



Bureau Veritas Certification - Brasil

VERIFICATION REPORT

VERIFICATION CLIMATE BONDS STANDARD 3.0

IGUÁ SANEAMENTO S.A.



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1. INTRODUÇION

Bureau Veritas Certification Brazil (Bureau Veritas) was engaged by IGUÁ SANEAMENTO S.A (Iguá), to conduct an independent verification based on the issuance of BRL R\$ 620 (six hundred and twenty million reais) for the Special Purpose Entity (SPE) Águas Cuiabá S.A (Águas Cuiabá) and R\$ 260 (two hundred and sixty million reais) for the SPE Paranaguá Saneamento S.A (Paranaguá Saneamento), for projects and assets used by Águas de Cuiabá and Paranaguá Saneamento, according to the Climate Bonds Initiative (CBI) requirements for Retroactive Certification.

This assurance was conducted by a multidisciplinary staff with expertise in financial and non-financial data.

1.1 Iguá and Bureau Veritas Responsibilities

The collection, calculation and presentation of the data published in the report are IGUÁ's management sole responsibility. Bureau Veritas Brazil is responsible for providing an independent opinion to the Stakeholders, pursuant to the scope of work defined in this report.

2. METHODOLOGY, LIMITATIONS AND EXCLUSIONS

The Assurance covered the following activities:

Interviews with the personnel responsible for the Bonds issuance and projects;

Review of documentary evidence provided by IGUÁ in relation to the Bonds issuance and projects;

Review of the projects against the CBI Taxonomy;

Review the projects against the CBI Water Infrastructure Criteria.

The level of verification adopted was Limited, according to the requirements of the ISAE 3000 Standard¹, which were incorporated to the internal assessment protocols of Bureau Veritas.

The scope of our work was limited to assurance over the allocation of bond proceeds and impact reporting, as stated in Iguá's Green Bonds Framework (Framework), dated September 2021.

Excluded from the scope of this work was any assessment of information related to Projects and Assets outside the Framework.

¹ International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

2.1 Scope of Work

Verification was conducted against the Climate Bonds Standard (CBS), 3.0 and Water Criteria (WC), January 2021- Version 3, using specifically the water infrastructure criteria.

2.1.1 Issuer of the bonds

IGUÁ SANEAMENTO S.A., registered with the Comissão de Valores Mobiliários (“CVM”), address R. Gomes de Carvalho, 1507, Vila Olímpia, São Paulo - Brazil - CNPJ nº 08.159.965/0001-33.

2.1.2 Users of proceeds





SPE Águas Cuiabá S.A address Av. Ver. Gonçalo Antunes de Barros, 3196 - Carumbé, Cuiabá - MT – Brazil - CNPJ nº 14.995.581/0001-53

SPE Paranaguá Saneamento S.A address Rua Vieira dos Santos, 333 - Campo Grande, Paranaguá – PR – Brazil - CNPJ nº 01.691.945/0001-60

2.1.3 Eligible projects:

Eligibility according to the water infrastructure criteria, January 2021- Version 3:

Engineered water infrastructure (4.1) and an expected or remaining operational lifespan of more than 20 years

Eligible activity types	Example use of proceeds	Mitigation	Adaptation & resilience
Water storage, including but not limited to: Rainwater harvesting systems Storm water management systems Water distribution systems (excluding irrigation) Infiltration ponds Aquifer storage Groundwater recharge systems Sewer systems Pumps Sand dams	Improving energy efficiency or shifting to low carbon fuel sources.		
	Improving water management and efficiency, e.g., by reducing leaks, reducing urban run-off		
	Installation or upgrade of water capture and storage infrastructure (excluding the examples listed above)		
Water treatment, including but not limited to: Water recycling systems Wastewater treatment facilities Manure/ slurry treatment facilities	Increasing collection of wastewater from householders		
	Installation or upgrade of water treatment infrastructure (excluding the examples listed above)		

OBS: An orange square indicates where eligibility is conditional on meeting specific requirements.

To be eligible for inclusion in a certified bond, assets and projects must meet both the requirements of the Mitigation and the Adaptation & Resilience components. Section 5.3 of the WC details the requirements of the Mitigation Component “Indicators”. Section 9 of the WC details the requirements of the Adaptation & Resilience component (using a Scorecard). We have assessed information and collected evidence regarding the Mitigation and Adaptation & Resilience requirements, as shown under chapter 8 of this report.

The financial mechanism of this operation was a Debênture, in the total amount of BRL R\$ R\$ 620 million (six hundred and twenty million Reais) for the SPE Águas Cuiabá, for a period of 14 (fourteen) years and BRL R\$ 260 Million (two hundred and sixty million reais) for the SPE Paranaguá Saneamento, for a period of 10 (ten) years, issued in July 2020.

Financial data were verified in local currency (Reais).

2.2 Verification Period

Verification was performed from July to December 2021.

2.3 Declaration of Independence and Impartiality

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Environmental and Sustainability Management Systems, among others, with more than 186 years' experience in independent assessment.

Bureau Veritas has a quality management system that is certified by a third party, according to which policies and documented procedures are maintained for the compliance with ethical, professional and legal requirements.

The assessment team has no links with Iguá Saneamento S.A. and the assessment is performed independently.

Bureau Veritas implemented and follows a Code of Ethics throughout its business, in order to assure that its staff preserve high ethical, integrity, objectivity, confidentiality and competence/ professional attitude standards in the performance of their activities.

3. VERIFICATION ACTIVITIES

A	Climate Bonds Taxonomy and eligibility criteria
B	Use of proceeds
C	Process for evaluation and selection of projects & Assets
D	Management of Proceeds
E	Reporting Prior to Issuance
F	Document Review and pending verification
G	Final Report
H	CBI submission
I	Adjustments (when applicable) and Report confirmation

4. PLANNING

Planning	Verification Pre Issuance	Period	Auditor
Scope and Planning	Yes	July 2021	Alex Vervuurt
Desk top review technical and financial documents	Yes	August 2021	Alex Vervuurt
Framework, eligibility review and use of proceeds + legal compliance assessment.	Yes	September 2021	Alex Vervuurt
Framework, eligibility review and use of proceeds + legal compliance assessment.	Yes	September 2021	Claudia Stohler
Financial assessment	Yes	September 2021	Marlon Marabuto
Scorecard, Mitigation criteria, final review documentation and Pending verification	Yes	November 2021	Claudia Stohler and Alex Vervuurt
Draft report, review and final version EN	Yes	December 2021	Claudia Stohler and Alex Vervuurt
Final report	Yes	December 2021	Alex Vervuurt

5. PROJECT CHARACTERISTICS

Iguá Saneamento S.A. (holding) ("Iguá") operates in the management and operation of water supply and sanitary sewage systems by means of 18 operations (4 PPPs and 14 concessions) and is today among the largest private companies of the sector in population served, generating direct and indirect benefits to about 6.6 million people. Focused on the provision of public services of water and sewage treatment, through the operation of concession contracts and public-private partnerships (PPPs), Iguá directs the application of its strategy to operate a wide and diversified portfolio of contracts, based on concessions and public-private partnerships with the government.

