



REPORT OF FACTUAL FINDINGS (AGREED-UPON PROCEDURE)

By VIGEO EIRIS
For Omega Energia's 2016 first Green Bond issuance
Pre-issuance verification based on Climate Bond Standards version 2.0

SCOPE

OMEGA ENERGIA (the "Issuer") is considering the issuance of its first green bond (or "Bond") and intends to use the proceeds to refinance the construction of wind power plants in Brazil.

OMEGA ENERGIA is a Brazilian company founded in 2008 exclusively dedicated to the renewable energy generation market, involved in developing, acquiring and managing renewable energy generation assets. The company's project portfolio includes three wind farms that are already built (Testa Branca I, Testa Branca III and Porto do Delta) located in the city of Ilha Grande, in the state of Piauí (PI), and managed via Potami S.A., an OMEGA ENERGIA's sub-holding.

In this context, Vigeo Eiris (the "Verifier") has been commissioned by OMEGA ENERGIA, as stated in the engagement contract, to perform the Pre-Issuance Verification of this Bond, as independent third party provider approved by the Climate Bonds Standards Board.

We have conducted our verification in November 2016, with the aim of assessing the conformance of OMEGA ENERGIA's 2016 first green bond with the Climate Bond Standard version 2.0 for Pre-Issuance requirements and with associated sector standards and technical criteria, as defined on CBI's website.

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

- Planning and management of the verification
- Desk review of the Bond and associated documentation provided by the Issuer
- Assessment of evidences provided by OMEGA ENERGIA against the Climate Bond Standards 2.0
- Internal quality control on the assurance report and conclusions
- Provision of Vigeo Eiris' report of factual findings

The methodology, criteria, findings and assurances addressed by this Agreed-Upon Procedure are detailed below.

RESPONSIBILITIES OF OMEGA ENERGIA AND OF VIGEO EIRIS

The responsibility of Vigeo Eiris is to provide an external and independent assurance on the compliance of OMEGA ENERGIA's 2016 green bond with the Climate Bond Standard version 2.0 requirements and associated technical criteria.

This statement relies on the information provided by the Issuer to the Verifier: documentation and explanations presented during the assessment, based on the understanding that this information was provided to Vigeo Eiris in good faith. Vigeo Eiris hasn't 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.

SUMMARY OF FACTUAL FINDINGS

This Agreed-Upon Procedures Engagement has been conducted against the Climate Bond Standard (CBS) version 2.0 requirements, in accordance with relevant general principles & professional standards of independent auditing, and in line with the International Standard on Related Services 4400 (ISRS 4400), based on the agreed-upon procedure .

The verification included checking whether the provisions of the CBS 2.0 were consistently and appropriately applied and the collection of evidence supporting the verification. The details and areas covered by the verification are summarized in below chapters of this report.

The proceeds from the green bond will be allocated to three Brazilian wind farms (Porto do Delta, Testa Branca I and Testa Branca III) for which complete environmental objectives have been set. These resources will be ring-fenced and held in the centralizing accounts of the three SPVs dedicated to each of the three wind farms, that will be verified annually via external audit. These wind farms projects fall in the 'Wind' classification under 'Energy' head of Climate Bonds Taxonomy, and fill in two technical criteria from the sector-specific standards. The issuer took the commitment to review the bond after one year to reaffirm conformance with the Climate Bonds Standard.

This Report of factual findings is valid as of the date of issuance limited to OMEGA ENERGIA's first Green Bond

Paris, February 17th, 2017



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has never executed any consultancy activity for the Issuer until so far and no established relationship (financial or others) exists between Vigeo Eiris and the Issuer.

Liability: this Report of factual findings is a document prepared by the Verifier that conveys the Verifier's findings on the bond alignment with the relevant requirements of the Climate Bonds Standard, but it does not provide Climate Bond Certification itself. Providing these findings 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 opinion either to make investments decisions or any kind of business transaction.

Restriction on Distribution and Use of this Assurance Report: at the discretion of the Issuer.

VERIFICATION CRITERIA & FINDINGS

The evidence, information and explanations supporting the Bond issuance provided by OMEGA ENERGIA to Vigeo Eiris were both historical (for projects selection process and nominated projects) and hypothetical or projected (for the expected environmental benefits, the proposed financial accounting system, and the monitoring & reporting system associated to the bond, to be implemented over the term of the bond).

The Issuer showed a high responsiveness in providing information to the Verifier, despite some process are not formalised. We believe that procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our findings.

