

By VIGEO EIRIS

For Omega Energia & Implantação 2's 2017 first Green Bond issuance

Based on the Climate Bonds Standard version 2.1

SCOPE

Omega Energia & Implantação 2 S.A (hereafter the "Issuer"), sub-holding of Omega Energia, is considering the issuance of its first 2017 Green Bond (hereafter the "bond") and intends to use the proceeds to finance and refinance the construction of eight wind farms located in Brazil.

Omega Energia is a Brazilian company specialized in renewable energy generation, involved in developing, acquiring and managing renewable energy generation assets. The company's project portfolio currently consists of 11 projects with a total renewable energy installed capacity of 255.4 MW. In 2017, eight new wind farms of 220.8 MW enter the portfolio: the Delta 3 wind complex, located in the cities of Paulino Neves and Barreirinhas, in the state of Maranhão.

In this context, Vigeo Eiris (hereafter the "Verifier") has been commissioned by the Issuer, 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 Standard Board.

Vigeo Eiris has conducted its verification, based on an Agreed-Upon Procedure, in August 2017, with the aim of assessing the compliance of the Issuer's 2017 first Green Bond with the Climate Bonds Standard version 2.1 for pre-issuance requirements and with associated sector-specific technical criteria, as defined on Climate Bonds Initiative's (hereafter CBI) 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 the Issuer against the Climate Bonds Standard 2.1.
- Internal quality control on the hereby Verifier's Report and conclusions.
- Provision of Vigeo Eiris' Assurance Report to the Issuer and to CBI.

The methodology, criteria, findings and assurances addressed by this Report of Factual Findings are detailed below.

RESPONSIBILITIES OF THE ISSUER AND OF VIGEO EIRIS

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

This report 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 Pre-Issuance Verification has been conducted against the Climate Bonds Standard (CBS) version 2.1 requirements:

- Part A: General requirements to be applied to all Climate Bonds.
- Part B: CBI's Sector Criteria for Wind version 1.0.

The verification process is performed in accordance with relevant general principles and 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 2.1 were consistently and appropriately applied and the collection of evidence supporting the verification. The details and areas covered by the verification are summarized in the following pages (see Verification criteria & findings section).

The proceeds from the Green Bond will be allocated to eight wind power plants, forming the Delta 3 wind farm complex, for which environmental objectives have been set in the external review report. These resources will be used for the reimbursements of expenses and future payments related to the building of the eight wind farms, including the refunding of the previous bond of the Issuer (exclusively destined to the Delta 3 complex). These wind farms projects fall into one of the "Energy" area of the Climate Bonds Taxonomy, namely "Wind". 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 the Issuer's 2017 first Green Bond.

Paris, August 4th, 2017



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has realized the pre-issuance CBI verification for the Issuer's 2017 first Green Bond issuance.

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: the report is provided by Vigeo Eiris to the Issuer and to CBI and can only be used by them. The distribution and publication on this report is at the discretion of the Issuer, submitted to Vigeo Eiris approval.

VERIFICATION CRITERIA & FINDINGS

The supporting elements and explanations supporting the Bond issuance provided by the Issuer to Vigeo Eiris were both historical (for Projects & Assets evaluation and selection process and Nominated Projects & Assets) 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 good responsiveness in providing information to the Verifier. We believe that the 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 Climate Bonds Standard version 2.1

Vigeo Eiris has assessed the Issuer's 2017 first Green Bond and the Nominated Projects & Assets against criteria and requirements detailed within the Climate Bonds Standard version 2.1:

- Part A: General requirements to be applied to all Climate Bonds
 1. Selection of Nominated Projects & Assets
 2. Internal Processes & Controls
 3. Reporting Prior to Issuance
- Part B: CBI's Sector Criteria for Wind version 1.0