It does this through individual performance and/or participation in consortiums and joint ventures with other private companies. With this profile, Iguá is able to provide services to small, medium and large cities.

To fulfill Iguá's main mission of protecting public health and the environment through cost-effective management, leadership and partnership of water resources, Iguá selected two Concession operations that were the focus of this financing (Debenture), namely: (1) SPE Águas Cuiabá S.A, in the state of Mato Grosso and (2) SPE Paranaguá Saneamento S.A, in the state of Paraná.

1. SPE Águas de Cuiabá S.A. - Concessionaire of Public Services of Water and Sewage, controlled by Iguá Saneamento, and exclusively dedicated to water collection, treatment, and distribution and sewage collection, removal and treatment.

The concession began in April 2012 and is expected to last 30 years. It serves the urban territory of the municipality of Cuiabá/MT, as well as the Administrative Districts of Coxipó do Ouro, Guia, Aguaçu, Sucuri, and Nova Esperança/Pequizeiro.

The concessionaire's corporate purpose is the provision of public services related to water and sanitary sewage. These services demand the following infrastructure and facilities:

- Water collection, treatment, supply and consumption measurement;
- Collection, transport, treatment and final disposal in the environment of sanitary sewage.

The expansion of Cuiabá's water supply and sanitary sewage treatment systems started in May 2018 and has a deadline of 80 months, both for the works related to the water and sewage systems.

2. SPE Paranaguá Saneamento S.A. is fully controlled by Iguá Saneamento, and is dedicated exclusively to the collection, treatment, and distribution of water and collection, diversion, and treatment of sewage.

The concession started in March 1997 and is expected to last 48 years. It serves the urban perimeter of the city of Paranaguá / PR, including the towns of Alexandra and Ilha do Mel.

The concessionaire's object is to provide public services related to water and sanitary sewage.

These services require the following infrastructure and facilities:

- Collection, treatment, supply and measurement of water consumption;
- Collection from buildings, transport, treatment and final disposal in the environment of sanitary sewage.

The project to reduce the distribution loss in the water supply system and universalize the sewage collection system in the municipality, started in January 2018 and has a deadline of 108 months, both for the works related to the water and sewage systems.

Iguá's strategic plan is to be carbon neutral by 2030, aligned with the public commitment to contribute to the reduction of the temperature by 1.5°C.

Referring to the new Legal Framework for Basic Sanitation in Brazil (Law nº. 14,026/2020), Iguá prepared in 2021 the Hydric Safety Plans for its units, with an integrated and consistent long term planning for water infrastructure aiming, among others, to reduce the impacts of droughts and floods.



Figura1: Localização no Brasil - SPE Águas Cuiabá (Mato Grosso) e SPE Paranaguá Saneamento (Paraná)

5.1 About the Financial Operation and the Use of Proceeds

5.1.1 Águas de Cuiabá

As defined in the Debenture Term, the net proceeds obtained by Iguá were allocated to SPE Águas de Cuiabá S.A. - Concessionaire of Public Services of Water and Sewage, whose shareholding composition is 86.24% Iguá Saneamento and 13.76% PCT Participações.

The operation raised R\$ 620 million (six hundred and twenty million Reais) that were transferred to the SPE, aiming expenses related to the following activities:

- R\$ 128 million (one hundred and twenty-eight million Reais) allocated to works and services to expand the water supply, treatment and distribution system of the municipality of Cuiabá;
- R\$ 492 million (four hundred and ninety-two million Reais) allocated to works and services aimed at the universalization of access to sanitary sewage in the municipality through the expansion of the sewage collection and treatment system. This value will represent partial investments in the following projects (technology substitution in treatment): Ribeirão do Lipa, Dom Aquino, Sul and Tijucal.

The maximum repayment term of the issuance is 14 years, according to the terms of CVM Instruction 476 (public offerings of securities distributed with restricted efforts) and under Law No. 12,431, of June 24, 2011, which characterizes it as "infrastructure debentures" and thus guarantees it tax benefits. The issuance was also characterized as Sustainable Debentures according to: (i) Second Party Opinion (SPO) issued in 2020 by the consulting firm Sitawi Finanças do Bem, based on the ICMA Sustainability Bond Guidelines; (ii) 1st year post-issuance SPO issued in 2021 by Bureau Veritas Brazil.

5.1.2 Paranaguá Saneamento

As defined in the Debenture Indenture, the net proceeds obtained by Iguá were allocated to SPE Paranaguá Saneamento S.A., whose shareholding composition is fully held by Iguá Saneamento.

The operation raised R\$ 260 million (Two hundred and sixty million Reais) that were transferred to the SPE, aiming expenses related to the following activities:

- R\$ 52 Million (fifty-two million Reais) allocated to works and services for the optimization and reduction of the loss rate in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the metropolitan region);
- R\$ 208 million (two hundred and eight million Reais) allocated to works and services aiming at the universalization of access to sanitary sewage in the municipality, through improvements in the sewage collection and treatment infrastructure.

The maximum repayment term of the issuance is 10 years, following the terms of CVM Instruction 476 (public offerings of securities distributed with restricted efforts) and under Law No. 12,431, of June 24, 2011, which characterizes it as "infrastructure debentures" and thus guarantees it tax benefits. The issuance was also characterized as Sustainable Debentures, according to: (i) Second Opinion Opinion (SPO) issued in 2020 by the consulting firm Sitawi Finanças do Bem, based on the ICMA Sustainability Bond Guidelines; (ii) 1st year post-issuance SPO issued in 2021 by Bureau Veritas.

6. MANAGEMENT OF PROCEEDS

The funds are managed by the treasury of Iguá Saneamento until their complete allocation to the services and works related to the projects. The estimate is that the complete disbursement of the funds will be made until December 2026 by Paranaguá Saneamento. The disbursement of the funds by Águas de Cuiabá is under review and shall be verified during the post-issuance verification. Non-allocated proceeds are maintained in federal public bonds, cash instruments or equivalents, minimizing the risk that the proceeds are allocated in activities with social and environmental risk.

Another important point that mitigates the risk of allocation in activities with social and environmental risk, is the early maturity of the debenture, in case the proceeds are used for a purpose other than established in the Term.

7. REPORTING

Iguá has a commitment, through its Framework, to demonstrate the annual audited Financial Statements, available in its website, that contains information regarding the use of proceeds, until the complete allocation in activities, works and services related to the development of the projects to which it is assigned.

Iguá is committed to submit its certified projects to a post-issuance verification, in order to demonstrate the correct and adequate allocation of proceeds, within a maximum period of 24 months after issuance of the bond.

As the issuance was also an incentivized infrastructure debenture, under the terms of Law 12.431, Iguá is also committed to disclose, on an annual basis, a detailed report on the allocation of the proceeds.

