management and staff act with the highest standards of integrity, fairness and transparency. The Supervisory committee conducts regular audits of each function of the CU from verification of member accounts and deposits, to cash counts, to loan file reviews for consistency and adherence to policy. The Supervisory Committee welcomes member complaints and inquiries and is responsible for investigating and following up with members on concerns. This oversight is augmented by regulator examination staff who conduct annual examinations of all aspects of CU regulations. Examiners are particularly focused on monitoring fairness and transparency in the treatment of members in their banking and borrowing.

Community Monitoring. CUs use many mechanisms to engage with members and their communities, including the Annual Business Meeting where the CU Board of Directors and Supervisory Committee present reports on the CU's performance and progress in achieving member objectives. This includes reports on financials, products and pricing determinations, internal audits and accountability to member goals. CU members can raise questions or concerns to the Board about any aspect of the CU operations. The federal CU regulator, asks CUs to track and measure their progress on equity through the DEI self-assessment that includes DEI policies, diversity of board, management and staff and DEI reviews of third-party vendors.

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1.2.2 Investment Objectives

1.2.2.1 Climate and Air Pollution Benefits

Inclusiv's CCIA program will drive substantial and lasting results in decarbonizing LIDAC communities. By 2030, the CLEAR Network will achieve a projected 453,984 metric tons of avoided carbon dioxide equivalent emissions by 2030, to help deliver on our 2030 nationally determined contribution; and will reduce other air pollutants that harm communities, resulting in 230 metric tons of avoided air pollutants. Our CCIA program goals and targets for delivering climate and air pollution benefits will accelerate progress toward the climate goals of the United States to reduce greenhouse gas emissions 50-52 percent below 2005 levels in 2030, reach 50 percent zero-emission vehicles share of all new passenger cars and light trucks sold in 2030, achieve a carbon pollution-free electricity sector by 2035, setting the United States firmly on track to achieve net-zero emissions by no later than 2050. Our program supports and advances the goals and objectives of the FY2022-2026 EPA Strategic Plan. We will achieve these outcomes by supporting CCIA priority project categories and by aligning with the decarbonization pathways described in The Long-Term Strategy of the United States.

CLEAR Network CUs have over $10 billion in unsecured consumer loans, and almost $74 billion in real estate loans. Their loan products can be adapted to achieve the following goals in CCIA priority project categories (a) and (b): **(a) Distributed Energy Generation and Storage:** CUs will use CCIA grants to finance and deploy 810 megawatts of eligible projects that support carbon pollution-free electricity, consistent with the definition in Executive Order 14057 (Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability). Based on experience training CUs in solar lending and Solar Energy Industries Association market adoption rates of solar and solar-plus-storage, we expect 85% of the funds invested in this category will go to residential rooftop solar, 10% to residential rooftop solar-plus-storage, and 5% to a combination of community solar; fuel cells; replacement of backup diesel generators with battery storage; and distribution system upgrades necessary for project interconnection. **(b) Net-Zero Emissions Buildings:** CLEAR Network CUs will provide loans in LIDACs for over 1.6 million residential and small commercial property energy efficiency, electrification, and decarbonization retrofits, including: energy and water efficiency, efficient appliances, heat pumps, geothermal heating and cooling, and grid-interactive appliance electrification.

With over $86 billion in active vehicle loans, CLEAR Network CUs are critical to meeting GGRF targets for **(c) Zero-Emissions Transportation:** With CCIA investment, our Network will make 82,000 electric vehicle and EV charger loans more affordable to LIDAC communities. Consistent with the zero-emissions transportation decarbonization strategies in The U.S. National Blueprint for Transportation Decarbonization, CLEAR Network CUs will primarily invest in zero-emissions light-duty vehicles for individuals and families, particularly at and near multifamily housing; and deployment of chargers and other infrastructure to support zero-emissions medium- and heavy-duty vehicles for small businesses and farms.

The table details Program Objective 1 investment amount by the CCIA priority project categories. We have structured this pursuant to EPA Order 5700.7A1, Environmental Results under Assistance Agreements, based on environmental outputs and outcomes to be achieved.

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	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Outputs							
a. Total # Distributed Energy Projects	8,000	16,000	21,000	22,000	23,000	23,000	113,000
Nameplate Generation Capacity (MW)	60	110	160	160	160	160	810
Nameplate Storage Capacity (MWh)	11	22	29	30	31	32	155
Clean Energy Generated (MWh)	80,000	250,000	480,000	710,000	940,000	1,170,000	3,630,000
b. Total # Net-Zero Building Retrofits	114,000	226,000	305,000	312,000	327,000	341,000	1,625,000
# Buildings- Efficient Appliances	85,000	170,000	228,000	234,000	245,000	255,000	1,217,000
# Buildings- Heat Pumps	5,000	10,000	14,000	14,000	15,000	16,000	74,000
# Buildings- Net Zero Whole Building	1,000	1,000	2,000	2,000	2,000	2,000	10,000
# Buildings- Other Energy Efficiency	23,000	45,000	61,000	62,000	65,000	68,000	324,000
c. Total # Zero-Emissions Transportation	6,000	11,000	16,000	16,000	16,000	17,000	82,000
# Light/Medium-Duty Vehicles Financed	5,000	9,000	13,000	13,000	13,000	14,000	67,000
# EV Chargers Financed	1,000	2,000	3,000	3,000	3,000	3,000	15,000
Outcomes: Avoided Amounts (all values in Metric Tons)							
CO2 equivalent	39,482	65,977	86,669	86,513	87,115	88,228	453,984
Nitrogen Oxide	16	23	28	28	28	28	113
Sulfur Dioxide	15	20	24	24	24	24	88
Particulate Matter 2.5	2	3	4	4	4	4	16
Volatile Org’c Compounds	3.1	3.5	3.7	3.7	3.7	3.8	6
Ammonia	1.3	1.7	2.0	2.0	2.0	2.1	7

1.2.2.2 Equity and Community Benefits

Inclusiv’s CCIA program will provide $9.5 billion in financial assistance to deliver 1.8 million diverse projects for consumers, homeowners and businesses directly benefiting: Tribal communities, communities of color (particularly African-, Asian-, and Hispanic-American) communities with environmental justice concerns, energy communities, persistent poverty counties, rural areas, U.S. Territories (particularly Puerto Rico, the U.S. Virgin Islands, and Guam), populations with disabilities and with limited English proficiency.

In line with GGRF Program Objective 2, Inclusiv’s program will deliver benefits of greenhouse gas- and air pollution-reducing projects to American communities, with 100% of funds awarded will be used to provide financial and technical assistance in LIDAC communities. Inclusiv is committed to ensuring that all organizations have equitable access to their programs, which is articulated on page 3, attachment “2.1.3 Equity Policies and Practices – Inclusiv". Our program also supports the following goals and objectives of the FY2022-2026 EPA Strategic Plan: Goal 2: Take Decisive Action to Advance Environmental Justice and Civil Rights Objective 2.1: Promote Environmental Justice and Civil Rights at the Federal, Tribal, State, and Local Levels and Objective 2.2: Embed Environmental Justice and Civil Rights into EPA's Programs, Policies, and Activities. The tables below summarize Program Object 2 goals and targets for financing 1.6 million households for $8.15 billion and 182,000 businesses for $1.35 billion.

Household Project Outputs by Benefit Type, Community (all # in thousands, all $ billions)									
Community	U.S. Territories	Limited English/ Disabilities	Rural	Tribal	Persistent Poverty Counties	Minority	Energy Communities	Enviro. Justice Concerns	Total
# Clean Energy and Energy Efficiency	120	87	247	86	77	412	257	413	1,700
# Clean Transportation	4.7	3.4	9.7	3.4	3.0	16.2	10.1	16.2	67
# Affordable and Sustainable Housing	2.7	2.0	5.6	1.9	1.7	9.3	5.8	9.3	38
#Training and Workforce Development	0.1	0.1	0.3	0.1	0.1	0.4	0.3	0.4	1.8
Total # Projects Financed/Deployed	128	93	263	91	82	438	274	439	1,807
Project Outputs by Household/Business, Community (all # in thousands, all $ in billions)									
# Households Financed/Benefitting	100	100	200	100	100	400	200	400	1,600
Total $ Financing Received by Households	$0.58	$0.42	$1.12	$0.41	$0.37	$1.97	$1.23	$1.98	$8.15
Total $ Financing Received by Businesses	$0.09	$0.07	$0.19	$0.07	$0.06	$0.33	$0.21	$0.33	$1.35
Total $ investment in LIDACs	$0.67	$0.49	$1.38	$0.48	$0.43	$2.30	$1.44	$2.31	$9.50

Business Project Outputs by Business Type (all # in thousands, all $ in billions)						
Business Type	Small Business	LIDAC-led Business	Native American-led Business	Community/ Locally-Owned	Women-Owned Business	Totals

# Businesses Financed/Benefitting	18.0	54.0	18.0	72.0	18.0	182.1
Total $ Financing Received	$0.13	$0.40	$0.13	$0.54	$0.13	$0.13

Outcomes (all # in thousands, all $ in millions)		
Clean Energy and Energy Efficiency	Reduction of Energy Burden	$1,017
	Deployment of Clean Energy	$810
Clean Transportation	Access to Affordable Electric Vehicles	$67
	Access to Affordable EV Charging Stations	$15
Affordable and Sustainable Housing	Improved Indoor Air Quality	$163
	Reduced Housing Cost Burden	$400
Training & Workforce Development	Increased Participation in Clean Energy Good Job Training	5.4
	Increased Participation in Subsequent Clean Energy Good Job Placement/Hiring	5.4
	Providing Free/Fair Chance to Join a Union/Collectively Bargain	5.4
Other Types of Benefits	Community Wealth/Ownership	$4,788
	Resilience Benefits	12
	Entrepreneurship	1.8

1.2.2.3 Market Transformation Benefits

According to a study completed by the University of New Hampshire, community development credit unions are one of the largest classes of "impact investors" in the country. Our CLEAR Network manages more than $330 billion in total assets, including $280 billion in deposits. CLEAR Network CUs will transform markets by leveraging their deposits and recycling capital for sustainable financing of CCIA-eligible projects. During the project period, Network CUs will immediately leverage $2 of private capital from their deposit base for every $1 in capitalization subgrants received. Over time, they will be able to leverage $10 of deposits for every grant dollar that has been lent out and repaid, enabling them to expand clean financing, in perpetuity.

In line with GGRF Program Objective 3, our CCIA program will mobilize financing and private capital to stimulate additional deployment of underinvested greenhouse gas- and air pollution-reducing projects in underinvested communities. Our program will build the long-term capacity of community lenders to finance clean technology projects in low-income and disadvantaged communities, and this will spur market transformation, supporting market-wide accessibility of affordable financing for clean technology projects to multiply the impact of grant funds. Specifically, with CCIA capitalization funding of $3,040,309,331, we project generating $9,500,000,000 billion in financial assistance to CCIA-eligible projects that benefit over 1.8 million households and small businesses in low-income and disadvantaged communities.
The tables below show market transformation benefits for Program Objective 3.

Outputs

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	Grants Committed ($ billions)	Private Capital Mobilized ($ millions)	Private Capital Mobilization Ratio	# of Lenders	# FTEs Hired at CUs	CCIA- supported ($ billions)	CCIA- supported (# thousands)
By Community Type							
U.S. Territories (PR, Guam, USVI)	$0.22	$0.46	2:1	41	62	$0.67	130
Limited English Proficiency and People with Disabilities	$0.16	$0.36	2:1	30	45	$0.49	90
Rural	$0.44	$0.93	2:1	86	128	$1.38	260
Tribal	$0.15	$0.33	2:1	30	45	$0.48	90
Persistent Poverty Counties	$0.14	$0.29	2:1	27	40	$0.43	80
Minority	$0.74	$1.56	2:1	142	214	$2.30	440
Energy Communities	$0.46	$0.98	2:1	89	134	$1.44	270
Enviro. Justice Concerns	$0.74	$1.57	2:1	143	214	$2.31	440
TOTAL	$3.04	$6.64	2:1	588	882	$9.50	1,800

Outputs (# in thousands, $ in millions)			
	Grant Funds	Private Capital	
Community Type			
Territories	$215	$ 455	Private Capital Mobil. Ratio
Disabilities	$156	$ 334	
Rural	$442	$ 938	
Tribal	$154	$ 326	
PPC	$138	$ 292	
Minority	$737	$ 1,563	
Energy Comm.	$460	$ 980	
EJ Concerns	$738	$ 1,572	
TOTAL	$3,040	$ 6,460	2
By Geography			
EPA Region 1	$ 60	$ 140	Private Capital Mobil. Ratio
EPA Region 2	$ 210	$ 430	
EPA Region 3	$ 140	$ 290	
EPA Region 4	$ 860	$ 1,820	
EPA Region 5	$ 310	$ 650	
EPA Region 6	$ 360	$ 760	
EPA Region 7	$ 130	$ 270	
EPA Region 8	$ 50	$ 100	
EPA Region 9	$ 610	$ 1,300	

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EPA Region 10	$ 320	$ 690	
TOTAL	$ 3,050	$ 6,450	2
Project Category			
a. Distr Energy	$ 980	$ 2,080	Private Capital Mobil. Ratio
b. Net-Zero Blding	$1,440	$ 3,070	
c. Zero-Emissions	$630	$ 1,300	
TOTAL	$3,050	$6,450	2

Outcomes	All Community Lenders	CCIA-Lenders
Increase in $ of clean capital deployment by community lenders	2% per lender	5% per lender
Increase share of community lenders w clean lending programs	5% of total	15%
Increase $ of transactions w standardized features	5% per lender	50% per lender

1.2.3 Pass-Through Strategy

Inclusiv's pass-through strategy is built on the twin pillars of depository leverage and cooperative governance; capitalization funding directly leverages private capital mobilization to finance CCIA-eligible projects in LIDACs. This combination of balance sheet leverage and community control allows evaluation, distribution and oversight plans to focus directly on CUs to deliver sufficient resources to provide 100% of the financial assistance needed for qualified projects, without any dependency on third-party investors to meet our investment objectives.

1.2.3.1 Capitalization Funding and TA Subaward Design

As shown in Section 1.4, Inclusiv expects to pass-through 81.2% of funds through capitalization funding and 9.6% as technical assistance subawards, which exceeds the minimum 90% pass-through requirement. Inclusiv's program parameters include capitalization funding to range from a minimum of $250,000 to a maximum of $10,000,000 per CU, and technical assistance subawards ranging from $100,000 up to $1,000,000.