Summary criteria for assertions of compliance with the pre-issuance requirements of Climate Bonds Standards version 2.0

Vigeo Eiris has assessed OMEGA ENERGIA's 2016 green bond and the nominated projects and assets against criteria and requirements detailed within the Climate Bonds Standard version 2.0:

- Part A: General requirements to be applied for all Climate Bonds
 1. Selection of Nominated Projects & Assets
 2. Internal Processes & Controls
 3. Reporting Prior to Issuance
- Part B: Climate Bonds Taxonomy and Sector-Specific Standards

Assessment of OMEGA ENERGIA and their proposed green bonds against Pre-Issuance Requirements of Climate Bonds Standard

| CBI requirements | Vigeo Eiris' factual findings | Errors or exception |
|---|--|--|
| Part A: General Requirements | | |
| 1. Selection of Nominated Projects & Assets | | |
| Clause 1.1 Check for proof of existence of documented decision-making process which is used to determine the eligibility of Nominated Projects and Assets | The debenture term sheets indicates that the proceeds will be allocated to the future payments and / or reimbursement of expenses, expenses or debts related to the implementation of three wind farms: EOL Porto do Delta, Testa Branca I and Testa Branca III, and its associated transmission system. | As the Nominated Projects are already identified by the issuer, there is no mention of eligibility criteria. |

| CBI requirements | Vigeo Eiris' factual findings | Errors or exception |
|---|---|---------------------|
| Part A: General Requirements | | |
| 1. Selection of Nominated Projects & Assets | | |
| <p>This includes, without limitation:</p> <p>1.1.1. a statement on the environmental objectives of the bond</p> | <p>The external review report, conducted by the ESG consultant and included in the final pre-issuance Bond disclosure documentation, includes the objectives of the three Nominated Projects which are</p> <ul style="list-style-type: none"> - The implementation of a total of 34 wind turbines and an installed capacity of 74,8 MW - The reduction of 38.2 MtCO₂e per year compared to the average of the Brazilian energy matrix (i.e. 115 kgCO₂e/MWh in 2013). | None |
| <p>1.1.2. a process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part B (Eligibility) of the Climate Bond Standard</p> | <p>The external review report includes the process for assessment of the eligibility of the Nominated Projects & Assets. This report confirms that the funds will be "fully allocated to future payments and / or reimbursements of expenses, expenses and debts of Wind Farms Testa Branca I, Testa Branca III and Port Delta, through the holding Potami SA, parent of the three SPEs (special purpose entities) responsible for the implementation of the projects". These projects meet the eligibility requirements of the Climate Bond Standard as they fall in 'Wind' classification under 'Energy' head of Climate Bonds Taxonomy (see Part B).</p> | None |
| Clause 1.2 | | |
| <p>The Issuer shall assess that all proposed Nominated Projects & Assets to be associated with the bond meet the bond's documented objectives as stated under Clause 1.1 and are compliant under Part B of the Climate Bond Standard.</p> | <p>The external review report presents the results of the assessment process conducted by the ESG consultant on whether the selected projects are aligned to the eligibility requirements. The document also displays the results of the assessment of the social and environmental performance of the projects, regarding defined criteria: the environmental performance is assessed as "satisfactory" by the external consultant..</p> | None |

| CBI requirements | Vigeo Eiris' factual findings | Errors or exception |
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| Part A: General Requirements | | |
| 1. Selection of Nominated Projects & Assets | | |
| Clause 1.3 | | |
| <p>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 up-to-date during the term of the bond.</p> | <p>The list of Nominated Projects & Assets is disclosed in the external review report and indicates that 3 wind power projects called OL Porto do Delta, Testa Branca I and Testa Branca III, located in the city of Ilha Grande, in the state of Piaui (PI), in Brazil, have been assessed likely to be Eligible Projects & Assets.</p> | <p>Of note, as the three wind farms are already built, the list of Eligible Projects is equivalent to the list of selected projects associated with the bond</p> |
| Clause 1.4 | | |
| <p>Nominated Projects & Assets shall not be nominated to other Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Climate Bonds or that the existing Climate Bond is being refinanced via another Climate Bond.</p> | <p>According to Omega Energia formalised letter of commitment, it is established that the three Nominated Projects have never been nominated to other Climate Bonds listed as such on CBI's database of pas Climate Bonds.</p> | <p>None</p> |
| Clause 1.5 | | |
| <p>The expected Net Proceeds of the bond shall be no greater than the Issuer's debt obligation to the proposed Nominated Projects & Assets, or the Fair Market Value of the proposed Nominated Projects & Assets.</p> | <p>As indicated in the debentures term sheets, the anticipated proceeds amount is identified to R\$42.431.000 (preliminary estimates, depending on market conditions, until details will be confirmed on financial close of the bond). This estimated amount is expected not to change prior to issuance according to the Issuer. This expected net proceeds represents 10,5 % of the estimated total amount of Fair Market Value of the Nominated Projects (R\$405.200.000), which is not greater than the Issuer's debt obligation to the Nominated Projects The external review report specifies that remaining resources will be financed by the Brazilian Development Bank (BNDES - 69,6 %) and Omega Energia's own capital (20 %).</p> | <p>None</p> |