According to Iguá's Framework, the Green Bond Impact Report will include the following indicators, applicable to the periods before and after implementing the projects:

- Volume (Liters) treated water and sewage;
- Percentage of population served by water distribution and sewage collection service;
- Percentage of population served by sewage treatment;
- Percentage of water losses;
- GHG Emissions measured in t CO₂/m³ produced water and/or treated sewage);
- CO₂ emissions with regard to the water and sewage treatment projects.

8. OUR FINDINGS

We performed this verification from September to December 2021.

During our verification against the Climate Bonds Standard and Water Infrastructure Criteria, we used check lists and Scorecards to obtain evidence of compliance against the CBI requirements. Under this chapter, we describe our findings based on the Green Bonds Principles and specific CBI Water Infrastructure Criteria (WC).

8.1 Eligibility assessment

In our opinion, Iguá's projects are eligible according to the CBI Water Infrastructure Criteria, as demonstrated in this report under chapter 2.1.3 (Eligible Projects), provided that the Mitigation and Adaptation & Resilience criteria are met. We also collected and assessed information that is summarized in CBS pre-issuance check list and is part of this report.

8.2 About the Mitigation Criteria

Regarding the Mitigation Criteria we have assessed Iguá's GHG inventory and a comparison between the emission scenarios with and without the applicable water and sewage projects that are mentioned in the Framework, adding the start of self-generation of energy through renewable sources (solar and/or wind farms) for all its units by 2024. We obtained sufficient evidence that Iguá will reduce the GHG emissions for both water and sewage treatments. The self-generation of energy impacts both the water and the sewage systems, with emphasis on the water treatment, because of the electricity use. Considering the green bonds investment in water treatment in Paranaguá, we assessed and confirmed the total emissions from its water supply system, which was 277.04 ton CO₂e in 2020. With the start of the operation of the self-generation power plant, scheduled for 2024, 100% of the energy generated will be renewable, reducing the scope 2 emissions to zero. This represents a decrease of 23 % in the total emissions from Paranaguá.

The same applies to the Cuiabá unit, where the emission of scope 2 was 3,760.62 ton CO₂e in 2020, which will also be reduced to zero, representing a decrease of 12% in the total emission from Cuiabá.

Specifically regarding the projects of optimization and reduction of the loss rate in water distribution in Paranaguá, we evidenced a projection of emission reduction of 35 ton between 2020 and 2023, despite the increase of almost 10% in water distribution. For the Cuiabá unit we evidenced a projection of almost 23% in the emission reduction (494 ton CO₂e) considering the reduction of the loss rate in water distribution between 2020 and 2023.

As regard to the calculation of sewage treatment emissions, made by the company and assessed by our team, we evidenced a decrease in emissions over time, as shown below:

SPE Paranaguá sewage treatment

The projection of the emissions calculation was carried out up to 2030, based on the remaining sewage volume (10%) to reach universalization and inserted in the tool of the Brazilian GHG Protocol Program, considering the most efficient treatment technology when compared to the "in natura effluent" discharge scenario (without treatment) to the environment.

Project	Reduction of emissions tCO ₂ e	Percent reduction of tCO ₂ e	Projection
Treat 10% of the municipality's sewage to reach Universalization	10,175	79%	2022 to 2030

SPE Cuiabá sewage treatment

The projection of the emissions calculation was carried out for each treatment project, where the reduction of methane emission is possible due to the applicable technology (aerobic treatment systems). The replacement of sewage treatment technology will represent a 72% reduction in emissions by 2030.

Substitution of technology for effluent treatment	Reduction of emissions tCO ₂ e	Percent reduction of tCO ₂ e	Projection
Ribeirão do Lipa	2,281.41	87%	2022
Dom Aquino	1,927.41	44%	2024
Sul	3,438.57	88%	2027
Tijucal	7,945.59	74%	2030

8.3 About the Adaptation & Resilience Criteria

As recommended by the Water & Infrastructure Criteria, we used the CBI Scorecard method to verify whether Iguá meets the Adaptation & Resilience Criteria and obtained sufficient evidence that the company's governance, medium and long term objectives, vulnerability assessment on climate issues, as well as Hydric Safety Plans, elaborated in 2021 for Cuiabá and Paranaguá, are in line with the CBI policy. We included both check lists applied to the 2 involved units, that show compliance with the minimal score defined by the Water & Infrastructure Criteria.

In our opinion the Hydric Safety Plans method addresses aspects of adaptation & resilience, classifying each region of Iguá's activities and including risk assessment and corrective measures for significant/unacceptable issues. Several nominated projects, that were under evaluation in the context of the Use of proceeds Principle, have a direct relationship with actions described in these plans. We may conclude that the methodology used to elaborate the Hydric Safety Plans brings a systematic approach to Iguá's sustainable development strategy. One important gap noticed in the method used for the risk assessment, was the absence of a complete modeling including aspects as multi-modal ensemble of climate projections, changes in the frequency and severity of rare weather events, among other criteria described in section 3 (technical diagnostic) of the vulnerability assessment. The scorecards show exactly the gaps we found related to the modeling.

8.4 Retroactive verification and legal requirements

The Debenture operation was concluded in July 2020, requiring retroactive verification on projects linked to the bond. This verification was combined with the first annual post-issuance verification, defined in the Debenture Indenture. In July 2021 we issued two statements and two reports related to the use of proceeds between August 2018 and May 2021, regarding the Cuiabá and Paranaguá projects, as described in the "Green Bonds Monitoring Report Iguá 2021". Both the reports and the statements were attached to this report.

During the post-issuance verification we used the specific CBI check list to confirm adherence to the four Green Bonds Principles and we also covered compliance with legal requirements, specially based on environmental licenses and water/sewage use and/or treatment licenses.

According to the retroactive assessment performed by our team, we concluded that Iguá has met the CBI requirements applicable to the post-issuance criteria (the specific checklist is included in this report under chapter 11).

8.5 Evaluation and Selection of projects

We evidenced that Iguá used an internal procedure for selecting and evaluating the projects to receive the funds raised from the Debentures, together with the SPEs Águas de Cuiabá and Paranaguá Saneamento. The internal decision process involves its senior leadership and operational areas of Financial Structure, Investor Relationship and Sustainability.

The debenture indenture restricts the expenses of the Águas de Cuiabá and Paranaguá Saneamento SPEs, to the collection, treatment and distribution of water and the collection, removal and treatment of sewage.

8.6 Management of proceeds

The funds are under responsibility of the treasury of Iguá Saneamento until their complete allocation to the services and works related to the projects.

During our post issuance verification we found sufficient evidence regarding the accountability of non allocated proceeds, that were maintained in federal public bonds, cash instruments or equivalents.