Design of Capitalization Funding: Applicants for capitalization funding will propose uses that Inclusiv will review to ensure consistency with definitions of CCIA-eligible projects and federal financial assistance as defined in 2 CFR § 200.1 and 2 CFR § 1500.1(b), and consistency with our CCIA investment objectives. See Subaward Principles and Requirements, page 57, attachment “ 2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv”.

Capitalization funding for CUs will be made available as follows:

- **Transaction-level Subsidies** for participant support costs to lower interest rates, waive fees, offer down payment assistance or payment in lieu of tax credits; and,
- **Subgrants for Capital or Loan Loss Reserves** for financial assistance to CCIA-eligible projects, per Inclusiv policies (see Allowance for Loan Loss Policy, page 52, attachment “2.3.1 Legal and Compliance Risk Management Policies and Procedures-Inclusiv”.

Inclusiv expects to commit a minimum of 90% of capitalization funding within the first three years of the program, with any remaining funds committed by the end of year four and disbursed

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by the end of year five. Each CU that receives capitalization funding will have an initial 6 months to launch their green loan program and an additional 18 months to meet their financial assistance deployment goals to CCIA-Eligible projects. Once the initial grant has been successfully deployed, even if it is before the end of the initial 24-month grant term, they may "renew" their grant if they have not yet reached the $10 million maximum and can demonstrate demand for more capitalization funding for eligible projects.

CUs that receive the maximum $1 million in TA subawards and $10 million in capitalization funding and have met their investment objectives may request an exception to exceed the $10 million cap on capitalization funding, following procedures described by the terms and conditions of the grant(s). This will only be considered if they can demonstrate ongoing demand for the type of capitalization funding provided through their CCIA award or propose new uses of funding to advance the program's goals based on what they learned from their initial round of funding. These exceptions will be considered on a case-by-case basis, in order to determine if the CU will be better served by applying for NCIF capital.

Inclusiv projects that applicants will be able to successfully deploy capitalization funding in amounts up to 10% of the institution's total asset size, while being able to manage risk and meet all CCIA compliance and program requirements. We anticipate exceptions to this general guideline, discussed in more detail in Section 1.2.3.5., to support small and MDI CUs and *Cooperativas*, the majority of which have assets below $100 million.

Design of Technical Assistance Subawards: All recipients of capitalization funding are eligible for TA subawards; CUs that receive subgrants will receive a minimum $100,000 TA subaward to train and support at least one dedicated green lending staff member who will serve as the CCIA program lead for the subrecipient. CUs will be able to request larger TA subawards using a standard budget template that includes the range of costs and services that Inclusiv has seen to be most critical to launching green loan programs. Even if CUs do not want to request funds for these areas, going through the budget template will be a useful exercise for understanding what staff, resources and activities they should plan for. We will also leave room for each CU to include in their TA subaward requests any additional categories or needs they have identified.

Proposed TA subaward budgets will be reviewed by Inclusiv staff at the application phase to ensure that they meet the federal requirements for allowable and reasonable costs and ensure that CUs will have sufficient staff and financial resources to implement a green lending program and achieve the investment objectives and requirements of CCIA. CUs with over $100 million in assets will be required to provide 20% matching funds for the TA subaward dollars received. CUs with under $100 million in assets will not be required to match subawards.

Each CU will have two years to spend their TA Subawards from the date they receive the funds and will receive TA and Capitalization commitments at the same time. Since each CU that receives capitalization funding will have an initial six months to launch its green loan program, we expect that CUs will begin to use TA Subaward dollars during this six-month period. The CU will be expected to designate or hire the designated staff member for the CCIA program and send that staff member through the Inclusiv CCIA training program during this initial six months.

1.2.3.2 Distribution Process Design

Inclusiv's process is already underway; CLEAR Network CUs have already financed **over $500 million in solar projects and energy retrofits for buildings**, and with over $86 billion in current vehicle loans, have created a straight path to electric vehicle loan. Our deep engagement with CDFIs, MDIs and *Cooperativas* through training, technical assistance, data analytics and compliance support, have identified high levels of capacity to scale this activity. The next step is a rigorous review of lender eligibility, described in Section 1.2.3.3, below. If an organization is deemed ineligible for Inclusiv's program but may be eligible for another CCIA, Solar for All or NCIF award, we will facilitate the appropriate connections.

The initial eligibility review will pre-approve CUs for capitalization funding based on asset size, assign them to one of two paths based on readiness to deploy capital. This will not constitute a funding commitment, but will enable Inclusiv to fine-tune and monitor our initial projections and capital deployment model. Each path will deliver a combination of application support and technical assistance to ensure that CUs receive awards that meet all CCIA requirements for Community Lenders providing Financial Assistance to CCIA-Eligible Projects and are appropriate in size and tailored to the needs and characteristics of their institutions and communities. Final determination of amounts for capitalization funding and technical assistance awards will be made during the full application review, described below in Section 1.2.3.4.

Path 1: Fast Track for Funding: Lenders who already operate green lending programs or have well-developed green lending strategies and plans to launch a program move directly to completing a full application for subgrants or transaction-level subsidies; applications for subgrants will be required to include a plan and budget for a mandatory TA subaward. Full application packages will include materials submitted for the eligibility review, budgets for use of TA subawards and timelines for capital deployment. Inclusiv anticipates follow-up between Inclusiv Pass-Through Deployment and Evaluation Specialists and applicants to review material and discuss changes to the budget and capital plan. Inclusiv staff also will review proposed technical assistance subaward budgets against a checklist of cost categories that subrecipients will need to address in order to successfully execute clean energy lending and federal subaward management including but not limited to: dedicated staff for program management; translation services; audit and legal fees; software; and marketing and outreach expenses.

Applications will be reviewed and approved monthly. Each month, approved green lenders participate in 4-week, cohort-based onboarding and compliance training to ensure they understand the requirements of the program, have the right structures and supports in place to launch the program, and a clear understanding of the supports Inclusiv provides.

Path 2: Applied Learning Track: Lenders that are new to green lending will complete one of Inclusiv's existing green lending training courses, led by experienced practitioners. This course provides tools to develop a green lending plan, a key part of a full application. After completion, Inclusiv Trainers will work with participants to determine if they are ready to proceed with a full application. CUs that are ready will then proceed along Path 1, outlined above.

Our experience indicates that some CUs will not be ready to immediately proceed with a full application upon completing the course. These participants will join our growing Alumni

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Network that offers peer support and exchange. This has proven to be an extremely effective way of moving CUs along the path to launching a clean financing program and reflects the cooperative values that underpin the CU movement: cooperation among. We continue to support with one-on-one support and encourage them to participate in technical assistance services.

Final determinations of capitalization funding and TA subawards will follow the detailed review of full applications. We anticipate commitments of an “up to” grant amount with disbursements for achievement of specific milestones (e.g. launch of new product/program, volume of loan deployment etc.). CUs will be eligible to request renewed support, at such time that they have deployed their initial commitment, if they can demonstrate an ongoing need for capitalization.

1.2.3.3 Eligibility Review Process

As noted in Section 1.2.3.2, a preliminary eligibility review has already begun for a large portion of our core Network. The next step is a rigorous review of each CU's eligibility; adapting the methodology used for our capital investments, analyzing publicly reported data with along with documentation submitted by CU applicants to determine they meet the four eligibility criteria: 1. Meets the definition of a not-for-profit, nonprofit, public, or quasi-public agency that is a community lender, as defined in Section 134(b)(2); 2. Is in good financial and regulatory standing; 3. Demonstrates mission alignment with the CCIA program objectives and focus on 100% of lending to LIDAC communities; based upon their designation as a CDFI, MDI, *Cooperativa*, or other community lender, demonstration that CU governance, leadership and lending is focused on financial inclusion of LIDAC communities; and, 4. Demonstrates strong interest and plan to design or expand loan products that reduce GHG emissions and air pollution. Inclusiv's rigorous eligibility review policy for pass-through funding to credit unions is described in the Subaward Principles and Requirements section starting on page 57 of attachment “2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv”.

Inclusiv staff monitors financial performance data for all CUs. Each applicant is evaluated using detailed data analysis and peer comparisons on financial performance, trends and impact. This review of publicly available quarterly data is combined with organizational documents required from each applicant, including:

- Policies and procedures for Lending, Delinquency and Collections; ALM/ Investment/ Financial Management; Allowance for Loan and Lease Losses and Calculations; Indirect and/ or Participation Loans, portfolio management practices; Enterprise Risk Management (if available); and Succession Plan;
- Information on material vendor agreements and partnerships;
- Last two years’ management letters and annual financial statements audited by an independent certified public accountant and/or Supervisory Committee.
- Status of any outstanding Letter of Understanding Agreement, Document of Resolution, Prompt Corrective Action or any other regulatory compliance matters;
- Status of any mergers, purchases or assumptions, and/or any other debt obligations;
- Most recent financial statements since the last NCUA Form 5300; and
- Initial green lending plan

1.2.3.4 Evaluation Process

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As noted in Section 1.2.3.2, CUs that pass our Eligibility Process will be pre-approved for an initial amount of funding based on their asset size. Once pre-approved, and then determined as "ready to deploy," they will go through the full application and evaluation process. This step is critical to determining institutions most aligned with EPA investment objectives and Inclusiv's goal to build a sustainable national network of green lenders serving all LIDAC communities.

Process: Applications will undergo two levels of review, based on the process outlined in Inclusiv's capital management policies. See Inclusiv's grant review process, in Subaward Principles and Requirements, page 57, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures–Inclusiv". The first level of review will be conducted by Inclusiv staff, which will include program and lending staff from the Center for Resiliency and Clean Energy and members of Inclusiv/Capital, our internal team that evaluates CU financial and organizational health for investment and grant funding. This staff will review all documents as well as the CU's past four years of financial reports and prepare a summary analysis and credit memo for review and discussion by the Grant Review Committee. The credit memo will include a summary overview of the CU, its membership and demonstration of its shared mission with Inclusiv and the purposes of the CCIA.

Inclusiv will form a Grant Review Committee exclusive to the CCIA funding process, as per the Capital Policy (see Capital Policy, page 4 attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv"). This enables us to draw upon expertise specific to the funding objectives. Grant review committees typically consist of three to five members. To ensure independence and objectivity, these committees operate at an "arm's length" from the Inclusiv Board and membership, and consist of subject matter experts, community finance specialists, and Inclusiv personnel. For the purposes of this grant, we intend to draw from our extensive network of clean energy finance experts who have served as instructors, technical assistance providers and advisors at the Center over the past 5 years. This committee ensures that capital commitments achieve and maintain a balanced portfolio, including in terms of geographic distribution and coverage of the 10 EPA regions, and a laser focus on LIDAC communities.

While Inclusiv will have a full formal application that will require applicants to describe the CU, its recent trends and the proposed use and impact of funds, we have designed a process that minimizes the burden on applicants of extensive proposal writing. Our process instead draws on existing data and reports that all CUs have related to their core business, and a green lending plan which is developed through our training and TA services before applying. This is important for creating accessibility for our field specifically: it has long been proven out in community development lending that beautiful prose is not correlated to program or institutional success or impact. In fact, very few CU's have grant writers or dedicated fundraisers on staff. CUs are successful because of their ability to make good loans. With loan deployment rates between 70%-80%, they are among the most effective and productive lenders in the CDFI field. The Inclusiv evaluation focuses on the demonstrated ability of institutions to build effective loan products, successfully launch new products with strong repayment and borrowers successfully using the capital to improve their financial position and drive emissions reductions. Evaluation Criteria and underwriting is based on: 1.strength of green lending plan, ability to meet EPA and

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Inclusiv goals and targets clean financing outputs and outcomes in LIDACs; 2.financial health assessment; and, 3.operations and management capacity.

Inclusiv will develop a scoring rubric that assigns points to these three categories using simple scales. While scoring will indicate if an applicant is not likely to be a good steward of funding or able to achieve impact–and therefore should not receive an award at that time–an equally important goal is to identify, at this early stage, areas where lenders would benefit from additional technical assistance in order to be successful. The scoring will help Inclusiv to size the capitalization award appropriately. All applicants will receive a copy of their evaluation, regardless of whether their application was successful. Evaluation criteria for each of these key areas is described below:

1. Strength of Green Lending Plan: In the past three years we have guided over 500 community lenders through our Solar and Green Lending Readiness Assessment Tool, which helps lenders create and launch new green loan products customized to the needs of LIDAC communities. We will use this tool to evaluate community and market readiness factors, such as the local government and utility environment and supportive policies, regulations, and statutes (e.g., net metering, PACE financing, etc.). The Green Lending Plan also assesses CU Readiness in terms of leadership, capacity, resourcing and support for green lending, commitment to LIDAC, risk tolerance, expertise in loans best suited for green projects, loan origination software, and installer management.

The Tool will help CUs to build effective plans to develop, launch, and manage clean financing programs for CCIA-eligible projects. Inclusiv evaluate the strength of each green lending plan based on its ability to describe, in adequate detail, plans for:

- Scope and Reach: how to connect CCIA products with members of the community most in need of clean energy projects;
- Staffing: hiring, training, and supervising staff to execute program activities and goals;
- Community Engagement: with community-based organizations, environmental justice organizations, and local stakeholders to ensure those historically been left behind in the clean energy transition have equitable access to affordable CCIA-supported loans;
- Installers: commitment to workforce development and partnering with diverse installers to generate loan activity, successfully implement clean energy projects, and build the local clean energy market; and
- Consumer Education and TA: on clean energy benefits via member education campaigns, borrower TA and financial coaching to maximize affordability using applicable clean energy incentives and impact of clean energy loan on monthly borrower cash flow.

2. Financial Performance Assessment: Inclusiv will follow a consistent but slightly amended version of our underwriting and evaluation requirements for grantmaking to ensure that the funds are optimized, deployed and focused exclusively on meeting program objectives and guidelines. The overarching goal of reviewing financial performance is to understand a CU’s ability to manage its capital, including infusions of grants and other investments, to further its mission and financial sustainability.

