



BUREAU
VERITAS

Bureau Veritas Certification - Brazil

VERIFICATION REPORT

VERIFICATION CLIMATE BONDS STANDARD 3.0

Autogeração Solar Holding S.A



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1. INTRODUCTION

Bureau Veritas Certification Brazil (Bureau Veritas) was contracted by Autogeração Solar Holding S.A. (SolarGrid), to carry out an independent review and verification prior to the issuance of green debt instruments, which will be issued under its *Green Bond Framework* in accordance with the requirements of the Climate Bonds Initiative (CBI) of the Solar Criteria (version 2.1) and the Climate Bonds Standard V 3.0 Criteria, for programmatic certification.

SolarGrid intends to issue green debt instruments, and use the resources to finance or refinance, in whole or in part, a set of solar energy and related infrastructure projects, to be used by 27 (Twenty-Seven) Special Purpose Entities (SPEs) controlled by the company.

This verification was performed by a multidisciplinary team, including verifiers with experience in financial and non-financial data.

1.1 SolarGrid and Bureau Veritas Responsibilities

Obtaining the data analyzed by our team is the sole responsibility of SolarGrid's administration.

SolarGrid is responsible for ensuring that green bonds issued meet the requirements of the Climate Bonds Standard 3.0. This responsibility includes designing, implementing, and maintaining systems and processes relevant to the management of bonds resources.

SolarGrid is also responsible for ensuring compliance with the laws and regulations applicable to its activities.

Bureau Veritas is responsible for providing an independent opinion to SolarGrid in accordance with the scope of work defined in this opinion.

2. METHODOLOGY, LIMITATIONS AND EXCLUSIONS

The verification was completed in november 2022 in relation to the Climate Bonds Standard (CBS) 3.0 and using specifically the Sectoral Criteria for Solar (2.1).

The verification covered the following activities:

- Interviews with those responsible for issuing bonds and projects;
- Review of documentary evidence provided by the issuer of bonds and user of the funds in relation to the issuance of bonds and projects;

- Verification of the SolarGrid *Green Bond Framework* that includes processes, systems and controls in place for bonds resource management; investment areas for green bonds resources and intended types of temporary investment instruments for the management of unallocated resources;
- Review of projects in relation to the CBI Taxonomy.

The scope of our work was limited, in accordance with the requirements of the ISAE 3000 Standard¹, which were incorporated into Bureau Veritas' internal evaluation protocols, against the guarantee on the allocation of bonds resources and impact reports, as stated in SolarGrid's *Green Bond Framework*, dated november 2022.

Excluded from this verification was any evaluation of information related to:

- Activities, projects and assets outside the defined scope;
- Use of resources not mentioned in this Report.

2.1 Scope of Work

Verification was carried out against the Climate Bonds Standard, 3.0 (CBS) and Sector Criteria for Solar, 2.1 (CS)

2.1.1 Bond Issuer

True Securitizadora S.A - CNPJ 12.130.744/0001-00 – Address: Avenida Sto Amaro, 48 Andar 1- Conjunto 11 – Vila Nova Conceição - SP

