

**MEMORANDUM OF UNDERSTANDING BETWEEN THE MINISTRY OF  
FINANCE OF BRAZIL AND THE STATE ADMINISTRATION OF FOREIGN  
EXCHANGE OF CHINA ON ENHANCING THE EFFECTIVE ROLE OF  
THE BRAZIL-CHINA COOPERATION FUND FOR THE EXPANSION OF  
PRODUCTION CAPACITY FOR SUSTAINABLE DEVELOPMENT**

Where the Ministry of Finance of Brazil is hereinafter referred to as the “**MoF**”, the State Administration of Foreign Exchange of China is hereinafter referred to as the “**SAFE**” and the MoF and the SAFE are hereinafter referred to jointly as the “**Parties**” and individually as a “**Party**”.

AFFIRMING the intention of strengthening the dialogue to promote high-quality and sustainable development of bilateral investment cooperation, as defined in the Joint Communiqué between the Federative Republic of Brazil and the People’s Republic of China on the Deepening of their Global Strategic Partnership, signed on April 14th, 2023.

CONSIDERING that the Secretariat for International Affairs of the Ministry of Planning, Development and Management of the Federative Republic of Brazil (“**MoPDM**”) and the China-LAC Industrial Cooperation Investment Fund entered into the Memorandum of Understanding on October 11<sup>th</sup>, 2016 (the “**Existing MOU**”) on the setting-up of the Brazil-China Cooperation Fund for the Expansion of Production Capacity, which has been updated to be Brazil-China Cooperation Fund for the Expansion of Production Capacity for Sustainable Development (the “**Fund**”).

TAKING INTO ACCOUNT that from January 1<sup>st</sup>, 2023, the MoF has been designated to coordinate the actions in the Federal Government of Brazil regarding the Fund.

CONSIDERING that the MoF and the SAFE desire to enter into this Memorandum of Understanding to set up principles for the revision of the governance structure and the operational framework of the Fund so as to enhance cooperation in bilateral investment.

The Parties agree that:

**ARTICLE 1: PURPOSE AND ROLES**

1.1 This Memorandum of Understanding aims to set up principles for the revision of the governance structure and the operational framework of the Fund to promote its effective role to facilitate investment activities and projects within the territory of Brazil

as agreed by the Parties to foster cooperation between Brazil and China on production capacity for sustainable development.

1.2 The Fund will function as an investment screening and investment financing cooperation mechanism, where Brazilian and Chinese entities (including but not limited to financial institutions, and public and private investors) will discuss opportunities and potential investments for projects of mutual interest. The Fund shall not be treated as a substantive entity (in the form of corporate body, partnership or otherwise) in any jurisdiction.

1.3 The purpose of the Fund is to facilitate investment financing, in the following sectors which are considered priority sectors:

- (a) clean energy;
- (b) energy transition;
- (c) water supply;
- (d) sanitation;
- (e) transportation;
- (f) railways;
- (g) logistics;
- (h) urban mobility;
- (i) social infrastructure;
- (j) digital infrastructure;
- (k) agriculture;
- (l) bioeconomy;
- (m) any other sectors agreed by both Parties.

1.4 The Parties agree that the Banco Nacional de Desenvolvimento Econômico e Social (the Brazilian Development Bank) (“**BNDES**”) and the China-LAC Industrial Cooperation Investment Fund (“**ClaiFund**”) may act as major operating institutions under the Fund’s mechanism.

1.5 BNDES and ClaiFund may be engaged in screening and evaluating investment activities and projects for the Fund, separately and independently in accordance with its policies and regulations, in line with Article 2 of this Memorandum of Understanding. For the avoidance of doubt, the internal investment decision-making processes of BNDES and ClaiFund will not be affected by their roles in the Fund or the projects facilitated by the Fund (“**Projects**”).

## **ARTICLE 2: FUND OPERATIONS**

2.1 The Fund, as an investment screening and investment financing cooperation mechanism, should be monitored by a committee constituted by the representatives nominated by each Party in equal numbers to oversee the implementation of the Fund and review its operation reports.

2.2 The representatives abovementioned will meet annually in the format to be defined by the Parties.

2.3 BNDES and ClaiFund may agree, in accordance with separate agreements, to have regular meetings to discuss opportunities and potential investments for projects of mutual interest.

2.4 The potential financial support by each of the operating institutions will comply with their policies, regulations and standard analysis and approval procedures and may consist of one or more cooperation model including but without limitation to: debt financing (i.e. on-lending arrangements, working capital loans, syndication loan, etc.), equity investments and fund investments, and any other mechanism which may be decided by the relevant operating institutions which provide financial support. Each of the operating institutions shall independently decide the form of the financial support.

2.5 The Fund shall operate according to the following guidelines:

- a) Projects shall be in compliance with the applicable rules relating to Environmental, Social and Governance (ESG) and aim to achieve mutual benefit to both Brazil and China;
- b) Projects shall be located in Brazil and have a participation of Chinese investors; and
- c) projects in the existing portfolio of the operating institutions that meet the above project criteria may also be considered as Projects under the Fund,

2.6 BNDES and ClaiFund should report to the committee under item 2.1 annually on the matters set forth under item 2.3.

### **ARTICLE 3: LOCAL SUPPORT**

The MoF agrees to use best efforts to obtain support from local governments, such as State and Municipalities, to the implementation of Projects, observing Brazilian applicable legislation, in particular regarding the regulatory and business environment.

### **ARTICLE 4: GENERAL PROVISIONS**

4.1 This Memorandum of Understanding is not an international agreement or treaty signed between the Brazilian government and the Chinese government, and does not represent any commitment with regard to funding from the Parties.

4.2 Both Parties acknowledge that, each Party is allowed to disclose the content of this MOU to any third party as required by applicable law.

4.3 This Memorandum of Understanding is not intended to create any legally binding or enforceable rights or obligations of any nature of the Parties, their representatives or employees, with the exception of Article 4, which is legally binding and enforceable. The Parties agree to resolve directly any dispute that arises under or in connection with this Memorandum of Understanding through negotiation.

4.4 This Memorandum of Understanding is executed in English. Each Party will sign and hold (2) original copies of this Memorandum of Understanding.

4.5 This Memorandum of Understanding shall enter into force on the date of its signing by both Parties. In addition, each of the MoF (on behalf of MoPDM) and the SAFE (on behalf of ClaiFund) (a) agrees that the Existing MOU shall be automatically terminated upon the entry of this Memorandum of Understanding and (b) represents and warrants that it has the power and is authorised to enter into such agreement as mentioned in paragraph (a) above.

IN WITNESS WHEREOF, the Parties hereto, each acting through its duly authorized representative, have signed this Memorandum of Understanding in Beijing on June 6<sup>th</sup> 2024 in the English language.

Ministry of Finance of Brazil

State Administration of Foreign  
Exchange of China

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Tatiana Rosito

Secretary of International Affairs of  
the Ministry of Finance of Brazil

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Zhu Hexin

Deputy Governor of the People's  
Bank of China & Administrator of  
the State Administration of Foreign  
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