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The assessment of CU financial performance will use three years of financial performance data as reported through regulatory call reports. To ensure that capital is not concentrated in the largest institutions with the greatest total amount of capital, Inclusiv creates market segments based upon asset size to ensure apples-to-apples reviews. Applicants experiencing an unusual event that may be evidenced in their financial statements (e.g., a local climate event creating an increase in loan delinquencies or unexpected surge in operating expense) are encouraged to provide an explanation that describes the event and the steps that applicant has taken to mitigate and address it. Each applicant is reviewed in the following key areas of financial performance:

- **Capital Adequacy** for CUs is based on net worth-to-total asset ratios in excess of 7%, but CUs that lend deeply in their communities will have an 8-10% net worth ratio. Ratios higher than 20% may indicate insufficient leverage of funds, which may be due to recent investment growth or limited leverage of existing capital.
- **Asset Quality** assesses historical lending data to see the patterns of growth in lending and the quality of those loans, with close examination patterns of delinquencies and charge-offs to loans to ensure the CU has the capacity to deploy capital well.
- **Earnings** are reviewed over a three-year period with a focus on return on average assets ratio, a key indicator of overall institutional viability and strength with an understanding that CLEAR Network CUs may have higher operating ratios but are generally more deployed with comparable earnings ratios.
- **Liquidity:** assessment of institutional liquidity in terms of funds available for lending and ability to raise deposits to deploy new loans. Liquidity is evaluated on both the amount of current capital available for lending and the demonstrated ability of the CU to manage reasonable liquidity ratios.

3. Operations and Management Capacity: Institutional success ultimately hinges on strength of leadership, alignment on vision and direction between board and management, deep knowledge of the community served, a passion for the work and the ability to make good loans.

Our evaluation assesses the board (connection to community, knowledge and experience with the CU, and the engagement of diverse board members, including tenure) and the capacity of management (including tenure, experience within industry, level of responsiveness, vision and innovation). We seek additional information as needed on: technology, staffing and staff retention, transition and succession planning, and operational and compliance capacity.

We evaluate the CUs on ability and desire to innovate to meet their evolving community and its needs. This is often reflected in the institution's involvement with programs such as Juntos Avanzamos (supports new immigrants), or its engagement in local community efforts (e.g. homeownership campaigns, small business engagement, savings initiatives, sustainability initiatives), or the implementation of targeted member education and engagement efforts (e.g. financial coaching, savings challenges, credit building and repair, homeownership workshops, etc.). For the purposes of the CCIA opportunity, we will evaluate the extent to which CUs have a history of innovating to meet community needs, and the work that they have done so far to understand their community's need for clean energy projects.

1.2.3.5 Amount Determination Approach

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Capitalization funding amounts will be committed and distributed based upon CU asset size, lending capacity, growth trends and adjusted to prioritize lending deeply into LIDAC communities. For example, our general rule of thumb is that capitalization funding should not exceed 10% of a CU's net worth, but we recognize that this may unduly constrain the growth of green lending in communities of color, since 80% of all MDIs and nearly half of have less than $100 million in assets. As a result, guidelines for capitalization funding will ensure that these vital community lenders will be able to receive meaningful support from CCIA, while ensuring the institutions will have the capacity to successfully deploy the full amount of funding.

Similarly, TA subawards will be sized to reflect the potential of a community lender to achieve transformative impact and deep reach into target communities. We believe there is a baseline of costs that any CU will need to cover to be successful, including dedicated staff members, loan servicing platforms, and adequate resources for marketing and outreach. However, we can also envision cases in which CUs will need additional resources to reach often-excluded members of their communities–for example, monolingual non-English speakers. Similarly, we can anticipate scenarios in which CUs could qualify for additional resources if they have identified a specific need in order to reach a certain part of their target market or access a specific incentive or program that enhances their ability to support clean energy projects in LIDACs.

1.2.3.6 Management and Oversight Plan

Our management and oversight plan and process will draw on Inclusiv's 40 years of experience as a financial intermediary and robust data analytics capability (see Section 2.1.2 on Organizational Experience). It will also require an investment in hiring of new personnel in the fiscal and accounting department, legal support to review and administer assistance agreements and a large increase in Inclusiv Network team to deliver technical assistance and support to ensure that CUs are successful in deploying capital and managing growth. Financial disbursements, reporting, auditing, and financial compliance will be conducted according to Inclusiv's established capitalization policies and procedures. See page 57, attachment " 2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv".

We are fortunate to have strong systems and platforms already in place. The Inclusiv fiscal team recently upgraded our accounting systems to accommodate larger and higher volume loan and grant approvals and disbursements. Inclusiv has built out our CRM system to join public CU data with their history of participation, engagement and support in Inclusiv programs. Furthermore, Inclusiv is unique in that we already manage a data analytics program that processes millions of loan transaction data to determine lending in LIDAC communities. Inclusiv will rely upon our Financial Inclusion Data Analytics Platform (FIDAP) system to serve three important roles: first, as a tool to help CUs target and track eligible loans to LIDAC communities; second, as a source of regular, detailed transaction-level data that will enable Inclusiv to monitor progress and performance of CUs in close to real time; and third, a comprehensive source of data that can be aggregated to meet EPA and CCIA reporting requirements.

Inclusiv launched the first iteration of this platform in 2022 as an in-house solution for CDFI and CDFI-eligible CUs to upload transaction data and receive detailed metrics required for CDFI eligibility and compliance and data that could assist in grant applications and impact assessment. Over the past two years, Inclusiv's DAP system has processed, analyzed and produced detailed reports on more than 2.5 million loans, worth more than $60 billion, issued by CDFI CUs, and has been enhanced to provide detailed reports that can be used for compliance with CDFI grants and the Treasury's Emergency Capital Investment Program. The next upgrade to FIDAP will launch in the first quarter of 2023. Important new features will include: the ability to geocode transactions using both 2010 and 2020 FIPS codes, to facilitate accurate program analysis using reference tables for CDFI grants, ECIP, and GGRF/CEJST that are based on one or the other census tract vintages; (b) a new front-end portal which will enable users to upload data, see a customized lending dashboard for their institution and generate custom reports directly; (c) data visualization features that will enable CUs to see where their loans are and do more specific outreach and targeted lending; and, (d) a Spanish-language option.

CUs receiving capitalization funding will be onboarded and trained in the use of FIDAP as part of their mandatory 4-week onboarding and compliance course once their application is approved. FIDAP will be an essential part of the mechanics used to distribute funds to community lenders, which will depend on the type of capitalization funding to be passed-through:

- For **transaction-level subsidies**, funding would be distributed to lenders based on qualified CCIA-eligible projects in LIDAC communities that have been identified and validated through Inclusiv's FIDAP system
- **For subgrants for capital or loan loss reserves**, FIDAP analysis of recent CU transaction data lets us create a timetable for disbursements tied to specific benchmarks for financial assistance to qualified projects in LIDAC communities that would be set for each CU.

The development of technical assistance subaward budgets will be a collaborative process in the application and contract negotiation phase, which allow us to do initial verification that subawards will only be spent for eligible uses. In addition to the institutional capacity building from the Inclusiv Network team, we plan to engage outside expertise on compliance relevant to OMB circulars and EPA requirements including virtual desk audits on budget expenditures, policies and documentation). Funding will be reimbursement based, which will enable us to review eligibility of expenses on a regular basis as well as monitor actual spending. When reviewing Inclusiv and subgrantee spending, Inclusiv will refer to CFR § 200.403 and 200.442 for details on allowability of cost criteria.

We anticipate making quarterly disbursements of technical assistance subawards based on a short narrative report that describes activities undertaken in the previous quarter and a financial report that shows actual spending against the approved budget. FIDAP will also provide Inclusiv with detailed information on performance progress and facilitate the timely and effective allocation of technical assistance to meet evolving needs. Because we know that CUs operate in dynamic environments, we will be flexible about variations from the approved budget as long as the actual spending reflects allowable and eligible activities and expenses.

We will monitor actual spending of both capitalization funding and TA subawards on a quarterly basis to re-project timeline for funding disbursement, monitor overall share of award allocated to capitalization funding versus TA so as to ensure that the minimum thresholds of 80% for capitalization funding and 90% for capitalization funding and TA subawards is met, while managing our pipeline of additional application review and funding commitments. Capitalization funding will be milestone-based, and we will reallocate funding if milestones are not being met.

1.2.4 Technical Assistance Services Strategy

1.2.4.1 Targeted Community Lender Support Plan

Inclusiv integrates technical assistance services into program design to ensure CUs have the capacity to develop, launch green and sustain green loan programs that meet CCIA investment objectives, and to manage federal funding in a way that achieves maximum impact and ensures compliance with all applicable requirements. Our education is the basis for ongoing technical assistance services to support institutions that receive capitalization funding and TA subawards, and encourage those that are not recipients. Built into our approach is the continued growth and activation of our green lending Alumni Network, which supports peer learning to accelerate clean financing program launch and growth. We engage with technology partners to facilitate loan underwriting and origination to scale delivery of consumer loans for appliances, electric vehicle and connecting lenders with solar installers. Technology alone will not build demand, knowledgeable and engaged local lenders engage and support borrowers to succeed.

Post-Capitalization Funding Technical Assistance Services: When selecting external contractors (including consultants) for the provision of such services, Inclusiv will comply with the competitive procurement requirements in 2 CFR Parts 200 and 1500 as well as EPA's 40 CFR Part 33 Disadvantaged Business Enterprise participation rule.

TA services are designed to help CUs maximize impact by lending deeper into LIDAC communities; supporting business development, job creation and local hiring by businesses engaged in clean energy projects; and ensuring consumer protections. These services are available in cohort-based trainings, webinars, through materials and toolkits available online, and through one-on-one engagements with TA providers retained by Inclusiv to support awardees.

- **Community Engagement TA** to build partnerships to drive community outreach and education, respond to community priorities, and deliver clear, compelling, culturally and linguistically appropriate communications on benefits of clean energy for borrowers.
- **Underwriting TA** in specific clean energy technologies, such as solar, to assess and vet installers and their quotes to ensure quality and affordability.
- **Building Decarbonization TA,** which Inclusiv will deliver in partnership with local and regional TA providers, including organizations like Building Energy Exchanges in New York, St. Louis and Kansas City, the Institute for Market Transformation, state energy offices and EPA's regional TCTAC offices.
- **Consumer Protection TA** will support financial coaching and counseling; installer vetting and quote reviews; and third-party inspectors, described in more detail in Section 1.2.5.3.
- **Labor and Workforce Protection TA** will focus on building on-the-ground partnerships with local business organizations, labor and workers' rights groups, and trade associations, described in more detail in **Section 1.2.5.2**
- **Technology TA** will provide CUs with solutions that automate vendor vetting and management, loan processing and underwriting. **Inclusiv supports CUs with technology platforms to integrate with core processing systems and digital banking to expand access and convenience of borrowers to apply for, receive approval and disbursement of funds for qualified projects.**
- **Compliance and Reporting TA:** which will strengthen initial required training on reporting, program compliance, and the use of Inclusiv's FIDAP reporting platform.

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Targeted Support for CUs Without Capitalization Funding or TA Subawards
The entry point for community lenders that have not received capitalization funding are the trainings developed and offered by Inclusiv/University of New Hampshire. As noted in Section 1.2.3., the goal for community lenders participating in one of our courses for the CCIA program is to finish the course with a completed green lending plan which forms the basis of their full application for CCIA support. However, we recognize that not every lender will be ready to apply or launch a program upon course completion. Our Alumni Network is designed to continue to move them along the path and Inclusiv hosts 1-2 virtual webinars and workshops per quarter with peers who want to share experiences on specific green lending questions and investigate potential partnerships. Inclusiv routinely sets up introductory calls between lenders, so they can offer advice, learn from others' experiences and pursue potential partnership opportunities. These introductions have led to co-financing arrangements and solar loan participations, and have also resulted in established green lenders sharing their own materials and program design so that other lenders do not have to start from scratch. We believe this powerful peer effect reflects the unique cooperative values of CUs, which is not standard across the financial services sector.

1.2.4.2 Financial Market-Building Plan

Inclusiv will build a supportive financial market for community lenders to provide financial assistance to CCIA-eligible projects and achieve investment objectives in in four ways:
1. Lender Engagement and Loan Origination Platform streamlines lender onboarding, loan origination software integration, application receipt/processing, underwriting, and decisioning. Inclusiv, in close partnership with solar professionals that specialize in serving LIDAC and via community lending, project development, contracting and installation, provides standardized solar project performance criteria, underwriting guidance, documentation, and product features. We built this based on detailed requests from hundreds of community lenders seeking standardized tools that enable them to rapidly develop their solar loan products and programs.

With CCIA funding, we will expand our Platform into a Green Loan Market-Building platform that covers consumer decarbonization lending, along with the broader range of CCIA-eligible projects, and will continue to iterate on this platform as CUs add new green products that build their local energy markets. While we systematize and increase access to these Platform solutions, we also ensure that guidance provided stays dynamic and responsive to the changes market conditions that are sure to rapidly evolve with the influx of CCIA capital, along with all the other capital and incentives provided by all Inflation Reduction Act programs.

2. Consumer Engagement Platform: (Financial Coaching/Clean Energy Incentives/Adoption) In LIDAC communities, people are more likely to live in buildings with inadequate insulation and outdated HVAC systems, drive older cars, and are less likely to have access to solar energy. There is thus an enormous need for clean energy solutions – but a variety of barriers prevent need from being expressed as demand. Besides lacking affordable financing, other major barriers include a lack of knowledge about clean energy options, uncertainty about whether a clean energy investment will yield the expected results (e.g. will this heat pump really work?), difficulties in finding and managing installers, and above all a lack of trust, given the history of scams (home improvement scams, solar scams, used car scams) that have plagued LIDACs. Our network lenders are known and trusted in their communities. By providing them tools to address other barriers to demand, Inclusiv will unlock clean energy potential in LIDACs. For example,

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our member lenders offer financial counseling to all customers. Inclusiv has developed a new counseling module that helps network counselors identify opportunities for customers to save money and improve their health through clean energy projects.

3. Installer Engagement and Vetting Platform: Inclusiv has also worked with partners to develop operating platforms that vet and manage the work of home energy improvement installers, reducing risks for customers. Inclusiv has worked to identify technology solutions that can support CUs by automating vendor vetting and management, as well as loan processing and underwriting. These technology platforms can be a solution for CUs who do not have the staff to manage individual vendor relationships and process loan requests in real-time. However, while there are many benefits to integrate vendor vetting and loan processing technology into a CU's green lending program, these platforms have to be vetted and piloted. Inclusiv is in the process of vetting potential technology partners, working closely with its technology team, to conduct this analysis. In addition to technology efficiencies, Inclusiv is also interested in supporting financial mechanisms that can support uptake in green lending.