8.7 Reporting

We found that Iguá is committed to:

- a. demonstrate the annual audited Financial Statements, available in its website, that contains information regarding the use of proceeds, until the complete allocation in activities, works and services related to the development of the projects to which it is assigned;
- b. Submit its certified projects to a post-issuance verification, in order to demonstrate the correct and adequate allocation of proceeds, within a maximum period of 24 months after issuance of the bond;
- c. Disclose, on an annual basis, a detailed report on the allocation of the proceeds. The first annual report was verified by our team during a post-issuance audit. We delivered a positive statement regarding the provided information.

9. CONCLUSION

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that would indicate that the Green Bonds allocation and its associated projects/assets, summarized in Iguá Green Bonds Framework, does not meet the Climate Bonds Standard, 3.0 and the Water Infrastructure Criteria issued in January 2021.


In our opinion Iguá may register its Bond with the Climate Bond Standards Board, and therefore has the right to use the Climate Bond Certification Mark in association with the relevant Bond (but no others) for the duration of the Bond term, provided that the Bond remains Climate Bond Standard compliant.

CONTACT

www.bureauveritascertification.com.br/faleconosco.asp

Telefone (11) 2655-9000.

São Paulo, December 2021.



Lead auditor - Alexander Vervuurt
Bureau Veritas Certification – Brazil

Attachments:

1. Iguá's Framework
2. Scorecard Cuiabá
3. Scorecard Paranaguá
4. SPO Post-issuance Cuiabá
5. SPO Post-issuance Paranaguá

10. PRE ISSUANCE VERIFICATION CHECK LIST

Pre issuance CBS	DIRECT ANSWER / ATTACHMENT	Requirement Met?
1.1 The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept UpToDate during the term of the Bond.	<p>Bonds issued under this Green Bond framework comply with the Climate Bonds Standard Version 3.0 and the CBI Water Taxonomy, covered by the Water Infrastructure Criteria, version 3 January 2021. Resources for eligible use for projects in the Brazilian municipalities of Cuiabá in the state of Mato Grosso and of Paranaguá in the state of Paraná.</p> <p>Projects named for Cuiabá: Works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; Works and services aimed at universalizing access to sewage in the municipality through the expansion of the sewage collection and treatment system.</p> <p>Projects named for Paranaguá: Works and services for the optimization and reduction of the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the metropolitan region); Works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure.</p> <p>Project Characteristics: Projected Infrastructure or Gray Water (Category Include water infrastructure for the purposes of collecting, storing, treating or distributing water or for protection against floods).</p> <p>Water Criteria: (As per table 1- Water infrastructure criteria according to the Climate Bonds Standard).</p> <p>► Water storage, including but not limited to: Water distribution systems.</p> <ul style="list-style-type: none"> • Improve energy efficiency or switch to low carbon fuel sources; • Improve water management and efficiency, for example, reducing leakage, reducing urban runoff; • Installation or upgrade of water collection and storage infrastructure (excluding the examples listed above); <p>► Water treatment, including but not limited to: Wastewater treatment facilities.</p> <ul style="list-style-type: none"> • Increase household wastewater collection; • Installation or upgrade of water treatment infrastructure (excluding the examples listed above). 	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
Legal requirements Assessment (See specifik TAB)	The BV team verified the regulatory process, referring to the projects named as eligible, including: Grants of rights of use, capture or release of effluents in basins and sub-basins, environmental licenses, Basic Sanitation Plan of Cuiabá, Plan of Iguá Cuiabá Water Security, Paranaguá Coastal Hydrographic Basin Plan, Iguá Paranaguá Water Security Plan, Environmental Control Plan (PCA) and Degraded Area Recovery Program,	YES
1.2. The expected Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.	<p>The security's net income was no greater than the Issuer's total investment exposure to the Named Projects and Assets, as follows:</p> <p><u>Paranaguá-Paraná</u></p> <p>► Issuance Raised R\$ 260 Million - of which: • R\$ 52 million (fifty-two million Reais) will be allocated to works and services to optimize and reduce the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the region metropolitan); • R\$ 208 million (two hundred and eight million Reais) will be allocated to works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure.</p> <p><u>Cuiabá - Mato Grosso</u></p> <p>► The issue raised R\$ 620 million (six hundred and twenty million reais) at Iguá Saneamento and the funds were transferred to the SPE through a private debenture issue, with the same conditions as the market issue, with a view to reimbursement and expenses futures for the following activities: • R\$ 128 million (one hundred and twenty-eight million reais) will be allocated to works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; • R\$ 492 million (four hundred and ninety-two million reais) will be earmarked for works and services aimed at universalizing access to the city's sanitary sewage system through the expansion of the sewage collection and treatment system.</p>	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
1.3 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:	The issues received the Sustainable Bond seal, which will be replaced by the CBI certificate, if approved.	YES
1.3.1 Distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bond, green loans or other labelled instruments or;	Not applicable	NA
1.3.2 The existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.	Not applicable	NA