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

2.1.2 Resource Users (SolarGrid's SPEs)

1st Issue - Refinancing (1st Cluster)		
SPE	CNPJ	City / State
Autogeração Solar BJI II	42.235.977/0001-38	Bom Jesus da Lapa - BA
Autogeração Solar BJI III	42.490.652/0001-00	Bom Jesus da Lapa - BA
Autogeração Icém I	40.644.976/0001-11	Icém - SP
Autogeração Icém II	40.644.976/0001-11	Icém - SP
Autogeração Solar Tanabi	41.626.210/0001-77	Tanabi - SP
Autogeração Palestina	40.648.018/0001-19	Palestina - SP
1rd Issue - Refinancing (2nd Cluster)		
SPE	CNPJ	City / State
Autogeração BJI Barra (Barra IIA)	41.893.109/0001-82	Bom Jesus da Lapa - BA
Autogeração Fazenda Barra (Barra IIB)	41.893.099/0001-85	Bom Jesus da Lapa - BA
Autogeração Werneck II	44.115.151/0001-60	Werneck - RJ
Autogeração Werneck III A	44.496.908/0001-03	Werneck - RJ
Autogeração Werneck III B	44.657.416/0001-52	Werneck - RJ
Autogeração Folres II (Werneck IVA)	44.411.526/0001-30	Werneck - RJ
Autogeração Werneck IV B	44.345.465/0001-50	Werneck - RJ
2nd Issue - Financing of New Plants (3rd Cluster)		
SPE	CNPJ	City / State
Autogeração Solar RJ Sul Fluminense (Barra IA)	40.750.626/0001-30	Barra Mansa – RJ
Autogeração Solar Barra IB	44.670.402/0001-39	Barra Mansa – RJ
Autogeração Solar Bom Retiro (Sapucaia V)	44.328.444/0001-26	Sapucaia - RJ
Autogeração Solar Serrana Metropolitana (Itaguaí II)	40.751.857/0001-68	Itaguaí - RJ
Autogeração Solar Morro Agudo	40.644.574/0001-17	Morro Agudo - SP
Autogeração Solar Serrana (Rio das Flores)	40.750.742/0001-59	Rio das Flores - RJ
2nd Issue – Financing of New Plants (4th t Cluster)		
SPE	CNPJ	City / State
Autogeração Solar Bebedouro (Colonia I)	43.178.332/0001-73	Colina - SP
Autogeração Costa Verde (São João da Barra I)	40.750.836/0001-28	São João da Barra - SP
Autogeração Rio Norte (São João da Barra II)	40.750.904/0001-59	São João da Barra - SP
Autogeração Ururai	44.228.353.0001-19	Campo de Goytacazes - RJ
Autogeração Rio de Janeiro (Goiabal I)	41.701.481/0001-76	Paraíba do Sul -RJ
Autogeração Solar Vale do Paraíba (Canas IIIA)	42.226.313/0001-02	Canas - SP
Autogeração Canas II	41.623.803/0001-80	Canas-SP
Autogeração Solar Glicerio	43.060.618/0001-50	Glicério - SP

2.1.3 Eligible projects

Eligibility was defined according to the Solar criteria, version 2.1, item 1.1.1 onshore (photovoltaic) solar power generation facilities. All projects have the same technical configuration, differentiating in power generation capacity.

The financial mechanisms of the operation will be Real Estate Receivables Certificates (CRI), divided into four distinct issues, two a period of 16 to 17 years,

The CRI will be secured by a pool of rental receivables from large customers due to SPEs.

It is expected that the Green CRI resources will finance, in total, twenty-seven (27) solar photovoltaic plants. Of this total, 14 (fourteen) new solar plants with an installed capacity of 40.5 MWp and 13 (thirteen) solar plants already under construction, with an installed capacity of 33.3 MWp, which are currently financed, through Debenture, issued in december 2021, in the Brazilian capital market.

The Debenture, which will be refinanced with the CRI resource, represents about 45 % of CAPEX, while the participation for new plants represents 55%. The total capacity of the eligible plants is 73.8 MWp and the expected annual generation is 152,982 MWh/year of clean solar energy.

The projects indicated are aligned with the Climate Bonds Standard Version 3.0, all projects and assets indicated fall within the taxonomy of Energy And Heat Production and are covered by the Solar Criteria.

The Projects and assets indicated are described in the *Green Bond Framewok*.

2.2 Declaration of Independence and Impartiality

Bureau Veritas is an independent professional services company specialized in Quality, Environment and Sustainability Management Systems, among others, with more than 185 years of experience in independent verification services.

Bureau Veritas has a quality management system, certified by a third party, according to which it maintains documented policies and procedures for compliance with ethical, professional and legal requirements.

The verification team has no relationship with SolarGrid or the other Parties involved in this operation, conducting this verification independently.

Bureau Veritas has a Code of Ethics throughout its business to ensure that its employees maintain the highest standards of ethics, integrity, objectivity, confidentiality, and professional competence/behavior in their daily activities.

The evaluation team has no relationship with SolarGrid, and the evaluation is carried out independently.

3. FEATURES OF THE PROJECT

SolarGrid was founded in 2014 and started operating in distributed photovoltaic generation regulated by Res. 482/2012 of ANEEL

SolarGrid operates vertically throughout the production chain in distributed generation. From environmental licensing and real estate development to the construction, operation, maintenance and management of the credit compensation of the consumer unit.