Assessment of the Issuer's 2017 first Green Bond 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		
<p>1.1. The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets.</p>	<p>The debentures' term sheets indicates that the proceeds will be allocated to future payments, reimbursements of expenses and/or debt related to the implementation of eight wind farms and dedicated transmission lines: Delta 3 I, Delta 3 II, Delta 3 III, Delta 3 IV, Delta 3 V, Delta 3 VI, Delta 3 VII and Delta 3 VIII. These eight wind farms form the Delta 3 wind farm complex.</p>	<p>As the Nominated Projects are already identified by the Issuer, there is no mention of any decision-making process.</p>
<p>This includes, without limitation: 1.1.1. a statement on the environmental objectives of the bond</p>	<p>The external review report, conducted by the ESG consultant (namely Sitawi) and included in the final pre-issuance Bond Disclosure Documentation, includes the objectives of the eight Nominated Projects which are:</p> <ul style="list-style-type: none"> - An expected annual generation of 1,053.8 GWh, - The avoidance of 86.09 MtCO₂eq emission per year compared to the average of the Brazilian energy matrix in 2016 (0,0817 tCO₂/MWh) 	<p>None</p>
<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 Bonds Standard</p>	<p>The external review report includes the process for assessing the eligibility of the Projects against the CBI sector-specific criteria. This report confirms that the funds will be fully allocated to future payments and reimbursements of expenses of the wind farms Delta 3 I, Delta 3 II, Delta 3 III, Delta 3 IV, Delta 3 V, Delta 3 VI, Delta 3 VII and Delta 3 VIII. These projects meet the eligibility requirements of the Climate Bonds Standard as they fall into one of the "Energy" area of the Climate Bonds Taxonomy, namely "Wind" (see Part B).</p>	<p>None</p>
<p>1.2. 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 likely to conform to the relevant eligibility requirements under Part B of the Climate Bonds Standard.</p>	<p>The external review report presents the conclusions of the assessment conducted by the ESG consultant, including whether the Nominated Projects are aligned with the eligibility requirements and with the stated environmental objectives.</p> <p>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 "Comfortable" by the external consultant. Eventually, the external review also reports that the social and environmental performance of Omega Energia, parent company of the Issuer, is assessed as "Satisfactory".</p>	<p>None</p>
<p>1.3. 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 projects have been assessed by an independent ESG consultant.</p> <p>The list of Eligible Projects is disclosed in the external review report and indicates that eight wind power projects called Delta 3 I, Delta 3 II, Delta 3 III, Delta 3 IV, Delta 3 V, Delta 3 VI, Delta 3 VII and Delta 3 VIII and dedicated transmission lines, located in the state of Maranhão, in Brazil, have been assessed likely to be Nominated Projects.</p>	<p>As the eight wind farms are already built, the list of Eligible Projects is equivalent to the list of Nominated Projects.</p>

