FINDEV CANADA TRANSACTION SUMMARY

Equatorial Maranhão

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.

Transaction description

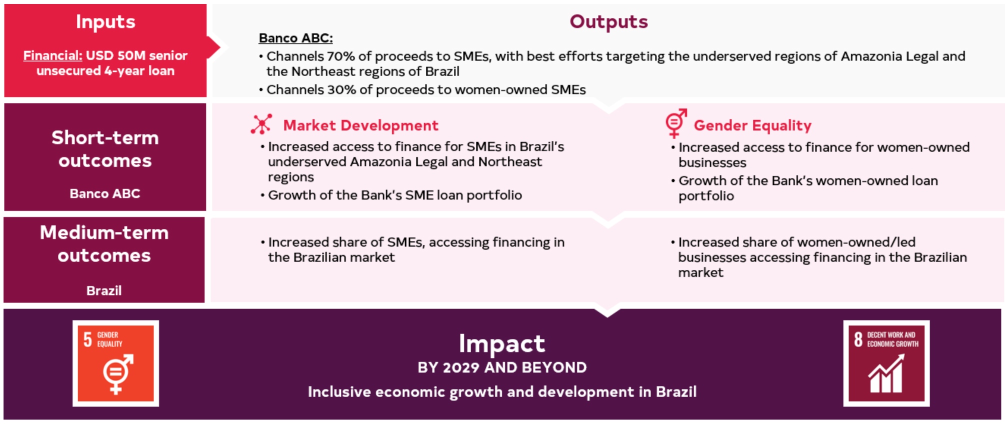
Equatorial Maranhão Distribuidora de Energia S.A. is a regulated electricity distribution company serving approximately 2.9M customers across 217 municipalities in the state of Maranhão, Brazil. The transaction aims to support capital expenditures to improve and expand the power distribution network in Maranhão.

Transaction details

COUNTERPARTY	Equatorial Maranhão Distribuidora de Energia S.A. (Borrower) Equatorial S.A. (Guarantor)
DOMICILE OF INCORPORATION	Brazil
COUNTRY(IES) OF OPERATIONS	Brazil
TERM OF FINANCING	Up to USD 30M, 7-year long, senior unsecured loan to finance the Company's capital expenditure plan to improve and expand the power distribution network.
SECTOR	Sustainable Infrastructure
E&S CATEGORY	B
FINANCING PRODUCT	Debt
2X CANADA TRANSACTION AMOUNT	N/A
FINDEV CANADA TRANSACTION AMOUNT	USD 50M
DATE OF TRANSACTION DISCLOSURE	10/11/2025
DATE OF TRANSACTION SIGNING	27/03/2026
DATE OF TRANSACTION SUMMARY PUBLICATION	02/09/2026
2X ALIGNMENT	N/A

Summary of anticipated development impacts

The development impact value proposition of this transaction is to contribute to inclusive economic growth and development in Brazil by improving the reliability and increasing access to electricity distribution services in Maranhão, including in rural communities. The impact theory of change below summarizes how Equatorial Maranhão will contribute to FinDev Canada's development impact goals and the Sustainable Development Goals.



MARKET DEVELOPMENT

- **Increase access to electricity, including in rural areas, and improve electricity reliability:** While 99% of Brazil's population is electrified, remote communities, including some in Maranhão, have limited or no access to electricity[1]. To this end, a portion of FinDev Canada's proceeds will support the expansion of Equatorial's distribution system, anticipated to support new customer connections, including in rural municipalities.
- **Improve the reliability of electricity distribution services:** The remaining proceeds will be directed to support improvements in the reliability of electricity services by enhancing the network's operations and equipment with the intention to lower the frequency and duration of system interruptions and reduce technical losses.