Pre issuance CBS	DIRECT ANSWER / ATTACHMENT	Requirement Met?
2.1. The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:		
2.1.1. A statement on the climate-related objectives of the Bond.	The Objectives related to the green title are known in the various environmental benefits that are associated with the activities of treating domestic effluents and reducing water losses. The correct disposal of domestic effluent prevents the contamination of water bodies and the soil, as well as promoting the conservation of biodiversity, by improving the quality of water in water systems. Furthermore, the reduction of water losses promotes the sustainable environmental management of these same bodies, therefore, the objective and the dedicated use of resources raised with the emission has positive environmental externalities, which are a priority for sustainable development.	YES
2.1.2 How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.	With the objective of improving society's life and conserving the environment through the services provided in our operations, we understand that sustainability is not just a business commitment, but an inseparable factor in our business that makes it possible to transform people's lives. In 2018, they developed a strategic Sustainability plan for their business, based on the understanding that sustainability is at the heart of their activities. This work, which included mapping and analyzing challenges in the regions where we operate, assessing risks and opportunities and researching best practices in the sector, defined our operating priorities in partnership with representatives of our strategic audiences. The themes considered priority were transformed into four lines of action: 1) Water Security 2) Efficiency in Water Production and Distribution 3) Responsibility for Sewage Collection and Treatment 4) Respect for People These axes are part of the company's DNA and guide the actions of each of its operations, in order to promote the sustainability of the business. To symbolically indicate how much this model should be present in our business conduct, the initials of the four axes form the word "SERR". In other words, the axes show how our actions for sustainable development should be.	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
2.1.3 Issuer's rationale for issuing the Bond.	The issuance of the Sustainable Green Bond is in line with the Company's mission and institutional strategy. Within the holding company, Iguá Saneamento, has a team specialized in the sustainability area and actively collaborates in conducting projects and determining the management of ESG risks related to the operations of Cuiabá and Paranaguá. Iguá is an important private company operating in the sanitation sector in Brazil and also a company dedicated to the segment, characterizing it as a "pure-play".	YES
2.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.	<p>Bonds issued under this Green Bond framework comply with the Climate Bonds Standard Version 3.0 and the CBI Water Taxonomy, covered by the Water Infrastructure Criteria, version 3 January 2021. Resources for eligible use for projects in the Brazilian municipalities of Cuiabá in the state of Mato Grosso and of Paranaguá in the state of Paraná.</p> <p>Projects named for Cuiabá: Works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; Works and services aimed at universalizing access to sewage in the municipality through the expansion of the sewage collection and treatment system.</p> <p>Projects named for Paranaguá: Works and services for the optimization and reduction of the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the metropolitan region); Works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure.</p> <p>Project Characteristics: Projected Infrastructure or Gray Water (Category Include water infrastructure for the purposes of collecting, storing, treating or distributing water or for protection against floods)</p> <p>Water Criteria: (As per table 1- Water infrastructure criteria according to the Climate Bonds Standard)</p> <p>► Water storage, including but not limited to: Water distribution systems.</p> <ul style="list-style-type: none"> • Improve energy efficiency or switch to low carbon fuel sources; • Improve water management and efficiency, for example, reducing leakage, reducing urban runoff; 	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
<i>Continuation</i>	<ul style="list-style-type: none"> • Installation or upgrade of water collection and storage infrastructure (excluding the examples listed above); ► Water treatment, including but not limited to: Wastewater treatment facilities. • Increase household wastewater collection; • Installation or upgrade of water treatment infrastructure (excluding the examples listed above). 	
2.2 Issuer should include under Clause 2.1 further aspects of the decision-making process, including:		
2.2.1 Related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.	Not applicable	NA
2.2.2 Green standards or certifications referenced in the selection of Nominated Projects & Assets (When applicable)	<p>Iguá is a member of the Global Compact, CEBDS and ABCON-Sindcon and has a stake in the Trata Brasil Institute. It is part of Iguá's strategic plan to neutralize its emissions by 2030, aligning its strategy with the public commitment assumed with the SBTi of the Global Compact to contribute to the reduction of emissions in the scenario of maintaining the temperature increase at 1.5°C, and supporting globally combating climate change. These associations and declarations are a way of publicly confirming Iguá Saneamento's commitment to sustainability and improving the quality of life on the planet.</p> <p>The issues received the Sustainable Bond seal.</p>	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
<p>2.2.3 The issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.</p>	<p>The Objectives related to the green title are known in the various environmental benefits that are associated with the activities of treating domestic effluents and reducing water losses. The correct disposal of domestic effluent prevents the contamination of water bodies and the soil, as well as promoting the conservation of biodiversity, by improving the quality of water in water systems. Furthermore, the reduction of water losses promotes the sustainable environmental management of these same bodies, therefore, the objective and the dedicated use of resources raised with the emission has positive environmental externalities, which are a priority for sustainable development. The nominated projects comply with the relevant eligibility requirements as per Part C of CBS 3.0, where:</p> <p>Projects named for Cuiabá: Works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; Works and services aimed at universalizing access to sewage in the municipality through the expansion of the sewage collection and treatment system.</p> <p>Projects named for Paranaguá: Works and services for the optimization and reduction of the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the metropolitan region); Works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure.</p> <p>Project Characteristics: Projected Infrastructure or Gray Water (Category Include water infrastructure for the purposes of collecting, storing, treating or distributing water or for protection against floods).</p> <p>Water Criteria: (As per table 1 - Water infrastructure criteria according to the Climate Bonds Standard).</p> <p>► Water storage, including but not limited to: Water distribution systems.</p> <ul style="list-style-type: none"> • Improve energy efficiency or switch to low carbon fuel sources; • Improve water management and efficiency, for example, reducing leakage, reducing urban runoff; • Installation or upgrade of water collection and storage infrastructure (excluding the examples listed above); 	<p>YES</p>

Pre issuance CBS	DIRECT ANSWER / ATTACHMENT	Requirement Met?
<i>Continuation</i>	<p>► Water treatment, including but not limited to: Wastewater treatment facilities.</p> <ul style="list-style-type: none"> • Increase household wastewater collection; • Installation or upgrade of water treatment infrastructure (excluding the examples listed above). 	
3.1 The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:		
3.1.1 The Net Proceeds of the Bond can be credited to a sub- account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented	The resources will be managed by Iguá's treasury until their complete allocation to services and works related to the project. The company estimates that the full disbursement of resources will be made by December 2024 for the Cuiabá projects and by December 2026 for the Paranaguá Saneamento project.	YES
3.1.2 The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.	In the interval between receipt of the issuance resources and its full disbursement, these will be allocated in federal government bonds, cash instruments or equivalent. Thus, the risk of resources being allocated, even temporarily, in activities with social and environmental risk is quite limited.	YES
3.1.3 The earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	The recording of the availability of funds can be seen in the Debentures account of Current Liabilities and Non-Current Liabilities. The accounting for the use of resources can be seen in the Non-Current/Intangible Assets account and also in the Current Assets Availabilities account.	YES

Pre issuance CBS	DIRECT ANSWER / ATTACHMENT	Requirement Met?
4.1 The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:		
4.1.1 Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.	<p>Bonds issued under this Green Bond framework comply with the Climate Bonds Standard Version 3.0 and the CBI Water Taxonomy, covered by the Water Infrastructure Criteria, version 3 January 2021.</p> <p>Project Characteristics: Projected Infrastructure or Gray Water (Category Include water infrastructure for the purposes of collecting, storing, treating or distributing water or for protection against floods).</p> <p>Water Criteria: (As per table 1 - Water infrastructure criteria according to the Climate Bonds Standard).</p> <ul style="list-style-type: none"> ▶ Water storage, including but not limited to: Water distribution systems. <ul style="list-style-type: none"> • Improve energy efficiency or switch to low carbon fuel sources; • Improve water management and efficiency, for example, reducing leakage, reducing urban runoff; • Installation or upgrade of water collection and storage infrastructure (excluding the examples listed above); ▶ Water treatment, including but not limited to: Wastewater treatment facilities. <ul style="list-style-type: none"> • Increase household wastewater collection; • Installation or upgrade of water treatment infrastructure (excluding the examples listed above). 	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
<p>4.1.2 A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.</p>	<p><u>Paranaguá</u> As defined in the indenture, the net proceeds obtained by Iguá through the issuance of the Sustainable Debenture, deducted from any commissions and directly related expenses, will be allocated to SPE Paranaguá Saneamento S.A., whose shareholding structure is fully held by Iguá Saneamento.</p> <p>► Issuance Raised R\$ 260 Million - of which:</p> <ul style="list-style-type: none"> • R\$ 52 million (fifty-two million Reais) will be allocated to works and services to optimize and reduce the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the region metropolitan); • R\$ 208 million (two hundred and eight million Reais) will be allocated to works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure. <p><u>Cuiabá</u> As defined in the indenture, the net proceeds obtained by Iguá through the issuance of the Sustainable Debenture, deducted from any commissions and directly related expenses, will be allocated to SPE Águas de Cuiabá S.A. – Concessionaire of Public Water and Sewage Services, whose composition shareholding is 86.24% Iguá Saneamento and 13.76% PCT Participações.</p> <p>► The issue raised R\$ 620 million (six hundred and twenty million reais) for the SPE, with a view to reimbursement and future expenses related to the following activities:</p> <ul style="list-style-type: none"> • R\$ 128 million (one hundred and twenty-eight million reais) will be allocated to works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; • R\$ 492 million (four hundred and ninety-two million reais) will be earmarked for works and services aimed at universalizing access to the city's sanitary sewage system through the expansion of the sewage collection and treatment system. 	<p>YES</p>