4. Solar Loan Participation Platform: Inclusiv manages a solar loan participation pilot, where interested CUs can buy and sell solar loans, through Inclusiv's marketplace. For sellers, it's a way to increase liquidity and continue to grow their green lending program, and for buyers, it's a great way to learn how these solar loans perform and learn the details of solar lending works, before launching a standalone program.

1.2.5 Implementation Plan

1.2.5.1 Community Lender Outreach and Accessibility Plan

In Section 1.2.1.1, we outlined a number of Inclusiv initiatives that help CUs deepen their community engagement in LIDAC communities. Our extensive engagements with CUs that predominantly serve LIDAC communities begins with effective communications, outreach and engagement strategy to raise awareness of our program and resources CUs rooted in LIDAC, rural, Tribal communities and persistent poverty areas.

Robust Outreach Plan: Inclusiv's outreach plan builds on our experience disseminating information about green lending through outreach to all of our networks through Town Halls, newsletters, op-eds and videos about the Greenhouse Gas Reduction Fund, and amplifying our message through our expanding Alumni Network. Through our dedicated focus, strong partnerships and funding from the Department of Energy, Inclusiv has become the primary training organization for the CDFI field on Solar and Green Lending we have a robust database of more than 1,000 CDFIs that have applied to our training programs and deep knowledge of those that have completed our training through their participation in the Alumni Network.

Our outreach plan will include direct engagement with CUs in our CLEAR Network and promotion of this opportunity through a number of effective channels for reaching CUs with information on opportunities, resources and program details, including:

- Annual Conference Boot Camps: We plan to announce details of an award at Inclusiv's Annual Conference on May 7-9, 2024 *Sustainability in Action: Credit Unions Building an Inclusive, Equitable & Green Future*. The event, which is expected to draw 750 participants, largely CU practitioners and their community partners. We hold a half-day Clean Energy

Boot Camp every year. This year's Boot Camp and breakout sessions will focus on the CCIA funding opportunity for CUs.

- Monthly Town Halls: Inclusiv holds monthly virtual Town Halls with a large network of community development CUs. We have held 5 information sessions on the Greenhouse Gas Reduction Fund since the passage of the IRA. Ongoing sessions will provide more detail on the application structure, the details of the opportunity, eligibility and evaluation criteria.
- Office hours: Inclusiv staff holds weekly office hours to deliver technical assistance on capital development, operations & compliance support. Inclusiv will expand these office hours to include one-on-one guidance on the CCIA implementation plan.
- Stepped up Network Communications: Inclusiv sends monthly network newsletters and shares other materials like targeted outreach and engagement pieces, toolkits and guides to getting started to members regularly.
- Promotion of "Solar and Green Lending 101": This self-paced video is the ideal starting point for all lenders seeking to start clean energy products or to revise their existing loan products to prioritize energy efficiency and clean energy, such as electric vehicle and energy star appliance loans.

Thorough Accessibility Plan: Because of the vast network of CUs and the communities they serve, Inclusiv works to make our programs accessible to persons with disabilities, limited English proficiency and those who may be in isolated geographic or socio-economic areas. Inclusiv MDI and Puerto Rico Network staff will be developing targeted outreach and engagement to ensure we obtain maximum participation among Black, Latinx, Native and Asian American CUs; and that we place a particular focus on CUs operating in target geographies such as Native Tribal communities, rural areas and island communities including Puerto Rico, US Virgin Islands, Hawaii, Guam and American Samoa. See Equity Policy, 4.6 Programs, products and services, page 3, attachment "2.1.3 Equity Policies and Practices – Inclusiv".

The primary language, other than English, represented in our Network is Spanish, so we plan to make all of our outreach and training materials available in English and Spanish. For webinars delivered live and recorded for future viewing, we also use closed captions to make content accessible to individuals with hearing impairments. While Spanish and English are the predominant languages for our Network, there are CUs that serve monolingual speakers of other languages and organizing efforts for new CUs driven by immigrant and/or refugee populations. Examples of this include Northeast Community Federal Credit Union in San Francisco's Chinatown, which serves many newly arrived immigrants in their native language and with affordable products that offer an alternative to the area's mainstream banks which cater to a more affluent and English-speaking population. Northeast Community Federal Credit Union: See Northeast Community FCU's letter of interest, page 441-442, attachment "1.1.3 Community Lender Letters of Interest". We will work with these CUs to make sure that access to information on the opportunity is tailored to the needs of their boards, staff and members and will dedicated Inclusiv technical assistance funds to ensuring materials are in multiple languages as needed and that culturally competent trainers and technical assistance providers are identified.

1.2.5.2 Labor and Equitable Workforce Development Plan

Inclusiv and our Network CUs are committed to the principles and priorities of this funding opportunity for creating good jobs. Inclusiv will work toward these goals in several ways:

- Continue to work with the University of New Hampshire to identify opportunities to build connections between local solar installers and community lenders, including through engagement opportunities with UNH's training program focused on building solar installer capacity and expertise, see UNH's letter of commitment, pages 10-11 in attachment "1.2.5.2 Labor and Equitable Workforce Letters of Commitment – Inclusiv".
- Building on our work helping credit unions build partnerships with local clean energy installers, we are currently piloting an approach that helps credit unions identify the full local ecosystem that supports the related goals of building local business capacity to perform clean energy projects and creating good job opportunities for members of low-income and disadvantaged communities. Inclusiv is piloting a few of these partnerships now, and has received letters of commitment from regional and national organizations, that specialize in workforce development for groups that are underrepresented in the solar industry (women, people of color, those impacted by the criminal justice system), see pages 4-6 (GRID Alternatives), page 7 (NYSERDA), and 8-9 (Solar One) in attachment "1.2.5.2 Labor and Equitable Workforce Letters of Commitment – Inclusiv".
- Inclusiv also plans to partner with organizations like the Black Owners of Solar Services (BOSS), to support Black-owned businesses in the clean energy sector and connect BOSS's members to Inclusiv's network of credit unions looking to build partnerships with a diverse and skilled solar workforce, see pages 2-3, attachment "1.2.5.2 Labor and Equitable Workforce Letters of Commitment – Inclusiv".
- CUs partnerships with local installers: Our training/TA services help CUs identify the full local ecosystem that supports the related goals of building local business capacity to perform clean energy projects and creating good job opportunities for members of LIDAC communities. Inclusiv requires its sub-awardees to make a good faith effort to ensure that disadvantaged business enterprises, including minority business enterprises and women's business enterprises, receive a fair share of any contracts awarded. See Subaward Principles and Requirements, 3.1 Requirements, page 58, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv".
- Development of new worker-owned cooperatives. Worker-owned cooperatives are a natural fit with a CU-driven strategy because of their common cooperative structure and values, and because business ownership is an asset building opportunity that aligns with CU goals for community-based economic development and financial inclusion and the goals of this competition. We will partner with national organizations that support the cooperative business movement to connect with their networks of existing worker cooperatives that could participate in clean energy projects and, more importantly, to provide technical assistance to individuals and firms that want to join together in a cooperative model to pursue clean energy projects, including those funded by CCIA investments.
- Small Business financial coaching and counseling: These partnerships will lead to the development of additional learnings in labor and workforce best practices (fair wages, safety protections, transparent quotes and pricing, etc.) that can be integrated into existing small business financial counseling and coaching programs at CUs.

There is a historical connection between CUs and labor, which persists in the form of CUs organized by and for workers to promote their financial security. The prevalence of employee CUs amongst professions in which people of color and low-wage workers are disproportionately represented, including health care and the public sector, speaks to the connection between labor concerns and the CU model: CUs offer a powerful set of tools for addressing financial security and creating asset building opportunities for individuals who are not well-served by the mainstream, for-profit financial services sector. Examples from within Inclusiv's CLEAR Network include 1199 SEIU Federal Credit Union, a CDFI and MDI CU which was founded in 1940 to serve New York's Health and Human Service Employees Union, which has grown to cover 450,000 health and human services workers on the East Coast (see pages 26-27 for 1199 SEIU letter of interest in attachment "1.1.3 Community Lender Letters of Interest"); and North Carolina's Local Government Federal Credit Union, a CDFI credit union established to serve municipal government workers across the state.

There are also examples from our movement where CUs have been born out of labor organizing efforts. For example, the United Farm Workers of America organized Farm Workers Credit Union to provide small loans to farmworkers to enable them to withstand the loss of pay during strikes conducted as part of union organizing efforts; in 2010, Farm Workers Credit Union (which has earlier merged with Kern Central Credit Union, originally formed by oil field workers of the Kern County Refinery in Bakersfield, California), merged with Inclusiv member Self-Help Federal Credit Union. See Self-Help FCU's letter of interest, page 286-287, attachment "1.1.3 Community Lender Letters of Interest".

Note that most clean energy projects supported by this project will not be subject to Build America, Buy America Act and Davis-Bacon and Related Acts requirements because they will be residential home projects which are not covered due to their private ownership and size of project. Also, we note that the types of installers and businesses that serve the residential market are unlikely to be unionized. Further, Inclusiv's CLEAR Network includes high concentrations of CUs in regions where organized labor rates are historically low and/or states have "right to work" legislation: for example, North Carolina, Texas, Mississippi and Louisiana, where less than 10% of the workforce is represented by unions.

1.2.5.3 Consumer Protection Plan

Inclusiv is uniquely positioned to ensure the enforcement of strong consumer protection standards for any entity that interacts, transacts, or contracts with a consumer as part of our program. This is because CUs are required to maintain strict compliance with consumer protection laws and fair lending practices, including, but not limited to the Federal Trade Commission Act (15 USC § 45), Consumer Financial Protection Act (12 USC § 5536), and Fair Debt Collection Practices Act (15 USC § 1692e)); the Truth in Lending Act (15 USC § 1601 et seq.) and Regulation Z (12 CFR §1026), and the Equal Credit Opportunity Act (15 USC § 1691 et seq.) and Regulation B (12 CFR § 1002).

As insured depositories, CUs undergo examinations by their prudential regulators every 12-18 months, which encompass all facets of their operations, including financial, operational, and regulatory compliance. Unlike unregulated financial institutions, CUs also operate under interest rate caps; for federal CUs, the maximum allowable Annual Percentage Rate (APR) CUs may currently charge is 18% for loans, except for loans made under NCUA's Payday Alternative Loan program, which may charge up to 28% interest and charge application fees up to a maximum of $20. Many states have their own interest rate caps and state-chartered CUs in those states must adhere to their states' requirements.

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A comprehensive outline of how CUs are subject to and follow consumer protection compliance requirements as established and regulated by NCUA is provided in the Consumer Protection Considerations section on page 2 of attachment “1.2.5.3 Consumer Protection Policies and Procedures – Inclusiv”. NCUA has also designed a strong compliance framework around management of consumer complaints. See NCUA Office of Consumer Protection on page 4 of attachment “1.2.5.3 Consumer Protection Policies and Procedures – Inclusiv” for details.

Based on a list of common pitfalls and predatory practices that CUs have identified in the for-profit clean energy financing sectors, Inclusiv has developed the following plan to deliver TA services on consumer protections in three ways:

i) **Financial coaching and counseling:** An essential element of financial coaching and counseling is ensuring that consumers have the knowledge needed to recognize scams and evaluate loan offers with a critical eye so that they can confidently assess whether they will benefit from a clean energy project. As described in Section 1.1.2, Inclusiv offers extensive supports to strengthen our Network’s financial coaching capacity.
ii) **Installer vetting and quote reviews:** On the installer side, there are also opportunities to offer technical services to our CUs that will protect their customers. This includes providing vetting resources and support, including subsidizing technology platforms that can vet local green and solar installers and bring them onto a shared platform with a CU lender, as discussed in Section 1.2.4.1.
iii) **Third-party project inspectors:** Inclusiv will train and hire third-party project inspectors to work with CUs to provide spot-checks of borrower’s homes where solar and other energy efficiency upgrades were installed with CCIA funds. These inspectors will confirm the vendor did the work well and that it is having the intended impact, reducing monthly utility bills and providing more comfortable living environments. This also provides a mechanism to hear directly from the customer and provide feedback on the installer experience.

The robust regulatory framework in which CUs operate and CU’s cooperative, member-owned structure mean that all lending products created under our program will steer clear of predatory practices, guarantee fairness and affordability, and remain accessible to target communities while maintaining the health of the CU's balance sheet.

1.2.5.4 Housing Affordability Protection Plan

Home clean financing generated through this award will primarily be to owners of residential homes (1-4 units) that are generally not subject to affordability protections. But, as most lending will be for primary residences, there will be a strong motive by borrowers to seek financing that will keep their costs affordable; lowering operating costs and need to increase any tenant costs.

Most housing-related financing activity that CUs do is in the form of mortgage lending, home equity lines of credit, and unsecured consumer loans for household appliances and solar panels, but for this project we anticipate that very few CUs will offer green mortgages. Instead, most of the lending will be consumer loans for projects and appliances that have the potential to lower energy use, including solar panels. While a CU would never make representations that a certain technology or home improvement will reduce a homeowner’s utility expenses–and would counsel borrowers against accepting any quotes or claims from installers that guarantee savings–

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CU underwriters always review loans in the context of what is affordable for that borrower and can compare the projected monthly utility bill savings against the proposed monthly loan payment to understand the impact on a borrower's monthly expenses. Further, CUs have the flexibility to set product terms to make monthly expenses more manageable for borrowers while also ensuring that the term isn't so long that borrowers end up overpaying; low-income borrowers are often offered terms longer than they need by for-profit lenders.

The few Inclusiv's Network CUs that lend to multifamily buildings are tied to permanent affordability. For example, housing development fund corporations (HDFCs) are a special class of multifamily housing cooperatives in New York City which are restricted to low- and moderate-income buyers. The cooperative owners of the building are responsible for managing and maintaining the building, with fees for maintenance shared by owners. This creates a strong incentive to manage utility costs and operate the buildings efficiently so as not to have to continually increase shared maintenance costs. This, in turn, has made NYC's HDFC's early adopters of solar energy and electrification technologies. Lower East Side Peoples Federal Credit Union (LESPFCU) is New York City's leading HDFC lender.