SolarGrid has more than 550 projects executed, having been certified by the Solar Portal with the seal "+500 verified projects".

In 2019, the first bifacial modules plant in Brazil came into operation, the plant has an installed capacity of 3.44 MWp in the city of Francisco de Sá in Minas Gerais.

SolarGrid currently has 7 plants in operation, totaling 28,424 MWp of installed capacity and 21 plants under construction with capacity to generate 41,765 MWp by 2023 in several regions of Brazil.

4. TECHNICAL OPINION ON THE FRAMEWORK AND THE PROJECT

During our verification against the bond's issuance criteria, we concluded that the documents listed below meet the requirements of CBS 3.0:

- CRI Regulation Term;
- Table of Green Bonds of SolarGid.

According to the CBI Taxonomy, the projects fall under the Solar criterion, version 2.1, item 1.1.1 photovoltaic power production facilities.

We carry out the verification through specific checklists to deepen each technical and financial criterion of CBS and the Solar Criteria. We confirm that SolarGrid meets:

- The eligible projects;
- The programmatic pre-issue requirements of CBS 3.0;
- The Criteria for Solar Energy;
- Environmental Compliance - Divided into two phases of verification, being: For 1st issue, with 13 eligible projects, whose verification of the projects was completed. For 2nd issue, with 14 eligible projects, the environmental compliance check was carried out for the 3rd group, leaving the 4th group for analysis in the post-issuance period, because the projects have not yet been developed (see Verification Chapter).

According to CBS 3.0 for programmatic certification, the first program Bond is certified for pre-issue and post-issue on a regular basis. This ensures that the Issuer's internal compliance framework is in place and that they have a portfolio of assets eligible for future issuances.

When the Issuer wishes to re-issue under its program, it must provide the CBI Information Form and receive the CBI Board pre-issue Certification for each new bond.

For this project, which will be composed of 2 pre-established issues, the issuer hired Bureau Veritas (External Verifier) to perform the verification of its program in each issued Bond, after the 1st certification (see more details in the Verification Chapter)

In our opinion, the Real Estate Receivables Certificates Regulation (CRI) provides sufficient guarantees that the resource will not be used to finance or refinance ineligible projects and/or assets, since it includes in item 19 specific conditions for independent verification and CBI certification. We also consider that the purpose of the financial transaction is clear in terms of the type of use.

4.1 Eligibility Evaluation

In our opinion, SolarGrid projects are eligible under the CBI Solar Energy Criteria, as demonstrated in this report in chapter 2.1.3 (Eligible Projects). We also collect and evaluate information that is summarized in the CBS 3.0 pre-issue checklist

4.2 About Green Bonds

4.2.1 Financial Operation and the Use of Resources

Our verification was carried out based on a Framework that establishes the basic requirements for a Green Bond operation. We show that all the elements necessary to meet the Resource Use are duly described in the Framework, where:

The Green CRI resource will be to finance and/or refinance 27 photovoltaic plants eligible for this project, totaling 73.8 MWp with expected annual generation of 152,982 MWh/year of clean solar energy. All projects and assets indicated fall under the Solar Power Production taxonomy and are covered by the Solar Criteria, aligned with the Climate Bonds Standard Version 3.0.

2 debt bonds will be issued, namely:

- ✓ 1st issue: Value of net revenue is R\$133,446,678.38 (one hundred and thirty-three million, four hundred and forty-six thousand, six hundred and seventy-eight reais and thirty-eight cents), where: R\$103,425,637.90 (one hundred and three million, four hundred and twenty-five thousand, six hundred and thirty-seven reais and ninety cents), to refinance 6 photovoltaic plants- 1st Cluster and R\$30,021,04048 (thirty million, twenty-one thousand, forty reais and forty-eight cents), to refinance 7 photovoltaic plants - 2nd Cluster.
- ✓ 2nd issue: Value of net revenue is R\$135,720,659.02 (one hundred and thirty-five million, seven hundred and twenty thousand, six hundred and fifty-nine reais and two cents), where: R\$60,658,602.75 (sixty million, six hundred and fifty-eight thousand, six hundred and two reais and seventy-five cents), to finance 6 photovoltaic plants - 3rd Cluster and R\$75,062,056.27(seventy-five million, sixty-two thousand, fifty-six reais and twenty-seven cents), to finance 8 photovoltaic plants - 4th Cluster.