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
4.1.3 A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.	Decision Making Process Within the holding company, Iguá Saneamento, has a team specialized in the sustainability area and actively collaborates in conducting projects and determining the management of ESG risks related to the operations of Cuiabá and Paranaguá. Iguá is an important private company operating in the sanitation sector in Brazil and also a company dedicated to the segment, characterizing it as a "pure-play". In this way, the issuance of the Sustainable Green Bond is in line with its mission and institutional strategy. The selection of projects aimed at receiving the funds raised by the issuance of Sustainable Debentures was the responsibility of Iguá Saneamento together with the SPEs Águas Cuiabá and Paranaguá Saneamento, through an internal decision process involving its senior leadership and operational areas of Financial Structuring, Investor Relations and Sustainability.	YES
4.1.4 on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.	The issuer voluntarily commits to monitoring and reporting social and environmental benefit indicators relating to the performance of projects nominated to comply with the eligibility requirements under Part C of CBS 3.0. This report will be made annually by Iguá in a summarized manner in its Sustainability Report. The main indicators to be monitored will be: <ul style="list-style-type: none"> * Treated volume (liters) of water and sewage; * Percentage of the population served by the water distribution and sewage collection service; * Percentage of the population served by the sewage treatment service; * Percentage of water losses; * GHG Emissions - Wastewater Treatment Águas Cuiabá. 	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
4.1.5 A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1.	The resources will be managed by Iguá's treasury until their complete allocation to services and works related to the project. The company estimates that the full disbursement of funds will be made by December 2024 for the Cuiabá projects and by December 2026 for the Paranaguá projects. In the interval between receipt of the issuance resources and its full disbursement, these will be allocated in federal government bonds, cash instruments or equivalent. Thus, the risk of resources being allocated, even temporarily, in activities with social and environmental risk is quite limited.	YES
4.1.6 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	<p>Annually, Iguá, Águas Cuiabá and Paranaguá Saneamento will prove, through the annual Standardized Financial Statements (DFP), audited and available on their website, the allocation of resources from debenture issues until the full allocation of these resources in activities, works and services related to the development of the project to which it is designated. Iguá will submit its certified projects to a post-issuance certification by the Climate Bonds Initiative to ensure the correct and adequate use of the allocation of resources, its projects and assets, to be completed within 24 months after the issuance of the bond. As the emissions were also characterized as incentive infrastructure debentures, pursuant to Law 12.431, we will have to annually present a detailed report on the allocation of resources in the projects, so that emissions do not lose the benefit generated by the special tax treatment designated by their characterization.</p> <p>In addition, the broadcaster voluntarily undertakes to monitor and report indicators of social and environmental benefits. This report will be made annually by Iguá in a summarized manner in its Sustainability Report. The main indicators to be monitored will be:</p> <ul style="list-style-type: none"> * Treated volume (liters) of water and sewage; * Percentage of the population served by the water distribution and sewage collection service; * Percentage of the population served by the sewage treatment service; * Percentage of water losses; * GHG Emissions - Wastewater Treatment Águas Cuiabá. 	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
<p>4.1.7 The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, provided in Clause 9.1, and the Issuer shall provide an explanation of why details on Nominated Projects & Assets is limited.</p>	<p>CUIABÁ Expansion and optimization of Cuiabá's water supply system the financed project foresees the sectorization and increase of the system's reserve volume, aiming at providing a higher quality service with continuous supply. Specifically, the new SUL System will be implemented, in accordance with the Master Plan for the Water Supply System (PDA) developed by the concessionaire. This system will serve 127,956 inhabitants and will replace the CoopHEMA, Parque Cuiabá and part of the Porto System systems, will deactivate 23 wells (part of isolated systems) and 2 ETAs. This new structure also aims to reduce losses in the distribution system.</p> <p>Expansion of the Cuiabá sewage system The resources of the Sustainable Debenture will be used for the implementation of the SES of Ribeirão do Lipa, SES do Sul and for the expansion of the SES Tijucal. In this context, the construction and expansion of the following infrastructures are planned: two new ETEs, expansion of the Tijucal sewage treatment plant, sewage pumping stations (from 74 to 88), outfall, collectors, collection networks (from 1,011 km to 1,438 km) and home connections (from 79,428 to 108,945).</p>	YES
	<p>PARAGUANÁ Optimization and reduction of losses in the municipal water supply system of Paranaguá The project aims to reduce the loss rate to 25% by 2026 and, for that, works to improve and adapt the dams of the Paranaguá System catchments, including the execution of new deep wells for catchment via the water table (Ilha do Mel) are planned. The construction of 6.7 km of water mains (from 54 km to 60.7 km) on a new route is also planned, with the objective of reducing losses in this stretch and ensuring minimum operating pressure, in addition to investments in water networks collection and supply (from 586 km to 645.29 km) and in ETAs, in order to meet the demand for population growth (totaling 40,257 connections, from 34,339 observed in 2017, before the start of the project).</p>	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
<i>Continuation</i>	Expansion of the Paranaguá sewage system The responsible system is composed of 7 subsystems (Cominese, Samambaia, Valadares, Emboguaçu – Guaraituba, Costeira and the districts of Alexandra and Ilha do Mel), a total of 598 km of collection networks, 5 ETEs and 60 Sewage Pumping Stations – EEE. As determined in the concession contract, the concessionaire must, by 2026, ensure that 100% of the population of Paranaguá is served by sewage collection. For this purpose, investments are expected to increase the capacity for the treatment of sub-systems, expansion of ETEs, construction of new EEEs (from 38 to 86), implementation of operational improvements and automation in both ETEs and EEEs and increase in the collection network (from 535 km to 732.2 km).	
4.1.8 Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.	There is no refinancing, 100% of the Net Revenue will be applied to the project.	YES
4.2 The Issuer shall include in the Disclosure Documentation:		
4.2.1 The investment areas, as provided in Clause 9.1 (Climate Bonds Standard), into which the Nominated Projects & Assets fall.	Bonds issued under this Green Bond framework comply with the Climate Bonds Standard Version 3.0 and the CBI Water Taxonomy, covered by the Water Infrastructure Criteria, version 3 January 2021. Resources for eligible use for projects in the Brazilian municipalities of Cuiabá in the state of Mato Grosso and of Paranaguá in the state of Paraná.	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
Continuation	<p>Projects named for Cuiabá: Works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; Works and services aimed at universalizing access to sewage in the municipality through the expansion of the sewage collection and treatment system.</p> <p>Projects named for Paranaguá: Works and services for the optimization and reduction of the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the metropolitan region); Works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure.</p> <p>Project Characteristics: Projected Infrastructure or Gray Water (Category Include water infrastructure for the purposes of collecting, storing, treating or distributing water or for protection against floods).</p> <p>Water Criteria: (As per table 1- Water infrastructure criteria according to the Climate Bonds Standard)</p> <ul style="list-style-type: none"> ▶ Water storage, including but not limited to: Water distribution systems. <ul style="list-style-type: none"> • Improve energy efficiency or switch to low carbon fuel sources; • Improve water management and efficiency, for example, reducing leakage, reducing urban runoff; • Installation or upgrade of water collection and storage infrastructure (excluding the examples listed above); ▶ Water treatment, including but not limited to: Wastewater treatment facilities. <ul style="list-style-type: none"> • Increase household wastewater collection; • Installation or upgrade of water treatment infrastructure (excluding the examples listed above). 	
4.2.2 The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3 (Climate bonds standard).	The resources will be managed by Iguá's treasury until their complete allocation to services and works related to the project. The company estimates that the full disbursement of funds will be made by December 2024 for the Cuiabá projects and by	YES