Inclusiv member CUs, including Genesee Co-op Federal Credit Union, LESPFCU and Brooklyn Coop Federal Credit Union are working with local community land trusts (CLTs) to support the creation of permanently affordable housing. CLTs can take the form of single-family, owner-occupied homes, affordable multi-family rental housing, or cooperative apartment buildings like HDFCs. Like HDFCs, CLTs have a strong incentive to manage utility costs and support their residents in pursuing energy efficiency and solar projects.

In the past, Inclusiv has also partnered with ROC-USA, a national organization that organizes manufactured home communities into cooperatives that purchase the land their communities are on, with individual manufactured homeowners issued shares in the community. ROC communities have pursued solar projects; partnership with ROC-USA and community lenders in the CCIA program that provide manufactured home loans is one strategy for increasing clean energy projects in naturally-occurring affordable housing communities.

1.2.5.5 Coordination Plan

Our CCIA program coordinates with and leverages dozens of existing technical and financial assistance resources from Federal, Tribal, State, Territorial, Local governments, and non-governmental organizations. Inclusiv CCIA staff focused on program coordination, government relations, and community engagement work in lock-step to maximize effectiveness and achieve our investment objectives. Programs include, but are not limited to:

- **Consumer Incentives Platform**: This CCIA project involves building a platform that connects consumers to applicable incentives for energy projects, including tax credits, subsidies, and rebates from local, State, Federal, and utility programs.
- **Financial Empowerment:** Inclusiv has partnered with SaverLife to build the capability of the financial health field to become more versed in climate and to expand financial counseling and coaching options Inclusiv works with non-governmental organizations in the financial health and empowerment field to coordinate strategies around CCIA-eligible project savings mobilization, financial coaching, tax time outreach and free tax assistance sites (VITAs) to ensure that LIDACs receive financial guidance and support in accessing IRA incentives

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- **State Energy Offices, Local Sustainability Offices:** Inclusiv and its network have been engaging with state and local energy offices to connect solar lending with installers, small business and local strategies.
- **State CU Leagues**: Inclusiv has briefed and trained CU industry partners, particularly those that serve minority CUs, or have interest in clean energy.
- **EPA TCTACs**: we form partnerships with each of the EPA's 16 Environmental Justice Thriving Communities Technical Assistance Centers (TCTACs) to support communities with environmental justice concerns and make sure they are aware of and able to access the resources of these TCTACs to CCIA-eligible projects via our Consumer Engagement team.
- **National Labs:** In our Solar and Green Finance training courses, we teach students how to understand and apply the tools and research offered by Berkeley Lab and National Renewable Energy Lab (NREL). For example, we require community lenders to use the NREL PV Watts calculator tool as part of their solar project evaluation process. Our CCIA program expands on this with a more comprehensive assessment of the tools offered across the National Labs community lenders can utilize to save accelerate and improve program outcomes.
- **CLEAR Network Coordinated Loan Product Development**: In addition to Inclusiv's centralized coordination, each of our CLEAR Network CUs will further coordinate directly within their communities. In our training program, we assign each community lender the task of investigating the local financial and technical assistance resources available in their communities. We teach each lender how to identify and understand local resources, work with them to build a strategic partnership building implementation plan, and guide them to meet with their local resources to formalize how they will leverage these resources. See University of New Hampshire (UNH)'s Center for Impact Finance letter of support, pages 139-140, attachment "1.2.1 LIDAC Engagement and Accountability Letters of Support – Inclusiv," which highlights Inclusiv's track record training community lenders in green lending.

Plan to coordinate with grantees across GGRF: We are already coordinating with other GGRF applicants and plan to coordinate with GGRF grantees across the National Clean Investment Fund, Clean Communities Investment Accelerator, and Solar for All programs minimizing duplication and maximizing complementarity across grantees in achieving the GGRF program objectives. This coordination benefits the overall objectives of the GGRF as it will use CCIA to build capacity and engagement from diverse sectors. And then provide the broadest range possible of qualifying projects to seek and access capital from the permanent NCIF funds and from targeted state and local strategies on Solar for All.

We have engaged in deep strategic planning across a broad spectrum of lenders to help structure NCIF proposals to allow for maximum participation from a wide range of community lenders. For example, Inclusiv is part of a coalition approach to the NCIF competition as part of the Justice Climate Fund, led by: Inclusiv, the African American Alliance of CDFI CEOs, the National Association for Latino Community Asset Builders, Oweesta Corporation, the Native CDFI Network, National Bankers Association, Community Development Bankers Association, Opportunity Finance Network and Impact Assets. We have also provided Solar and Green Lending training to many of the organizations leading other applications, and will continue to partner with those organizations to maximize the impact of GGRF. See letters of support from the Justice Climate Fund, African American Alliance of CDFI CEOs, the Native CDFI Network, National Bankers Association and Opportunity Finance Network and Impact Assets, see pages

73-74, 4-6, 99-100, 87-89, and 116, respectively, attachment "1.2.1 LIDAC Engagement and Accountability Letters of Support – Inclusiv".

1.3 Program Reporting
1.3.1 Reporting Plan

We plan to track and report environmental outputs and outcomes as follows.

Climate and Air Pollution

- Outputs
    a. Distributed Energy Generation and Storage - # projects deployed, nameplate generation capacity (MW), nameplate storage capacity (MWh), clean energy generated (MWh)
    b. Net Zero Buildings - # projects deployed, # buildings/ project types deployed: efficient appliances, heat pumps, net-zero whole building, other energy efficiency
    c. Zero-Emissions Transportation - # projects financed, # light/ medium-duty vehicles financed, # EV chargers financed
- Outcomes: avoidance of metric tons of carbon dioxide equivalent, avoidance of particulate matter 2.5, sulfur dioxide, nitrous oxide, ammonia, and volatile organic compounds
- Methodologies: We will use EPA eGRID, EPA AVERT, and ENERGY STAR to calculate avoided emissions, and EPA AVERT for avoided air pollutants
- Inputs:
    a. Distributed Energy Generation and Storage - technology, install address, nameplate generation and/or storage capacity, date of completed installation, date of grid interconnection
    b. Net Zero Buildings - replaced technology make/model/size, install year; replacement type make/model/size, install address, building square footage, date of completed installation
    c. Zero-Emissions Transportation - vehicle make/model/year, primary usage location (city/state)

Equity and Community Benefits

- Outputs
    - # projects by benefit type (clean energy and energy efficiency, clean transportation, affordable and sustainable housing, training and workforce development) and community type (Territories, Limited English Proficiency/Disabilities, Rural, Tribal, Persistent Poverty Counties, Minority, Energy Communities, Communities with Environmental Justice Concerns)
    - # households, dollar value of financing received by households, and total investment in LIDAC by community type (Territories, Limited English Proficiency/Disabilities, Rural, Tribal, Persistent Poverty Counties, Minority, Energy Communities, Communities with Environmental Justice Concerns)
    - # businesses receiving financing for projects, dollar value of financing received by businesses, number of businesses benefitting from projects.
- Outcomes
    - Clean Energy and Energy Efficiency: Reduction of Energy Burden (estimated utility bill savings), Deployment of Clean Energy, Community-wide Microgrids
    - Clean Transportation: Access to Affordable Electric Vehicles, Access to Affordable EV Purchase Programs, Access to Affordable EV Charging Stations

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  - Affordable/Sustainable Housing: Improved Indoor Air Quality (switch from fossil fuel burning systems to electric), Reduced Housing Cost Burden (estimated reduction in utility bills)
  - Training and Workforce Development: Increased Participation in Clean Energy Good Job Training, Increased Participation in Subsequent Clean Energy Good Job Placement/Hiring, Providing Free/Fair Chance to Join a Union/Collectively Bargain
  - Other Benefits: Community Wealth/Ownership, Resilience Benefits (energy storage, access to distributed energy), Entrepreneurship
- Methodologies and Inputs: the above outputs will be collected and converted into outcome using U.S. Department of Energy and U.S. EPA standard practices for each category.

Market Transformation Benefits

- Outputs
  - Grant Funds Committed, Private Capital Mobilized, Private Capital Mobilization Ratio by community type (Territories, Limited English Proficiency/Disabilities, Rural, Tribal, Persistent Poverty Counties, Minority, Energy Communities, Communities with Environmental Justice Concerns); by EPA region; and by Priority Project Category (Distributed Energy Generation and Storage, Net Zero Buildings, and Zero-Emissions Transportation)
  - Number of Community Lenders, Number of FTEs Hired/ Trained at Community Lenders, dollar value and number of CCIA-supported transactions using standardized project performance criteria, underwriting guidance, documentation, and product features, all by the same community types in above bullet
- Outcomes
  - Increase in volume of clean capital deployment by community lenders (all community lenders, CCIA-supported community lenders)
  - Increase in share of community lenders with clean lending programs (all community lenders, CCIA-supported community lenders)
  - Increase in volume of transactions using standardized project performance criteria, underwriting guidance, documentation, and product features (all community lenders, CCIA-supported community lenders)
- Methodologies and Inputs: the above outputs and outcomes will be collected and using CU reporting, paired with original market research and market surveys.

Assumptions: Inclusiv will guide CUs on how to collect and track the above inputs in all benefit categories for each project financed. CUs will use forms provided by Inclusiv to collect these standardized inputs during the loan application, project close, and loan repayment phases.

Plan to Collect Necessary Data from Community Lenders: Inclusiv's Financial Inclusion Data Analytics Platform (FIDAP), our proprietary tool for CUs to receive detailed metrics required for grant compliance, reporting, and impact assessment, will collect data. The next upgrade to FIDAP will launch in the first quarter of 2023. Important new features will include: the ability to geocode transactions using both 2010 and 2020 FIPS codes, to facilitate accurate program analysis using reference tables for CDFI grants, ECIP, and GGRF/CEJST that are based on one or the other census tract vintages; (b) a new front-end portal which will enable users to upload data, see a customized lending dashboard for their institution and generate custom reports directly; (c) data visualization features that will enable CUs to see where their loans are and do more specific outreach and targeted lending; and, (d) a Spanish-language option.

1.3.2 Reporting Capacity

In accordance with 2 CFR § 200.329, Inclusiv is prepared to meet quarterly and final program performance reporting requirements as follows:

A. Program Performance Reporting: Inclusiv will use FIDAP to track CCIA-eligible projects, and create reports for CUs to assess their performance under the grant on an ongoing basis. CUs will be required to use FIDAP and will be trained in system operation and the collection and upload of the critical data points listed in 1.3.1, above. FIDAP will be used for tracking and reporting on both **Environmental Outputs and Outcomes** (i.e., climate and air pollution benefits, equity and community benefits, market transformation benefits); and **Program Evaluation and Other Evidence-Building**. Inclusiv's CCIA program staff will use FIDAP reports to ensure that program environmental outputs and outcomes are accurately tracked and reported to EPA. FIDAP will easily be able to track and report on the anticipated volume of CCIA-eligible projects over the program term.

B. Financial and Administrative Reporting: Inclusiv will use existing systems to track and report on Grant Expenditures: program expenses, capitalization funding commitments, technical assistance subaward commitment, closed transactions using capitalization funding. Inclusiv will also provide Organizational Financial Statements and Disclosures: Management's discussion and analysis of financial condition and results of operations, consolidated financial statements and notes, Scope 1 and 2 emissions, relevant categories of Scope 3 emissions, executive and board compensation disclosures, and additional board disclosures such as meeting minutes. See Federal Procurement Standards, page 71, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv".

As a the only national CDFI Certified Intermediary for CUs, Inclusiv has extensive reporting obligations to federal agencies, private sector investors and philanthropic organizations. In addition to the oversight provided by the Inclusiv Board of Directors, third-party validation, verification and assurance includes:

- Inclusiv's CU investees are insured depositories, subject to annual financial audits and regular examinations by their prudential regulators. CUs that expend more than $750,000 in federal funds within a year are also subject to A-133 Single Audits; this requirement will be in accordance with 2 CFR § 200.501(a),
- As noted above in Section 1.2.5.3, Inclusiv will train and hire third-party project inspectors to work with CUs to provide spot-checks of borrower's homes where solar and other energy efficiency upgrades were installed with CCIA funds. We will comply with competitive procurement requirements in 2 CFR Parts 200 and 1500 as well as EPA's 40 CFR Part 33.
- Inclusiv undergoes an external audit of our financial statements on an annual basis and undergoes A-133 Single Audits for every year where expenditures of federal funds exceed $750,000 (most recently in fiscal years 2021 and 2022);
- Inclusiv is examined annually by Aeris® for its Financial Strength and Performance Rating

1.3.3 Past Performance and Reporting History

Inclusiv successfully completed and managed 80 federally and non-federally funded assistance agreements, including grants and cooperative agreements, within the last five years. For the full

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agreements list of almost $40 million from 35 organizations that Inclusiv has received, see Assistance Agreements, page 47-49, attachment " 2.2.2 Management Policies and Procedures - Inclusiv". This list does not include contracts, omitting $70 million in active investments from 24 private sector and philanthropic institutions. For all assistance agreements, Inclusiv has met all reporting requirements in full and on time, including the delivery of acceptable final technical reports. Inclusiv's program performance consistently meets or exceeds expected outputs and outcomes. Inclusiv has also met all reporting obligations to investors and has never missed a timely repayment of interest or principal on any loan or investment from any source.

1.4 Program Budget
1.4.1 Expenditure and Disbursement of Awarded Funds
Inclusiv employs effective managerial and financial controls over our fiscal processes to ensure the timely deployment and expenditure of allocated funds. Segmented departmental budgets are developed at least annually, and also as needed, with department managers, fiscal staff, and senior management. Budgets incorporate the timing of new personnel hires, acquisition of important vendors, and other significant resource acquisitions. Budgets are created with monthly expenditure detail from grant inception to completion. Actual costs are posted daily by Inclusiv's fiscal staff to the organization's accounting system. These realized costs are then allocated monthly to specific budgeted cost segments using specialized software purpose-built for non-profits. Monthly departmental budget-to-actual reports are produced and distributed to managers. They are also reviewed regularly with senior management. The detailed and regular monitoring of budget-to-actual costs on both a year-to-date and inception-to-completion basis allows department managers and senior managers to plan ahead and identify and respond to timeline or execution challenges as they may arise. See Subaward Principles and Requirements, page 57, attachment " 2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv".