<p>1.4. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds or that the existing Certified Climate Bond is being refinanced via another Climate Bond.</p>	<p>According to Issuer's debentures' term sheet, it is established that the eight Nominated Projects have never been nominated to other Climate Bonds listed as such on CBI's database.</p>	<p>None</p>
<p>1.5. 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 which are owned by the Issuer..</p>	<p>As indicated in the debentures' term sheets, the anticipated proceeds amount is identified to be R\$ 220,000,000.00. These estimated amounts are expected not to change prior to issuance according to the Issuer. These expected Net Proceeds represent 13.6 % of the estimated total amounts of financial resources needed for the Nominated Projects (R\$1,615,000,000.00), and which is not greater than the Issuer's debt obligation to the Nominated Projects.</p> <p>Remaining resources will be financed by the Brazilian Development Bank - BNDES (58.9%) and the Issuer's own capital (20.4%).</p>	<p>None</p>
<p>2. Internal Processes & Controls</p>		
<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 debentures' 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 subportfolio, 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 Omega Energia & Implantação 2 S.A, sub holding of Omega Energia Group that controls the eight SPVs, one dedicated for each Nominated Project. 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.</p> <p>The transfer of the proceeds through the SPVs guarantees that all their resources and assets will be destined to the unique purpose of electricity generation from wind power.</p>	<p>None</p> <p>Of note, the accounts of the nine SPVs will not be verified by a third party.</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> <ul style="list-style-type: none"> - 6.2.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or - 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 - 6.2.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets. 	<p>According to the debenture's term sheet, the unallocated proceeds (whenever they won't be destined for reimbursements of expenses) will be allocated in cash instruments until their allocation.</p>	<p>None</p>
<p>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.</p>	<p>A specific clause has been integrated to the debentures' term sheets avoiding changes in the scope of the original projects and the use of the resources for other reasons than the funding (reimbursements, expenditures and/or debts) related to the Nominated Projects managed via SPVs (clauses 3.8.1).</p> <p>The proceeds will be directly allocated to the eight SPVs (through the Issuer), ensuring that all the proceeds will be dedicated to the unique purpose of wind power electricity generation and transmission.</p>	<p>None</p>
<p>3. Reporting Prior to Issuance</p>		
<p>3.1. The Issuer shall disclose in the Bond Disclosure Documentation:</p>	<p>See below.</p>	<p>None</p>
<p>3.1.1. The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall.</p>	<p>The debentures' term sheets indicates that the proceeds will be allocated to Omega Energia & Implantação 2 S.A. As indicated in the external review report, these Nominated Projects, as wind farm projects, fall in the 'Wind' classification under 'Energy' head of Climate Bonds Taxonomy.</p>	<p>None</p>
<p>3.1.2. The intended types of temporary investment instruments for the management of unallocated proceeds in accordance with Clause 2.1.2.</p>	<p>The intended types of temporary investment instruments for the management of unallocated proceeds, i.e. in cash equivalent instruments are disclosed in the Bond Disclosure Documentation, in the debentures' term sheet.</p>	<p>None</p>
<p>3.1.3. The Verifier selected by the Issuer for the pre-issuance and the post-issuance engagements.</p>	<p>Vigeo Eiris has been selected to conduct the pre-issuance and the post-issuance verification.</p> <p>The approach taken by the Verifier, i.e. a pre-issuance Agreed-Upon Procedure, managed by Vigeo Eiris, is disclosed by the Issuer in Clause 2.8.1 of the debentures' term sheet.</p>	<p>None</p>

<p>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 Engagements.</p>	<p>According to the debentures' term sheet, the Issuer commits to review the bond after one year in conformance of the Climate Bonds Standard requirement.</p>	<p>None</p>
<p>Part B: Eligible Projects & Assets</p>		
<p>9. Climate Bonds Taxonomy</p>		
<p>9.1. Nominated Projects & Assets, as identified by the Issuer under Clauses 1.3 and 4.2, shall fall into one or more of the investment areas contained in the latest version of the Climate Bonds Taxonomy.</p>	<p>All the Nominated Projects fall into one investment area of the Climate Bonds Taxonomy: Wind.</p>	<p>None</p>
<p>10. Technical Criteria</p>		
<p>10.1. Nominated Projects & Assets shall meet the specific eligibility criteria provided in the latest version of the relevant Sector-Specific Criteria document, namely Sector Criteria for Wind (version 1.0): Eligible Projects & 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> <ul style="list-style-type: none"> 1.1. The development, construction and operation of wind farms 1.2. Operational production or manufacturing facilities wholly dedicated to wind energy development 1.3. Wholly dedicated transmission infrastructure for wind farms 	<p>As indicated in the external review report, the eight Nominated Projects fall into two out of the three technical criteria defined in the Sector Criteria for Wind (version 1.0):</p> <ul style="list-style-type: none"> - The development, construction and operation of wind farms - Wholly dedicated transmission infrastructure for wind farms 	<p>None</p>
<p>10.2. Where the proceeds of a bond are allocated to Nominated Projects & Assets that are covered by more than one Sector-Specific Criteria (e.g. solar and wind investments in a portfolio), then each of the Nominated Projects & Assets shall meet the specific eligibility criteria provided in the Sector-Specific Criteria relevant to that Nominated Project & Asset.</p>	<p>Not applicable</p>	<p>None</p>

List of supporting elements provided by the Issuer:

- Debentures' term sheets
- Debentures' external review report

About Vigeo Eiris

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making. Vigeo Eiris offers two types of services through separate business units:

- **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is CBI (Climate Bond Initiative) Verifier. Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

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