

By VIGEO EIRIS

For Eólica Serra Das Vacas Holding II's 2017 first Green Bond issuance

Post-issuance verification based on Climate Bonds Standard version 2.1

SCOPE

Eólica Serra Das Vacas Holding II SA (the "Issuer"), a holding within PEC Energia, issued its first Green Bond in November 2017 (the "Bond") to finance future payments, repayments of expenses and/or payment of debts related to the development of the Eólica Serra das Vacas – phase II wind farm complex, located in the city of Paratama, Pernambuco, Brazil. The Issuer obtained its pre-issuance Climate Bonds certification in November 2017, following the Pre-Issuance Verification performed by Vigeo Eiris in August 2017, based on the Climate Bonds Standard version 2.1.

PEC Energia is a Brazilian company, founded in 2008, specialized in the development and implementation of renewable energy projects in Brazil. As of November 2018, the company's portfolio consists of 15 projects in 9 Brazilian States with the potential to generate 3GW. The Eólica Serra das Vacas – phase II wind farm complex, consists of 2 wind farms with an installed capacity of 50.6MW.

In this context, Vigeo Eiris (the "Verifier") has been commissioned by the Issuer, as stated in the engagement contract, to perform the Post-Issuance Verification of this bond, as independent third party provider approved by the Climate Bonds Standard Board.

The verification is based on the limited assurance procedure and it is built on the assessment of the compliance of the Issuer's 2017 first Green Bond with the Climate Bonds Standard version 2.1 for post-issuance requirements and with associated sector-specific technical criteria, as defined on the Climate Bonds Initiative (CBI)'s website. Vigeo Eiris has carried out its verification from July 24th to November 14th, 2018, complemented by interviews with Issuer's employees.

The work undertaken by Vigeo Eiris to form this verification report included:

- Planning and management of the verification.
- Desk review of the Bond and associated documentation provided by the Issuer.
- Interviews of the Issuer's employees related to the Nominated Assets.
- Assessment of evidences provided by the Issuer against the Climate Bonds Standard 2.1.
- Internal quality control on the hereby Assurance Report and conclusions.
- Provision of Vigeo Eiris' Verification Report to the Issuer.

The methodology, criteria, findings and assurances addressed by this Verification Report are detailed below.

RESPONSIBILITIES OF THE ISSUER AND OF VIGEO EIRIS

The responsibility of Vigeo Eiris is to provide an external and independent assurance on the compliance of the Issuer's 2017 first Green Bond with the Climate Bonds Standard version 2.1 requirements and associated sector-specific technical criteria.

This statement relies on the information provided by the Issuer to the Verifier: documentation, interviews with employees, and explanations presented during the assessment, based on the understanding that this information was provided to Vigeo Eiris in good faith. Vigeo Eiris has not performed an audit nor other tests to check the accuracy of the information provided by the Issuer.

The Issuer is fully responsible for attesting the compliance with its commitments as defined in its policies, for their implementation and their monitoring, and for the information provided.

POST-ISSUANCE VERIFICATION

This Post-Issuance Verification has been conducted against the Climate Bonds Standard version 2.1 requirements:

- Part A: General requirements
- Part B: Eligible Projects & Assets - Wind Sector Eligibility Criteria of the Climate Bonds Standard Version 1.1
- Part C: Requirements for Specific Bond Types (here for “Use of Proceed Bond”)

The verification process is performed in accordance with relevant general principles & professional standards of independent auditing, and in line with the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

The verification included checking whether the provisions of the Climate Bonds Standard 2.1 were consistently and appropriately applied and the collection of evidence supporting the verification. The details and areas covered by the verification are summarized in the following pages (see Detailed results section).

Based on the supporting elements and explanations provided by the Issuer, nothing has come to our attention that causes us to believe that, in all material respects, PEC Energia’s 2017 first Green Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements (version 2.1) and with associated relevant sector-specific technical criteria. This level of assurance applies altogether to the Nominated Assets, the environmental benefits of the Bond, the evaluation and selection process of the assets, the proposed financial accounting system, and the monitoring & reporting system associated to the Bond, to be implemented over the term of the Bond.

Paris, November 14th, 2018



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has conducted the pre-issuance verification of the 2017 first Green Bond issued by PEC Energia. No established relationship (financial or other) exists between Vigeo Eiris and the Issuer.

This Report is a document prepared by the Verifier that conveys the Verifier’s assurance on the Bond alignment with the relevant requirements of the Climate Bonds Standard, but it does not provide Climate Bonds Certification itself. Providing this Report does not mean that Vigeo Eiris certifies the tangibility, the excellence or the irreversibility of the projects financed by the Green Bond. No assurance is provided by Vigeo Eiris regarding the financial performance of the Issuer nor of the Bond, nor the value of any investment in the Bond, nor of the environmental footprint of the Bond or the compliance with the commitments taken by the Issuer. Vigeo Eiris cannot be liable for any loss suffered as a result of information or data provided by the Issuer. Vigeo Eiris is not liable for the induced consequences when third parties use this Report either to make investments decisions or any kind of business transaction.

Restriction on distribution and use of this Verification Report: the Report is provided by Vigeo Eiris to the Issuer and is then provided to the Climate Bonds Standard Secretariat as part of the certification process. It can only be used by the Issuer and the Climate Bond Initiative. The distribution and publication on this Report is at the discretion of the Issuer, submitted to Vigeo Eiris approval.



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Vigeo Eiris offers a wide range of services:

- **For investors:** decision-making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more)
- **For companies & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

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With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago and Stockholm.

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