1.4.2 Budget Descriptions and Table
Inclusiv's CCIA program budget of $3,745,816,337 meets CCIA threshold eligibility criteria and uses funds exclusively to support CCIA-eligible projects. The budget maximizes the share of funds passed through to community lenders in the form of capitalization funding and technical assistance (TA) subawards, and reflects reasonable costs to accomplish the program plan and expend 100% of funds for the purposes of providing financial and technical assistance in LIDACs. The budget passes through grant funds to CUs as follows:

- 90.8% ($3,400,000 billion) in capitalization funding and TA subawards,
  - 81.2% ($3,040,309,331) of grant funds in the form of capitalization funding, and
  - 9.6% ($359,690,669) of grant funds in the form of TA subawards.
- The budget allocates 9.2% ($345,816,337) of grant funds to TA services and program administration activities. Detailed budget table attachment "1.4.2 Budget Table-Inclusiv".

The budget is designed for efficient, effective deployment of grant funds, costs to accomplish the program plan are described below. Direct costs are grouped into three primary categories: Funding Program Expansion, Market Transformation, and Management and Operations.

<u>Direct Costs</u>

Personnel: Staffing levels are set relative to the number of CU program participants to best support CU participants. Salaries will increase by 4% annually.

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Management and Operations: direct and operationally support all CCIA activities. Additionally, half of the existing Inclusiv staffing structure will be assigned to support the program.

- *CCIA Executive Leadership* executes on Program Vision and provide responsibility and oversight for all aspects of the program. Led by an Executive Vice President and a General Counsel, 8 Senior Vice Presidents manage the different teams and deliverables.
- *Accounting* will have 1 SVP and 8 Specialists to manage transaction volume and reporting.
- *Human Resources* has 1 SVP and 8 Specialists for hiring, staff growth, and benefits.
- *Other Inclusiv Team* half of the time of all existing employees support the CCIA program.

Expansion of Funding Programs:

- *CU Recruitment and Management* has 1 VP and 18 Specialists to execute the Community Lender Network Strategy and Community Lender Outreach and Accessibility plan, ensuring Geographic Coverage and Diversity, deploying our LIDAC Engagement and Accountability Plans, business development, outreach, and CU recruitment and relationship management.
- *Pass-Through Deployment and Reporting* has 1 VP, 6 Directors, and 30 Specialists to for Pass-Through Strategy, Capitalization Funding and TA Subaward Design, Distribution Process Design, Eligibility Review and Evaluation Processes, and Amount Determination. Specialists liaise directly with CUs, serving as grant officers support CUs in the application process, ensure CUs understand the program's financial, impact, and compliance, guide them to develop appropriate applications and grant budgets. The team also provides CUs ongoing Management and Oversight, grant administration, and budget management support.
- *Training and Technical Assistance Services* has 1 VP, 10 Directors, and 10 Associates that build out the Training and TA Services, Targeted Community Lender Support and Financial Market-Building, to guide CUs to launch and operate Clean Financing programs. This team recruits, hires, and manages a team of education and TA partners and contractors.

Market Transformation:

- *Market Building and Installer Engagement* has 1 VP and focuses on Labor and Equitable Workforce Development. 2 Directors, 10 Specialists provide Minority Installer Development. 2 Directors, 10 Specialists manage Installer Networks, 10 Specialists focus on marketing and building partnerships of networks of installers committed to serving LIDACs.
- *Incentive Program Coordination* has 1 VP and 6 Specialists, supporting CUs to execute on parts of our Coordination Plan and, including how CUs can help LIDACs access local, state, federal, and utility incentive programs (including grants, subsidies, tax credit, and rebates) that lower CCIA-eligible project costs.
- *Community Engagement* has 2 VP and 10 Specialists supporting CUs with local community engagement, including strategies for outreach and communications campaigns, awareness-raising, local community partnership building for accessibility to LIDAC Community Types.
- *Consumer Protection* has 1 VP, 6 Specialists on CU Consumer Protection/Housing Affordability, and 6 Associates on consumer protection via Installer Support and Monitoring. This team ensures any entity that interacts, transacts, or contracts with a consumer as part of our CCIA program is ensured consumer protection.
- *Legal and Compliance* has 1 VP, 2 Directors, 6 Compliance Specialists, 6 Contract Specialists, all ensuring the program compliance of both Inclusiv and CU Network.

Fringe: Fringe costs are 30% of employee salaries.

Travel: Travel (well under 1% of budget for technical assistance services and program administration activities) is for the purposes of CU site visits and local CU and Installer convening events, along with community awareness-raising events within each EPA region.

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Equipment: involves data servers, staff computers, and computer replacement during the term.
Supplies: involve supplies needed to run daily office operations and administrative activities.
Contractual: third-party contractors, hired following all procurement regulations and requirements, to support work of the teams mentioned above in Personnel. They are as follows:

- *Program Operations*: a Human Resources Staffing Support Firm will be hiring to expedite the hiring process so the program can launch on time. IT Managed Services, Legal Support, Impact-Measurement, and Audit Services ensure the program and organization run smoothly. CU Loan Origination Platform provides loan applications and underwriting support. LIDAC Compliance and Reporting operates the software for Inclusiv's FIDAP tool, for reporting.
- *Outreach/Awareness Raising:* branding, marketing collateral, digital marketing, public relations/media, and advertising to create targeted campaigns that communicate and engage.
- *Engagement:* hosting education and outreach events, Lender Engagement Platform, Installer Engagement and Vetting Platform, Consumer Engagement Platform (energy incentives)
- *Training and Technical Assistance*: University education platform partner and instructors.

Other: covers pass through capitalization funding and technical assistance subawards to CUs.
<u>Indirect Costs</u>: 10%. Includes office space, office modifications, furnishing, and insurance.

2. Description of Programmatic Capabilities

2.1 Organizational Background, Track Record and Policies

Just as CUs are uniquely positioned to deliver the greatest impact reducing emissions reaching 100% LIDAC communities, Inclusiv is uniquely qualified to engage, evaluate, select, train and support the CUs to succeed.

2.1.1. Organizational and Governing Documents

The Inclusiv organizational and governing documents are rooted in the mission, principles and accountability to the people and communities served by the Inclusiv Network and are highly aligned with the GGRF program objectives. Inclusiv's organizational and governing documents such as its bylaws, articles of incorporation and organizational chart, demonstrate a strong foundation which supports its proposed program and objectives. See attachment "2.1.1 Organizational and Governing Documents – Inclusiv" for details on each document.
The attached documents include:

- **Articles of Incorporation** as a nonprofit corporation, first incorporated in 1974 and updated in 2017, state our explicit mission to help low-income people achieve financial independence through CUs and revitalize disinvested communities. The Articles integrate accountability to the low-income communities served through the cooperative principles of democracy, equality, equity and solidarity and commit the corporation and its members to the highest ethical values of honesty, openness, social responsibility and caring. See Articles of Incorporation, page 2, attachment "2.1.1 Organizational and Governing Documents – Inclusiv".
- **Organizational bylaws** define the categories and rights of membership, including Policy Members and Associate Members. The bylaws articulate the governance structure as a body elected by the Policy Members. This structure ensures that Inclusiv remains committed and accountable to the needs of CUs that serve predominantly LIDAC communities. See Bylaws, page 10, attachment "2.1.1 Organizational and Governing Documents – Inclusiv".
- **Conflicts of Interest policy** establishes the duty of each director and officer to place the interests of the Corporation foremost in any dealings with the Corporation and a continuing

responsibility to comply with the requirements of this policy. See Conflicts of Interest Policy, page 21, attachment "2.2.1 Board Policies and Procedures – Inclusiv".

- **Capital Management policies,** redrafted in 2007 with the inclusion of new capital subsidiaries, have been reviewed and updated by the Board several times since, most recently in May 2023 with recent revisions by a vote of the Board on September 12, 2023 to ensure compliance with EPA regulations for eligible recipients in the CCIA NOFO. See Capital Policy, page 2, attachment "2.1.1 Organizational and Governing Documents – Inclusiv".
- **Fiscal and Operational policies:** Fiscal includes fiscal, travel, vendor management and personnel including authorizations of senior leadership for contract review, invoice and expense approvals and accounting practices. Operating policies detail the organization's commitment to DEI and sustainability ensuring that vendor contracts, personnel policy and practice and travel reflect our mission and goals. Our equity policy is described in section 2.1.3. For Fiscal: See Financial Policies and Procedures, page 29 and Vendor Management Policy, page 60, attachment "2.1.1 Organizational and Governing Documents – Inclusiv". For Operational: See attachment "2.1.3 Equity Policies and Practices - Inclusiv".

2.1.2. Organizational Experience

Inclusiv spearheads innovative solutions to increase financial inclusion and equity while building stronger, healthier and more resilient communities. To advance this work, Inclusiv channels capital, makes connections, builds capacity, develops innovative programming, and raises visibility for CUs and *Cooperativas* and the communities they serve.

Expertise to Distribute Funds: Inclusiv is the longest standing CDFI intermediary in the nation having launched the first Capitalization program to distribute deposits to increase liquidity in CUs in 1983. **Inclusiv has invested more than $35 million in high impact community CUs in the form of loans, loan capital and grants, which has scaled lending and deepened impact in underinvested communities nationally. These investments have resulted in more than $3.4 billion in community lending.**

Inclusiv manages our grant making with the same level of rigor as our lending programs. The Inclusiv grant making approach is deliberate and structured to optimize the impact of limited resources (see Capital Policy, page 3, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv," and Grant Procedures and Processes – Overview, page 50, attachment "2.2.2 Management Policies and Procedures – Inclusiv."). Grant making is integrated with other financing mechanisms, and therefore aligns with the Inclusiv CCIA strategy to deploy grants and build the capacity of lenders to access our collaborative Justice Climate Fund NCIF.

Secondary capital (now subordinated debt) has long been paired with capitalization grants to build the capacity of high-impact CUs to access and leverage this capital to expand their reach, products and volume of lending. early programs like Neighborhood 2000, funded by Citibank, directed equity grants in CUs serving historically underserved communities to expand branches, members and lending. Some of our early grantees are now among the highest impact CUs in the movement today.

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Then and now, the structure and program criteria for grant making includes outreach and education to a large cross-section of eligible institutions, clear application requirements for detailed program or business plans if the capital is to build overall equity, rigorous evaluation process by expert investment and program staff, who develop detailed credit or funding memos with recommendations. For larger grants, an independent, arms-length investment committee reviews and approves\declines or seeks more information on potential grantees. Following award approvals, Inclusiv staff negotiate assistance agreements that match disbursement schedules with the achievement of clear and reasonable milestones. Grants are regularly accompanied by ongoing TA and training customized to the needs identified through the review process, to ensure the CUs are successful in achieving the program goals. Because grant funds have historically been limited, these grants seek to leverage larger investments or loans subsequently.

A few recent examples of grant programs include:

- *The Southern Equity Fund*, launched in 2019, was the first regional impact fund focused on expanding financial inclusion and racial equity in LIDAC communities across seventeen states in the American South, with a particular focus on persistent poverty areas. Inclusiv secondary capital loans of up to $5 million in CUs scale lending and expand service to financial deserts. Philanthropic funds direct capacity building grants to small high-impact CUs to access the fund to ensure investments are not concentrated in large, well-resourced institutions. Grants strengthen the balance sheet, develop business plans and support grantees in applying for at-risk secondary capital.
- *Racial Equity Grant and Investment Fund*s address racial inequity in the financial system by investing in institutions led by and/or serving communities of color and directing investments to Black American, Hispanic American, Asian American, and Native American CU communities. The Racial Equity Grant Fund provides seed capital has supported more than 100 MDI CUs and Cooperativas, over half are Black-led and more than one-third Latino-led. The grant program strengthens the capacity to access the Inclusiv *Racial Equity Investment Fund* for low-cost subordinated debt investments to scale lending and service delivery.
- *New Majority (MDI & Cooperativa) Growth Initiative*: With substantial corporate and philanthropic support, Inclusiv expanded the Racial Equity Grant Fund into the *New Majority (MDI & Cooperativa) Growth Initiative.* These funds support loan loss reserves, operational support, technology platforms and expanded financial counseling and coaching. Awards are made on a competitive basis to qualifying institutions demonstrating a commitment and plan for growth and impact. This initiative included a cohort-based model with awards made to cohorts coupled with targeted training and assistance. The cohorts work together on market analysis, strategic goal setting, product development, operations improvement and strengthening and financial management and planning.

Expertise to Deliver Training and Technical Assistance: Inclusiv has deep expertise in delivering training and TA to CUs to strengthen their operations, and maximize the impact of capital. Inclusiv has developed an efficient and effective approach that combines group learning with more targeted technical assistance:

- **Formal Training Programs**: Inclusiv offers Learning Centers to train cohorts of CUs through practitioner-led, action-oriented virtual classrooms environments. Learning Centers rely upon experienced instructors, guest lectures, video components, classwork and homework designed to build and structure immediately implementable solutions. There are currently four Learning

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Centers: the MDI Learning Center (conducted in English) and the *Cooperativa* Learning Center (conducted in Spanish); the Financial Empowerment Learning Center, and the CDFI Learning Center. These centers are modeled on the very successful Solar and Green Lending program (detailed in the next section).

- **Targeted Technical Assistance and Support**: Inclusiv delivers diverse expertise and TA for a range of CU needs from strategic planning, lending, operations and compliance to capital raising. For example, our CDFI team helps CUs with eligibility and compliance for federal funding, and our Operations and Compliance team helps CUs manage operations, strengthen internal controls and comply with all depository institution regulations.
- **Infrastructure and Platforms** Inclusiv training and TA is accompanied with the building, designing and partnering with technology solutions to improve user experience of low-income consumers including redesigning digital banking, customizing loan origination systems to better reach low-income consumers, and partnering with reputable and vetted fintech lenders to scale convenience, access and reach of loan products (particularly consumer and auto lending) to allow for real-time decisioning and funding of loans.
- **Movement Building: Inclusiv** dedicated advocacy, such as the Inclusiv-led campaign to preserve MDI CUs through advocacy with legislators and regulators, and the CDFI network, where CUs exchange best practices, participate in mentorship opportunities and track and monitor their lending to ensure they continue to lend deeply in their communities.