Pre issuance CBS	DIRECT ANSWER/ ATTACHMENT	Requirement Met?
<i>Continuation</i>	December 2026 for the Paranaguá projects. In the interval between receipt of the issuance resources and its full disbursement, these will be allocated in federal government bonds, cash instruments or equivalent. Thus, the risk of resources being allocated, even temporarily, in activities with social and environmental risk is quite limited.	
4.2.3 The Verifier engaged by the Issuer for the mandatory verification engagements.	Bureau Veritas Certification:	YES
4.2.4 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents	Annually, Iguá, Águas Cuiabá and Paranaguá Saneamento will prove, through the annual Standardized Financial Statements (DFP), audited and available on their website, the allocation of resources from debenture issues until the full allocation of these resources in activities, works and services related to the development of the project to which it is designated. Iguá will submit its certified projects to a post-issuance certification by the Climate Bonds Initiative to ensure the correct and adequate use of the allocation of resources, its projects and assets, to be completed within 24 months after the issuance of the bond. As the emissions were also characterized as incentive infrastructure debentures, pursuant to Law 12.431, we will have to annually present a detailed report on the allocation of resources in the projects, so that emissions do not lose the benefit generated by the special tax treatment designated by their characterization. In addition, the broadcaster voluntarily undertakes to monitor and report indicators of social and environmental benefits. This report will be made annually by Iguá in a summarized manner in its Sustainability Report. The main indicators to be monitored will be: * Treated volume (liters) of water and sewage; * Percentage of the population served by the water distribution and sewage collection service; * Percentage of the population served by the sewage treatment service; * Percentage of water losses; * GHG Emissions - Wastewater Treatment Águas Cuiabá.	YES
4.2.5 The CBI Disclaimer provided in the Certification Agreement.	CBI Disclaimer - CBI Document (Contract)	YES

11. POST ISSUANCE VERIFICATION CHECK LIST

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
5.1. Were the Net Proceeds of the Bond allocated according to the Nominated Projects & Assets?	<p>Paranaguá</p> <p>► Issuanc+A9:D28e Raised R\$ 260 Million - of which:</p> <ul style="list-style-type: none"> • R\$ 52 million (fifty-two million Reais) will be allocated to works and services to optimize and reduce the rate of losses in water distribution in the municipality of Paranaguá (including the localities of Alexandra and Ilha do Mel, belonging to the region metropolitan); • R\$ 208 million (two hundred and eight million Reais) will be allocated to works and services aimed at universalizing access to sewage in the municipality through improvements in sewage collection and treatment infrastructure. <p>Of the amount raised, 33.05% was invested in the projects above and the remainder is allocated to federal government bonds, cash instruments or equivalents.</p> <p>Cuiabá</p> <p>► The issue raised R\$ 620 million (six hundred and twenty million reais) for the SPE aiming at reimbursement and future expenses related to the following activities:</p> <ul style="list-style-type: none"> • R\$ 128 million (one hundred and twenty-eight million reais) will be allocated to works and services to expand the water supply, treatment and distribution system in the municipality of Cuiabá; • R\$ 492 million (four hundred and ninety-two million reais) will be earmarked for works and services aimed at universalizing access to the city's sanitary sewage system through the expansion of the sewage collection and treatment system. <p>Of the amount raised, 35.64% was invested in the projects above and the remainder is allocated to federal government bonds, cash instruments or equivalent.</p>	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
5.2. All nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.	Eligible projects remain the same as those described in the pre-issue. In addition, the projects remain in line with Iguá's documented objectives.	YES
5.3. The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.	Information was shown with the projection/allocation of resources from the Cuiabá and Paranaguá projects	YES
5.4. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:	The issues received the Sustainable Bond seal, which will be replaced by the CBI certificate, if approved.	YES
5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or;	The issues received the Sustainable Bond seal, which will be replaced by the CBI certificate, if approved.	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.	The Title and the project are not refinanced.	YES
5.5. Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.	100% of the net revenues will be applied to the project, there is no allocation of resources for refinancing.	YES
5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.	The resources will be managed by Iguá's treasury until their complete allocation to services and works related to the project. The company estimates that the full disbursement of funds will be made by December 2024 for the Cuiabá projects and by December 2026 for the Paranaguá project. In the interval between receipt of the issuance resources and its full disbursement, these will be allocated in federal government bonds, cash instruments or equivalent. Thus, the risk of resources being allocated, even temporarily, in activities with social and environmental risk is quite limited.	YES
5.7. The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.	The Bond's net revenue is exactly the estimated value for the completion of the projects, according to QUF.	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
5.8. Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clause 6.1.1.	The projects named in the issue remain the same.	YES
5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.	The projects named in the issue remain the same. If any project is included or replaced, a verifier will be hired to certify eligibility.	YES
6. Process for Evaluation and Selection of Projects & Assets		
6.1. The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:	Evidenced that Iguá maintained the same criteria for the selection of projects that aim to receive the funds raised by the issuance of Sustainable Debentures, being in charge of Iguá Saneamento together with the SPEs Águas Cuiabá and Paranaguá Saneamento, through an internal decision process involving its senior leadership and operational areas of Financial Structuring, Investor Relations and Sustainability. The debenture indentures restrict the expenses for reimbursement and future expenses of the Águas Cuiabá and Paranaguá Saneamento SPEs, controlled by Iguá Saneamento and exclusively dedicated to the collection, treatment and distribution of water and the collection, removal and treatment of sewage.	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
<p>6.1.1. A statement on the climate-related objectives of the Bond;</p>	<p>Objectives of the project and issuance of bonds:</p> <p>CUIABÁ Expansion and optimization of the Cuiabá water supply system. The financed project foresees the sectorization and increase of the system's reserve volume, aiming at providing a higher quality service with continuous supply. Specifically, the new SUL System will be implemented, in accordance with the Master Plan for the Water Supply System (PDA) developed by the concessionaire. This system will serve 127,956 inhabitants and will replace the CoopHEMA, Parque Cuiabá and part of the Porto System systems, will deactivate 23 wells (part of isolated systems) and 2 ETAs. This new structure also aims to reduce losses in the distribution system. Expansion of the Cuiabá sewage system. The resources of the Sustainable Debenture will be used for the implementation of the SES of Ribeirão do Lipa, SES do Sul and for the expansion of the SES Tijucal. In this context, the construction and expansion of the following infrastructures are planned: two new ETEs, expansion of the Tijucal sewage treatment plant, sewage pumping stations (from 74 to 88), outfall, collectors, collection networks (from 1,011 km to 1,438 km) and home connections (from 79,428 to 108,945).</p> <p>PARANAGUÁ Optimization and reduction of losses in the municipal water supply system of Paranaguá The project aims to reduce the loss rate to 25% by 2026 and, for that, works to improve and adapt the dams of the Paranaguá System catchments, including the execution of new deep wells for catchment via the water table (Ilha do Mel) are planned.</p>	<p>YES</p>