| CBI requirements | Vigeo Eiris' factual findings | Errors or exception |
|---|---|---------------------|
| Part A: General Requirements | | |
| 2. Internal Processes & Controls | | |
| Clause 2.1 | | |
| <p>2.1. The systems, policies and processes to be used for management of bond funds and investments made shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:</p> | <p>The debenture term sheets and the external review report identify and describe the systems, policies, processes, and controls for the management of bond funds and investments.</p> | <p>None</p> |
| <p>2.1.1. Tracking of proceeds: 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.</p> | <p>As detailed in the debentures' term sheets, the net proceeds of the bond will be allocated to Potami S.A., that controls the three SPVs, each being dedicated to each of the three Nominated Projects. Each SPV will receive the proceeds in a dedicated centralizing account specifically created for the debenture and which will be operated only by the managing bank. As communicated by the Issuer, two types of controls will be in place:</p> <ul style="list-style-type: none"> - The proceeds will be ring-fenced - The accounts of the three SPVs and Potami Energia will be verified annually by external audit. | <p>None</p> |
| <p>2.1.2. Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 6.2</p> | <p>As communicated by the Issuer in a formalized letter of commitment, the management of unallocated net proceeds will be managed as per the requirement in clause 6.2, i.e. the unallocated net proceeds will be held in temporary cash equivalent instruments (Clause 6.2.1).</p> | <p>None</p> |
| <p>6.2.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> | | |
| <p>6.2.2. 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</p> | | |
| <p>6.2.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.</p> | | |

| CBI requirements | Vigeo Eiris' factual findings | Errors or exception |
|--|---|---------------------|
| Part A: General Requirements | | |
| 2. Internal Processes & Controls | | |
| 2.1.3. Earmarking funds to Nominated Projects & Assets: An earmarking process that 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. | Specific ring-fenced clauses have been integrated to the debenture term sheets avoiding changes in the scope of the original projects and the use of the resources for other reasons than the funding of the Nominated Projects, enabling estimation of a share of the net proceeds of 100% that will be used for refinancing. | None |
| 3. Reporting to issuance | | |
| Clause 3.1 | | |
| 3.1. The Issuer shall disclose in the Bond Disclosure Documentation: | The debenture term sheets indicates that the proceeds will be allocated to Potami Energia SA, an holding within Omega Energia's structure that controls the three SPVs, one dedicated for each Nominated Project. These Nominated Projects, as wind farm projects, fall in the 'Wind' classification under 'Energy' head of Climate Bonds Taxonomy. | None |
| 3.1.1. The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. | | |
| 3.1.2. The intended types of temporary investment instruments for the management of unallocated proceeds in accordance with Clause 2.1.2. | The intended types of temporary investment instruments for the management of unallocated proceeds, i.e. in temporary cash equivalent instruments are disclosed in a letter of commitment formalized by the issuer. | None |
| 3.1.3. The approach the Verifier has taken to pre-issuance procedures (i.e., whether an Assurance Engagement or an Agreed-Upon Procedures Engagement was undertaken). | The approach taken by the Verifier, i.e. a pre-issuance Agreed-Upon Procedure, managed by Vigeo Eiris, is disclosed by the Issuer in the clause 2.8.1 of its Debenture Term Sheet. | None |
| 3.1.4. Whether periodic Assurance Engagements will be undertaken during the term of the bond to reaffirm conformance with the Climate Bonds Standard, and the expected frequency of any periodic Assurance. | According to a formalized letter of commitment, Omega Energia commits to review the bond after one year in conformance of the Climate Bonds Standard requirement. | None |

| CBI requirements | Vigeo Eiris' factual findings | Errors or exception |
|--|--|---------------------|
| Part B: Climate Bonds Taxonomy and Sector-Specific Standards | | |
| Technical criteria for Eligible Projects & Assets: Wind energy | | |
| <p>1. Eligible Project & Assets relating to wind energy generation shall be projects & assets that operate or are under construction to operate in one or more of the following activities:</p> | <p>As indicated in the external review report, the three eligible projects fall under two out of three of the technical criteria from the sector-specific standards of the Climate Bond Taxonomy:</p> <ul style="list-style-type: none"> - The development, construction and operation of wind farms - Wholly dedicated transmission infrastructure for wind farms (no evidence) | None |
| <p>1.1. The development, construction and operation of wind farms</p> | | |
| <p>1.2. Operational production or manufacturing facilities wholly dedicated to wind energy development</p> | | |
| <p>1.3. Wholly dedicated transmission infrastructure for wind farms</p> | | |

List of supporting documents provided by Omega Energia:

- Debentures' term sheets
- Debentures' external review report
- Omega Energia Annual Financial Statements
- Letters of commitments