Technical Assistance on Green and Solar Lending: Inclusiv **Center for Resiliency and Clean Energy**, with seed funding from the Hewlett Foundation's Climate Finance Fund has developed training, TA, network and now investment tools to design and scale clean financing solutions to climate change and to deliver affordable and sustainable energy for all people. Consistent with the Inclusiv approach to training and TA, the Center supports community lenders in the following ways:

- **Training and Support:** Inclusiv teamed up with the University of New Hampshire (UNH)'s Carsey School of Public Policy, a leader in online learning for community development professionals, and together obtained support from the U.S. Department of Energy (DOE) to design the nation's first Solar Finance Training Program for community-based lending professionals. The three-track training program includes a self-paced Intro to Solar Finance course, an 8-week instructor-led Consumer Solar Lending course, and a 9-week instructor-led Commercial Solar Lending course. The courses deliver the key steps to help experienced lenders to design, market and deliver climate-friendly lending programs to a mass market. Over the past 28 months, through our self-paced course and 12 instructor-led cohorts, we have trained a total of 367 students, in English and Spanish, from 193 community-based financial institutions that serve 47 states, Washington DC, and Puerto Rico.
- **Collaborative Infrastructure:** Inclusiv has built, supported and partnered with technology platforms for scalable lending and data tracking enabling people to access safe and responsible loans from CUs and support CUs ability to monitor and direct their lending to LIDAC communities that need them the most. Our FIDAP system tracks CU lending in LIDAC communities and supports the institutions to identify where they need to market their lending to reach more consumers who would otherwise not be served.
- **Movement Building:** Center has trained lenders that have transformed access to clean energy and energy efficiency in LIDAC communities. Loan products span from consumer\residential loans to create more efficient homes, generate renewable energy through rooftop solar, expand

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electric vehicle access and charging station infrastructure, retrofit commercial properties and invest in green businesses owned and controlled by people of color. Inclusiv identifies community partners to promote and expand MWBEs focused on the green economy, became a founding member of Community Builders of Color Coalition, and established a national Justice Climate Fund to raise and deploy capital for a more equitable green economy.

2.1.3. Equity Policies and Practices

At Inclusiv, diversity, equity and inclusion are part of our DNA and integral to everything we do. From the mission stated in our Articles of Incorporation to address historical racial bias in the financial system, to our Bylaws ensuring governance by elected representatives from LIDAC communities, Inclusiv centers racial equity in all our work. The Inclusiv Board and senior management reflect this commitment with 60% of Board members; and more than 60% of senior management and staff being African American, Latinx, Asian and/or of multi-ethnic backgrounds. Inclusiv's Equity policy ensures equity is integrated into all aspects of our work, see attachment "2.1.3 Equity Policies and Practices – Inclusiv".

In 2020, Inclusiv strengthened the practice of equity work through our Commitment to Racial Equity, developed in concert with our members and industry partners as part of the African American Credit Union Coalition Commitment to Change process. The equity policy codifies our deep commitment to equity and inclusion. The Inclusiv Equity Policy is comprehensive, applying to operational, programmatic and positioning goals of the organization. The policy applies to recruitment and retention, governance and programs, products and services and to establish our equity commitment throughout, including our treatment of employees, vendors and suppliers, contractors, visitors, members and job applicants.

Key features include:

1. Reinforce recruitment and employment practices established in the personnel policy ("employee handbook"). Inclusiv has established reporting mechanisms for equity-related incidents and concerns. As detailed in our personnel policy "Employee Handbook (Section 1.4-1.6)" any complaints will be thoroughly investigated and resolved. Inclusiv has incorporated definitions and training on diversity, equity, and inclusion into organizational frameworks that promote the fair treatment and full participation of all people, particularly groups who have historically been underrepresented or subject to discrimination on the basis of identity.

2. Document activities of governance and DEI committees of the board to ensure that the ongoing governance of the organization remains led by and accountable to people and communities of color Inclusiv is committed to ensuring that the Board remains led by and accountable to leaders and communities of color. The Board's Governance Committee establishes criteria for board nominations and sets criteria and opportunities to attract a diversity of voices, perspectives and leaders from the movement. The DEI Committee is charged with deepening Inclusiv's commitment to diversity, equity and inclusion throughout the entire organization, including training for board, senior management and staff; setting DEI goals with management; and overseeing implementation of this commitment across all programming.

3. Acknowledge and validate commitment to work across the industry (with affinity groups and partners) on our commitment to equity. Inclusiv pursues this commitment as follows:

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- Preserving the diversity of our movement through MDIs, which lead the fight for racial equity in access to affordable financial services and credit, but, themselves, remain vastly under-invested and under-resourced. Working to protect MDIs being merged or liquidated, and helps establish new MDIs. Leading with initiatives that train CUs in cultural competency for serving immigrant communities and promote acceptance of alternative forms of identification (passport, consular and municipal IDs) ITIN lending to borrowers without social security numbers, and bi- and multi-lingual signage, hiring and support;
- Inclusiv regularly analyzes and publishes reports on the results of our programs and products, ensuring transparency in the allocation of funds and the delivery of outcomes. It has designed internal KPIs and work plans with a focus on equity and measuring impact. Inclusiv's FIDAP platform supports CUs in analyzing lending to borrowers of color will soon track in real time.

2.2. Governance and Management

2.2.1. Governance Structure

Inclusiv's governance structure ensures strong Board oversight and monitoring of management as well as stewardship of the organization's long-term success. Our bylaws call for a 15-member Board of Directors, composed of volunteers that are not compensated, and are elected by Inclusiv members at our Annual Meeting. Inclusiv's bylaws requires that all Board members must be either staff, volunteers or accredited officials of mission-driven community development CUs, which ensures that Inclusiv remains accountable to the grassroots institutions that make up our membership. The majority of Inclusiv's board is composed of African American, Latinx, Asian and Pacific Islander and Native American leaders and board members predominantly represent communities of color. See Bylaws, page 10, attachment "2.1.1 Organizational and Governing Documents – Inclusiv".

Inclusiv's bylaws ensure regional diversity and equity among the members of the Board of Directors by requiring Board members to be elected from 5 defined U.S. regions with three At-Large (National) seats. The five regions are: (1) Northeast, (2) Southeast, (3) Mid-West, (4) West and (5) Puerto Rico & the Caribbean (the U.S. Virgin Islands). Each region must have two (2) directors and there must be five (5) At-Large directors. Furthermore, no two (2) persons from the same CU shall serve on the Board at the same time; no more than two (2) representatives from a region can be elected for At-Large Board seats; and two (2) seats out of the five (5) at large positions must be designated for members from small CUs (under $100 million in assets).

Geographic diversity enables Inclusiv to gain a comprehensive understanding of our members' needs and the unique characteristics of each region. With this insight, Inclusiv can effectively utilize our knowledge to offer the right products, services, and advocacy initiatives, effectively harnessing our capacity and resources to make a positive impact.

All Inclusiv Board members fit the definition of an "independent director" which is a member of the board of directors who (1) does not have a material relationship with the company, (2) is not part of the company's executive team, and (3) is not involved with the day-to-day operations of the company. To ensure adherence to this principle, all Inclusiv Board members receive a copy of Inclusiv's Conflicts of Interest Policy and Director Code of Conduct, and sign an affirmation that they have read, understand and have agreed to comply with these policies. The Conflicts of Interest Policy clearly states the Duty to Disclose any interest that a director, or an individual or

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organization with which he or she is associated, has in a current or proposed transaction, and details the procedures for addressing any potential Conflict of Interest. See Board of Directors - General Guidelines, page 10, attachment “2.2.1 Board Policies and Procedures – Inclusiv”.

Inclusiv has effective and comprehensive board policies and procedures, including policies and procedures for board training; board meeting frequency and duration; board meeting documentation; board conflict of interest policies and procedures; whistleblower and ethics policies; board evaluation processes; and board nomination and succession plans.

- Board elections are conducted annually and Board training is held after Board elections.
- Directors are expected to participate in three (3) board meetings annually, as well as the Annual Conference and Member Business Meeting.
- Board meeting documentation is managed in CUBoardroom, an online board portal which Inclusiv uses to share documents and communications with our board and committee members, including Minutes of each Board meeting.
- In addition to the Conflicts of Interest Policy and Director Code of Conduct (both of which are required to be signed by each Board member) described in the section above, all Board members receive copies of Inclusiv’s bylaws, Articles of Incorporation, current Strategic Plan, and Inclusiv’s Whistleblower Policy.

See Board of Directors - General Guidelines, sections: Board Nomination, page 11, Board Training, page 13, Board Evaluation, page 14, and Succession Planning, page 14; Bylaws, section: Meeting Frequency and Duration, page 6, Conflicts of Interest Policy, pages 21-26, and Code of Conduct, page 15, attachment “2.2.1 Board Policies and Procedures – Inclusiv”. In addition, see Whistleblower Policy, page 74, attachment “2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv.

The Board conducts an annual evaluation and review process of the CEO. The Governance Committee will design an evaluation process for the Board itself to ensure ongoing accountability to the organization and our members.

Board succession is established as directors serve three (3) year terms which are staggered such that one-third of the Board of Directors’ terms will expire each year, and further specify that director term limits are set at no more than three (3) consecutive three-year terms. This structure of staggered terms ensures a high-level of institutional memory, while the term limits ensures that directors that have served three consecutive terms (9 years) must term off the Board so that new leaders have the opportunity to serve.

The Board works closely with staff to develop the Board-approved Three-Year Strategic Plan and monitors progress on goals at each Board meeting. Between Board meetings, Directors are active in Committee work. See Committee Structures, page 27, attachment “2.2.1 Board Policies and Procedures–Inclusiv”. The CEO and management believe an effective Board is one that has the time and opportunity to study and consider important decisions well before a vote is called in the Boardroom. Thus, major decisions are workshopped through committees prior to Board meetings. For major decisions that affect the mission, governance, financial standing or strategic direction of the organization, a proposal is reviewed by the Executive Committee before being put in front of the 15-member Board. Thus, for major decisions at least 6-7 Board members have already worked with management on in-depth review. This ensures the Board is not a rubber-

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stamp in management decisions without careful consideration and review. It also ensures that the Board will not be blindsided by decisions, which could cause delays on critical decisions.

The key standing Committees of the Board are: Executive, Finance, Governance and Audit Committees. The Finance and Executive committees meet monthly. The Finance Committee reviews monthly financial statements, reviews and approves the annual budget, reviews changes to the fiscal and accounting policies and procedures. The Governance Committee reviews and proposes changes or updates to governing policies and procedures, board member roles and responsibilities, code of conduct of board members, conflict of interest and whistleblower policy review the bylaws and oversees the nomination and annual Board election. The Audit Committee is responsible for oversight of the annual audit, hiring and contracting of the audit firm and the review of the audit before submission to the Board. The Executive Committee meets monthly with the CEO to receive updates on the progress toward the strategic plan, staffing and operational updates and receive the Finance Committee report on financial condition. The CEO and Board Chair meet monthly to set the Executive Committee meeting agenda, which also provides an opportunity for the CEO to preview new opportunities on the horizon, seek guidance or advice or update on work happening in the Committees.

To more effectively harness the expertise of our members and allies in the decision-making process, Inclusiv and our Board of Directors have formed six advisory committees: Government Affairs, Technology, Mortgage, Small & MDI CUs, DEI (Diversity, Equity, and Inclusion), and Greenhouse Gas Reduction Fund. These committees comprise directors, members, and subject matter experts, both from within and outside the organization, who offer input, guidance, feedback, and expertise on matters crucial to the organization's leadership and governance. Advisory committees enhance transparency, accountability, and credibility, ultimately assisting Inclusiv in realizing our strategic objectives and impact goals.

To prevent conflicts of interest and bolster independence in decision-making processes concerning investments and grant allocations, Inclusiv relies upon organizational committees that are accountable to the organization: the Community Development Investment Committee (CDIC) and the Grant Review Committees.

As per the Capital Policy, the Community Development Investment Committee is commissioned to make decisions regarding at-risk investments. This Committee consists of five to seven members, with in-depth knowledge of and experience with CUs. To ensure objectivity, the Committee is an "arm's length" group; no voting member of the Committee may come from the Board, staff, or policy membership of Inclusiv. The Committee meets regularly either in person or via conference call, to review applications from CUs, monitor our Capitalization portfolio, review program policies, vote on recommended allowance for loan losses, and assess overall performance of Inclusiv’s loan portfolio.

Grant Review Committees:(see Capital Policy, page 4 attachment “2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv”.) Inclusiv manages numerous grant programs for and with philanthropic and government funding sources. The terms for each grant program are specific to the needs of the funding source and the goals and objectives of the program. Inclusiv develops grant review committees commissioned to advise on the specific

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program parameters, eligibility and review process. Committees will make and\or review grant decisions that include amounts, purpose, deployment schedule, milestones and timelines appropriate to project needs.

As mentioned in Section 1.2.3.4 Evaluation Process above, Inclusiv will form a targeted Grant Review Committee exclusive to the CCIA funding process. This committee will include individuals with subject matter experts in clean energy finance as well as grantmaking. The Committee will ensure that capital commitments achieve and maintain a balanced portfolio, including in terms of geographic distribution and coverage of the 10 EPA regions.

Skills and Expertise: Members of the Board of Directors provide Inclusiv with a wealth of relevant expertise, skills, and track record in clean energy lending; LIDAC community investment; financial markets and institutions, as well as the lived experience of being an integral part of underserved communities.

Inclusiv's board members provide an immense wealth of expertise and knowledge. Many are C-suite executives or long-standing officials, considered pioneers in their field and strong advocates for disadvantaged communities. Board members have deep experience building and growing financial institutions, which enables them to provide guidance to the CEO and leadership team in setting the direction for the organization, maintaining focus on mission, addressing operational challenges and identifying environmental or policy changes that may impact the work.

More than one-half of the Board members have clean energy lending programs in operation, or have participated in the Inclusiv training. Inclusiv's Greenhouse Gas Reduction Fund Advisory Committee, made up of both Board and non-Board members, provides guidance on how Inclusiv can best meet the needs of CUs through GGRF funding. The Committee provides green lending guidance as well as the best approach to designing federal grant programs to ensure equitable deployment.