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
<i>Continuation</i>	<p>The construction of 6.7 km of water mains (from 54 km to 60.7 km) on a new route is also planned, with the objective of reducing losses in this stretch and ensuring minimum operating pressure, in addition to investments in water networks collection and supply (from 586 km to 645.29 km) and in ETAs, in order to meet the demand for population growth (totaling 40,257 connections, from 34,339 observed in 2017, before the start of the project).</p> <p>Expansion of the Paranaguá sewage system</p> <p>The responsible system is composed of 7 subsystems (Cominese, Samambaia, Valadares, Emboguaçu – Guaraituba, Costeira and the districts of Alexandra and Ilha do Mel), a total of 598 km of collection networks, 5 ETEs and 60 Sewage Pumping Stations – EEE. As determined in the concession contract, the concessionaire must, by 2026, ensure that 100% of the population of Paranaguá is served by sewage collection. For this purpose, investments are expected to increase the capacity for the treatment of sub-systems, expansion of ETEs, construction of new EEEs (from 38 to 86), implementation of operational improvements and automation in both ETEs and EEEs and increase in the collection network (from 535 km to 732.2 km).</p>	
6.1.2. How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;	<p>With the objective of improving society's life and conserving the environment through the services provided in our operations, we understand that sustainability is not just a business commitment, but an inseparable factor in our business that makes it possible to transform people's lives.</p> <p>In 2018, we developed a strategic Sustainability plan for our business, based on the understanding that sustainability is at the heart of our activities. This work, which included mapping and analyzing challenges in the regions where we operate, assessing risks and opportunities and researching best practices in the sector, defined our operating priorities in partnership with</p>	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
<i>Continuation</i>	<p>representatives of our strategic audiences. The themes considered priority were transformed into four lines of action:</p> <ol style="list-style-type: none"> 1) Water Security 2) Efficiency in Water Production and Distribution 3) Responsibility for Sewage Collection and Treatment 4) Respect for People <p>These axes are part of the company's DNA and guide the actions of each of its operations, in order to promote the sustainability of the business. To symbolically indicate how much this model should be present in our business conduct, the initials of the four axes form the word "SER". In other words, the axes show how our actions for sustainable development should be.</p>	
6.1.3. The Issuer's rationale for issuing the Bond;	<p>The selection of projects aimed at receiving the funds raised by the issuance of Sustainable Debentures was the responsibility of Iguá Saneamento together with the SPEs Águas Cuiabá and Paranaguá Saneamento, through an internal decision process involving its senior leadership and operational areas of Financial Structuring, Investor Relations and Sustainability. The debenture indentures restrict the expenses for reimbursement and future expenses of the Águas Cuiabá and Paranaguá Saneamento SPEs, controlled by Iguá Saneamento and exclusively dedicated to the collection, treatment and distribution of water and the collection, removal and treatment of sewage.</p>	YES
6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;	<p>The bond to be issued under this Green Bond framework complies with the Climate Bonds Standard Version 3.0 and is covered by the Water Criteria. According to the CBI taxonomy, the assets are under the Water Criteria, January 2021:</p>	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
<i>Continuation</i>	<p>Project Characteristics: Projected Infrastructure or Gray Water (category Include water infrastructure for the purposes of collection, storage, treatment or distribution of water or for protection against floods).</p> <p>Water Criteria: (according to CBS Table 1 - Infrastructure Assets).</p> <ul style="list-style-type: none"> ► Water storage, including but not limited to: Water distribution systems. • Improve energy efficiency or switch to low carbon fuel sources; • Improve water management and efficiency, for example, reducing leakage, reducing urban runoff; • Installation or upgrade of water collection and storage infrastructure (excluding the examples listed above); ► Water treatment, including but not limited to: Wastewater treatment facilities. • Increase household wastewater collection; • Installation or upgrade of water treatment infrastructure (excluding the examples listed above). 	
6.1.5. Other information provided by the Issuer as described in Clause 2.2.	The issues received the Sustainable Bond seal, which will be replaced by the CBI certificate, if approved.	YES
7. Management of Proceeds		
7.1. The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub- portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.	<p>Cuiabá:</p> <p>Credit in the bank account of Iguá Saneamento and transferred to Águas Cuiabá through a private debenture issue.</p> <p>In Cuiabá, the funds were credited to a company's bank account, part of the funds were earmarked for the operation (reimbursement of works already carried out), part invested in investments made after the date of release of the funds and the remainder invested in low-risk financing to supply the demands of the project's future investment.</p>	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
<i>Continuation</i>	Paranaguá: The funds were credited to a company bank account, part of the funds were allocated to the operation (reimbursement of works already carried out), part invested in investments made after the date of release of the funds and the remainder invested in low-risk financing to meet the demands of the project's future investments.	
7.2. The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3.	Unused resources are recorded in the Availabilities account in Current Assets and resources already used are recorded in the Intangibles account of Non-Current Assets.	YES
7.3. While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:	Answers below:	NA
7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or	The funds are available in the Cash and Equivalents in Current Assets account.	YES
7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or	Not applicable, the funds are invested in low-risk financial investments.	YES

Pos issuance CBS	BV FINDINGS AND EVIDENCES	Requirement Met ?
7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.	Funds raised and not used are in SPE's own bank accounts.	YES
8. Reporting		
8.1. The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.	OK, it has been prepared and made available for Bureau Veritas external verification.	YES
8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.	The availability was made through the Iguá website	YES
8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.	There have been no significant changes so far	YES