GENDER EQUALITY

- **Support women's participation in the energy:** In Brazil, women make up only 16% of the energy sector workforce, highlighting their underrepresentation in the industry[2]. Equatorial has taken steps to advance gender equality by establishing a Diversity and Inclusion Committee and implementing an electrician apprenticeship program that has supported 332 women, representing 21% of all enrolled trainees. To build on these initiatives, Equatorial has formalized a Gender Action Plan (GAP) to further advance diversity and inclusion within its internship recruitment program, supplier engagement activities and gender-inclusive procurement practices.
- **2X-aligned:** This transaction is 2X aligned under the Employment, and through a commitment to the Supply Chain criteria.

---

[1] Global Energy Alliance for People and Planet, 2024. LAC-UAC-Brazil-Deep-Dive-1.pdf

2 ANEEL, 2025. Women in energy: challenges and achievements in the renewable sector

Summary of Environmental and Social assessment and related risk mitigation measures

The environmental and social (E&S) review was conducted in accordance with FinDev Canada's Environmental and Social Risk Policy. The transaction is classified as Category B, reflecting the nature and scale of Equatorial Maranhão's regulated electricity distribution operations in the state of Maranhão, Brazil, and the use of proceeds for capital expenditures focused on the modernization, expansion, and maintenance of existing electricity distribution infrastructure. The transaction presents medium E&S risk, with potential impacts that are generally site-specific, largely reversible, and manageable through established mitigation measures.

FinDev Canada's E&S due diligence was undertaken during November 2025, including a comprehensive review of environmental and social documentation, management systems, and performance at both corporate and operational levels. The diligence process included a site visit to the corporate headquarters in Brasília and operational headquarters in São Luís between 11–14 November 2025, engagement with senior management and ESG specialists, and coordination with the International Finance Corporation (IFC) regarding the status of an existing Environmental and Social Action Plan (ESAP) developed at the group level. Reputational screening, including a RepRisk review, did not identify any recent material adverse E&S incidents.

The assessment was benchmarked against IFC Performance Standards 1–4, Brazilian regulatory requirements, and relevant international good practice. The primary E&S risks associated with the transaction relate to occupational health and safety, particularly given the large third-party contractor workforce undertaking high-risk activities such as live-line maintenance, vegetation management, and construction works. Additional risks include hazardous materials, community health and safety risks linked to electrification infrastructure, and biodiversity impacts associated with vegetation clearance along existing rights-of-way. Risks related to land acquisition, involuntary resettlement, and indigenous peoples are considered non-material for this transaction, as investments are predominantly brownfield and subject to Brazilian legal safeguards and screening procedures.

These risks are mitigated through a corporate Environmental and Social Management System (ESMS) aligned with IFC Performance Standards and ISO 14001, being supported by a comprehensive suite of board-approved policies covering environment, occupational health and safety, human rights, stakeholder engagement, and supplier conduct. Risk governance is embedded with clearly defined roles, key risk indicators, and senior management and board oversight. Operational controls include an ISO 45001-aligned OHS management system, contractor induction and supervision programs, SF_6 leak detection and recovery initiatives, hazardous waste and materials management procedures, community safety campaigns, and ESG screening and audits of suppliers through a Supplier Development Index (IDF).

No standalone ESAP was required for this transaction, as no critical gaps against applicable standards were identified. FinDev Canada relied on, and aligned with, the existing IFC ESAP at the Equatorial Group level, which addresses minor residual gaps primarily related to policy integration and documentation. Progress under this ESAP is ongoing. Certain outstanding actions are expected to be completed by the fourth quarter of 2026, while the remaining actions will continue to be monitored throughout their implementation. The company demonstrates adequate and improving E&S management capacity, supported by strong senior leadership commitment, an expanding corporate ESG team, and evidence of continuous improvement reflected in external ESG ratings and declining incident trends.

Overall, FinDev Canada concludes that the environmental, social, and human rights risks associated with the transaction are acceptable and appropriately mitigated, and that Equatorial Maranhão has the capacity and commitment to manage these risks in line with FinDev Canada's E&S Policy, the IFC Performance Standards, and applicable Brazilian regulations.

For further information on Equatorial Maranhão Distribuidora de Energia, visit: ma.equatorialenergia.com.br