The Inclusiv Solar and Green Lending training program was developed closely with former Board member Cheryl Fatnassi, who designed the curriculum and became the lead instructor as her term ended on the Board. Other examples of how Inclusiv Board members shape and design our programs include: Board Chair Robin Romano led the implementation of Inclusiv's national expansion of the Smart-E lending platform (developed by partner Inclusive Prosperity Capital) to Arizona, New Mexico and Texas. Jack Lawson from Clearwater FCU has contributed to the Solar and Green Financing training and has developed an expertise in carbon accounting assessments of credit union portfolios. Aurelio Arroyo has led the launch of the Solar and Green training program in Puerto Rico and has led numerous Inclusiv webinars and training sessions. Inclusiv Board and Committee meetings have connected us with hundreds of regional, state and local partners to support credit union delivery of green lending programs. See attachment "2.2.1 Resumes of Board Members – Inclusiv" for details on members of Inclusiv Board of Directors.

2.2.2 Senior Management and Staff Capabilities

Inclusiv staff possess the relevant expertise, skills, and track record to efficiently and effectively execute the program plan. Inclusiv's Senior Management Team (SMT) is comprised of the eight most senior staff people. See attachment "2.2.2 Resumes of Senior Management – Inclusiv" for details on expertise, skills, track record and diversity of Inclusiv Senior Management team:

- Cathie Mahon, President/CEO
- Eben Sheaffer, Chief Financial Officer/Chief Investment Officer (CFO/CIO)
- Silvia Rincon, Chief Operating Officer (COO)
- Pamela Owens, Senior Vice President, People and Organizational Development
- Pablo DeFilippi, Executive Vice President, Inclusiv/Network
- Susanne James, Senior Vice President of Inclusiv/Capital
- Alexis Iwanisziw, Senior Vice President, Policy and Communications
- Neda Arabshahi, Senior Vice President, Inclusiv Center for Resiliency and Clean Energy

The Senior Management team collectively has more than 100 years of experience in community development finance, investment and grantmaking and clean and renewable energy. Senior managers have served on the CU and nonprofit boards with deep understanding of the mission, structure, governance, operational, compliance and impact these institutions have. Three of the eight senior managers have been executives and/or senior staff at high-impact community development CUs bringing hands-on expertise. A few highlights include:

Inclusiv CEO, Cathie Mahon, has led the organization since 2012. She previously ran the nation's first Office of Financial Empowerment in NYC. Ms. Mahon has deep experience in CUs, CDFIs and community organizing. She serves on the Board of Trustees of the New York Foundation and the Center for NYC Neighborhoods overseeing the rapid growth and spend-down of Funds very similar to the CCIA plan.

Eben Sheaffer had more than a decade of private sector experience as a Certified Financial Analyst in investment banks and firms and managed a small community development CU before becoming Inclusiv CFO/CIO.

Neda Arabshahi, Senior Vice President of the Inclusiv Center for Resiliency and Clean Energy, built and manages the network of CUs committed to designing and scaling clean financing solutions, with a goal of promoting affordable and sustainable energy for all people. Neda has over 20 years of experience in clean energy and sustainability, including as Chief Operating Officer at the energy startups Kelvin and BlocPower, along with Vestas Wind Systems. She also led the energy program at the Clinton Global Initiative, partnering with public and private sector members to build commitments to low carbon energy solutions, including developing resilient electricity grids and solar workforce redevelopment.

Susanne James is the senior VP of Inclusiv/Capital. Her career has focused on capacity building, infrastructure, and community development. In her roles in the philanthropy sector, she managed, deployed, and monitored $200+ million annually in grant and program funding. She ensured regulation compliance both for grantor and grantee, performed due diligence and evaluated program performance.

The Inclusiv Capital team has deep experience in lending, investment and grantmaking at CUs and CDFIs. Ahmed Campbell directed lending at Municipal CU, one of the largest CUs in the country for almost 30 years. Bob Mundy has been an active mortgage lender developing nonconforming products to borrowers with limited equity, diverse, multiple and sometimes unpredictable income streams as the Director of Mortgage lending at Actors FCU; Cathi Kim has more than two decades of experience lending to CUs through her multiple roles at Inclusiv; and

In addition to our deep community development finance experience, Inclusiv has built a strong and robust team of climate professionals who have built the Green and Solar Finance Training Program. In addition to our Center staff, we have engaged professionals with decades of experience in green lending as senior consultants.

Technical and subject matter experts identified as integral to the success of this initiative are drawn from the Inclusiv Network team specifically Andrea Lally with more than two decades of experience in business development and operations in numerous CUs, Anna Foote who has managed large and small CUs and Wendy Soria who delivers financial accounting and auditing support to ensure CUs remain compliant. Peter Rubenstein, the VP of Technology, Innovation and Analytics leads both the FIT Center designing and vetting technology solutions and oversees the team of data analysts and technologists on the data analytics platform.

Inclusiv has effective and comprehensive management policies and procedures. This includes a robust Employee Handbook that summarizes Inclusiv's personnel policies and procedures. It is provided to each employee upon joining the organization and undergoes an annual review as part of our internal compliance process. Additionally, Inclusiv has developed a detailed management succession plan framework, designed to protect institutional knowledge and ensure the seamless continuation of our business operations. For complete information on each document, please refer to attachment "2.2.2 Management Policies and Procedures – Inclusiv."

2.3 Risk Management and Financials

2.3.1. Legal and Compliance Risk Management Program

Inclusiv has strong financial management, accounting, internal controls and systems in place that enable us to efficiently manage hundreds of investor agreements and covenants, account for and track federal grants and sub-grants from multiple agencies (Treasury, HUD, DOE and DOJ), deliver reports on-time and in full compliance with both programmatic and financial management expectations. Our fiscal and operations departments historically support compliance obligations in conjunction with outside legal counsel and accounting and audit expertise.

As detailed in the attached **Financial Policies and Procedures**, Inclusiv complies with the requirements of ***2 CFR 200.302 Financial Management***. See Financial Policies and Procedures, pages 29-51, attachment “2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv”, which specifies that all Inclusiv personnel comply with Generally Accepted Accounting Principles (GAAP), maintain effective systems of control to safeguard assets and monitor compliance with policies established by management and details the procedures by which the fiscal and accounting departments properly identify the sources and application of **all** funds (from federal awards or not), exhibiting effective control over and accountability for all assets, ensuring they are used only for authorized purposes, creating and monitoring budget-to-actual reporting, and the use of written procedures for Federal payments and the allowability of costs. Further, this document establishes the procedures by which Inclusiv implements its policy to have an audit performed by an independent auditing firm each fiscal

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year of its organization records. The Inclusiv Network and Compliance team, described below, also provides internal audit functions for Inclusiv.

The Financial Policies and Procedures document includes the Internal controls policy details how Inclusiv has developed and maintains effective systems of internal control and levels of oversight and approvals to safeguard assets and monitor compliance with ***2 CFR 200.303 Internal Controls,*** evaluating and monitoring compliance with statues, regulations, and the terms and conditions of Federal awards. The process of internal controls is detailed in the policy to ensure that there is both internal and external reviews of all financial and fiscal management systems.

Inclusiv maintains robust operational policies to ensure we manage all operations. The personnel policy ("Employee Handbook" - see pages 2-43, attachment "2.2.2 Management Policies and Procedures – Inclusiv") and Conflicts of Interest Policy (pages 21-26, attachment "2.2.1 Board Policies and Procedures – Inclusiv") are both referenced considerably in Section 2.1. The Whistleblower Policy (pages 74-78, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv") establishes no adverse personnel action shall be taken or recommended against an employee in retaliation to their disclosure in good faith of any unethical and/or improper practices or alleged wrongful conduct. This policy protects such employees from unfair termination and unfair prejudicial employment practices. It also protects the organization by ensuring an atmosphere of transparency, fairness and accountability. These policies are reviewed and updated with outside legal counsel on a regular basis and submitted to the Board for approval. Inclusiv integrates these policies into our practice by incorporating a thorough review in new Board and employee orientation sessions. The Disaster Recovery Plan (pages 79-90, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv") manages risk of unexpected events by preparing to maintain operations of all systems. The disaster plan has been tested during the 9/11 attacks on Lower Manhattan, blackouts, flooding during Superstorm Sandy and the pandemic and it has evolved over time with remote offices and hybrid work environment, cloud-based backup and cyber security.

Inclusiv has long contracted with several law firms specialized in governance, capital investment, contracts, government regulation and compliance. Inclusiv has also used third-party vendors to assist with compliance monitoring. As an entity based in New York state, Inclusiv has been subject to the SHIELD Act (Stop Hacks and Improve Electronic Data Security Act) since its enactment in 2019. As a result of the SHIELD Act Inclusiv has implemented enhanced processes to comply with the protection of any protected personally identifiable information.

Inclusiv complies with ***2 CFR 200.223 Requirements for Pass-through Entities***. The robust vendor management policy (see pages 60-69, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv") governs procurement and management of third-party vendors. The policy defines: standards for vendor selection with risk categories (1 to 6) to be assigned to every vendor; defines risk-based due diligence and monitoring requirements; documents standards for the contracting process, competitive bidding and consulting standards (**consistent with federal procurement standards -**see pages 71-73, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv"); and includes DEI and sustainability goals for the organization as an area for evaluation of vendors.

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The Inclusiv **Sub-award Principles and Requirements** (see pages 57-59, attachment " 2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv") codify the standards and processes by which Inclusiv manages its sub-awards. Among the components of Sub-award Principles and Requirements are adherence with relevant requirements, such as compliance with non-discrimination laws, requirements for contracting with Disadvantaged Business Enterprises, the method by which Inclusiv distinguishes between sub-awardees and contractors; sub-award process requirements which details the standards and methods for applications, Inclusiv application review and risk assessments; Subaward agreement requirements, such as certain limits and restrictions (Limits on Fees by Consultants, Restrictions on Management Fees and Lobbying, Federal Procurement Standards, etc.), Single Audit requirements when necessary, and other financial and relevant performance reports, Monitoring by Inclusiv of sub-awardees through reports and single audits, onsite reviews, as well as various monitoring actions by Inclusiv such as Federal Funding Accountability and Transparency Act (FFATA) SubAward Reporting System (FSFS), and monitoring of principals for Suspension and Debarment in SAM; and various possible enforcement remedies for subawardee noncompliance.

The Capital Policy (see pages 2-24, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures – Inclusiv") governs the organizational investment goals, approach and mechanisms to guarantee capital be deployed effectively, sustainably, with accountability and maximum impact in low-income and disadvantaged communities. The policies establish the Investment and Grants Review committees that operate at "arm's length" from Board and management and charged with reviews, approvals and monitoring that capital be invested in accordance with investor agreements, all rules and regulations governing the investments and with the goals and principles of the organization. The policies are an accumulation of more than 40 years of experience raising and deploying investments. Inclusiv attributes the strength of the program, low default rates (less than 1% across all capital programs) and ability to attract capital to our stringent and robust credit policies and committees. The Inclusiv Board recently approved an updated **Allowance for Loan Loss Policy (ALL).** (see page 52, attachment "2.3.1 Legal and Compliance Risk Management Policies and Procedures-Inclusiv". This established a separate policy governing Inclusiv practice for allowance for loan losses. It revised and updated the prior allowance for loan loss policy to be compliant with CECL, uses a probability of default and loss given default framework. As with many of our financial policies and procedures, the approach was vetted with our audit firms.

Risk and Compliance: Inclusiv invests and makes grants primarily to federally and state regulated CUs. As detailed in Section 1.2.3.4, these institutions are required to comply with the highest standards of safety and soundness, compliance with all federal, state and local statutes and regulations governing the delivery of financial products and services and consumer protections. They are examined typically on an annual basis. Inclusiv delivers considerable technical assistance to small CUs on accounting and compliance with a deep expertise in accounting supervisory (internal controls) audits and training.

The Inclusiv Operations and Compliance team undergoes annual CU compliance certification and training, and manages a compliance policies, tools and guides library. This expertise supports Inclusiv to maintain its own highest level of compliance and accountability and ensures that all Inclusiv grants and investments are made to institutions that are adequately trained and prepared. This team is at the forefront of delivering vital compliance support, supervisory and

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internal control guidance to CUs. With an extensive background in banking regulatory compliance, accounting, lending, operational and strategic practices, we are poised to navigate the complex landscape of regulatory requirements and operational hurdles CUs encounter.

The approach encompasses both onsite and virtual support, allowing us to tailor our services to the unique needs of each CU. This includes the development of policies and procedures crafted to align with the latest regulatory mandates, ensuring seamless and compliant operations. Through audits, including Bank Secrecy Act (BSA) and Annual Supervisory Committee Reviews, we perform an intensive review of CU operations to ensure standards of compliance. In accounting our expertise shines through as we review and recommend adjustments to general ledger entries, providing a foundation for financial accuracy.

Inclusiv will also leverage the experience we've developed in providing extensive compliance related technical assistance to our CDFI CU network as a result of the CDFI Funds' Rapid Response Program (RRP), Equitable Recovery Program (ERP), and CDFI Program Technical and Financial Assistance Grant Programs. Inclusiv assisted approximately 300 CUs in grant specific webinars where CU system and technical navigation for application process was the focus. This was followed by additional, more detailed support to a range of 50-75 CU members where technical support was provided in acquiring DUNS numbers, registering with SAM.gov, sourcing audit firms to provide a single audit, and one-on-one sessions for systems navigation. The materials and processes developed and distributed as part of the RRP, ERP and CDFI TA and FA programs technical assistance provide an excellent framework for the dissemination of additional compliance-related TA under this program.

Scaling the Systems: The Inclusiv Office of the CFO has already initiated a comprehensive review of legal and compliance risks related to the program. At program inception, Inclusiv will engage its dedicated Compliance department to further review and codify all related compliance requirements under the program, both for Inclusiv and its sub awardees. Inclusiv will rapidly scale our existing systems and infrastructure and formalize all coordination on compliance in the Compliance Office under the direction of the General Counsel. Our Compliance department will guide, train and support the onboarding of all new personnel with particular emphasis on the grant management department (Pass Through Deployment and Operations), Training and Technical Assistance, Market Building and Installer Engagement, Consumer Protection and Accounting offices. The expanded Accounting, Compliance and Consumer Protection teams will be cross-trained and each unit will be trained on emissions reduction methodology and accounting; as well as on FIDAP to understand data on lending in LIDAC communities. These teams will regularly meet to coordinate grantee training, reporting and monitoring functions to efficiently and effectively implement our robust strategy for deploying capital to reduce greenhouse gas emissions in 100% LIDAC communities.

2.3.2 Financial Statements

Inclusiv financial statements and key financial ratios demonstrate strong financial health and performance throughout the years. See attachment "2.3.2 Financial Statements – Inclusiv".

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