The CRI resource will be used to refinance the purchase of modules, skid and trackers and finance the new plants that have not yet started.

The table below represents 100% of CAPEX for investment in eligible projects, being: 21% from own resources and 79% will be contributed with the issuance of Real Estate Receivables Certificates.

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Item	%	R\$
Modules	41%	139.64
Trackers	19%	64,56
Inverters	12%	39.37
Study and Project	4%	13.74
BOP	24%	80.07
Total	100%	337.38

Local Currency (Reais)

4.2.2 Project Selection, Evaluation and Exclusion Process

We found that the Framework is clear in relation to the responsibilities assumed in the process of selection, evaluation and exclusion of projects, which are in charge of SolarGrid. Environmental additionality is a premise of the company for the appointment of projects eligible under the Green Bonds. The Framework establishes that only projects described in its Chapter on Environmental Eligibility Criteria, copied in our Opinion in chapter 2.1.3, may receive financial resources from operations labeled Green.

In our opinion, the Framework adheres to the Requirements of the Project Selection, Evaluation and Exclusion Process.

4.2.3 Resource Management

In the documentation verified by our team, we found the minimum requirements associated with the management of the financial resources raised. We emphasize some relevant aspects in this regard, duly described in the Framework:

- The net resources of the Real Estate Receivables Certificate (CRI) will be deposited in several installments in the account of the Green Credit Rights Investment Fund, supervised by its administrator, according to the physical-financial schedule negotiated with investors and disclosed in the CRI closing documents. Each milestone reached will signal the progression of the construction and commissioning of the new capacity, within the agreed schedule.
- The project structure involves an escrow account, in addition to the participation of a financial and technical consultant who will endorse the projects. In addition to the consultant, SolarGrid works with a trustee to whom it reports evidence of spending. Until there is a full

allocation of available resources, SolarGrid undertakes to maintain the overwhelming net resources in cash, cash equivalents or other low-risk net investments;

- SolarGrid develops its solar plants through Special Purpose Entities (SPEs), which are controlled by SolarGrid;
- SolarGrid undertakes not to allocate resources to activities that generate negative socio-environmental impacts. Likewise, it will not use the same green ballast for more than one capture, avoiding double counting, which will be prohibited.

In our opinion the Framework adheres to the Resource Management Requirements.

4.2.4 Report

As stated in the Framework, SolarGrid will annually provide its capital providers with information about the green bonds/loans made under the Framework and make the material publicly available on its website.

Information on the allocation of resources in projects that meet the terms of the Framework will be provided at least once a year until all resources have been allocated and will be verified by the Company's management. The information provided must include at least;

- The value of net resources allocated to each Eligible Project Category;
- The value outstanding of net resources still to be allocated to projects at the end of the reporting period;
- Annual generation of clean energy for each project selected for Green Bond.

It should be possible to track the use of allocated resources at any time during the implementation phase of said project.

The Eligible Green Projects defined by SolarGrid, which underlie the Issue, have never been nominated for another green bond certification.

In our opinion the Framework adheres to the requirements of CBS 3.0.

4.3 Verification

Due to the operation of the 1st issue being for the refinancing of the 13 eligible projects, currently financed by a Debenture issued at the end of 2021, which corresponds on average to 100% of the

CRI resources (Debenture resources were fully allocated), we carried out the retroactive verification of the use of resources in the projects linked to that Debenture. For this retroactive verification, corresponding to the period from January 2022 to May 2022, we used the specific CBI checklist to confirm adherence to the requirements of Green Bonds.

We also address compliance with legal requirements, especially based on environmental licenses, lease contracts, plant suppression authorization and access opinion, regarding the eligible projects of the 1st issue.

We emphasize that the verification of legal requirements regarding the projects eligible for the 2nd issue, the 3rd Cluster has been completed and for 4th Cluster, be carried out in the post-issuance period as it is in the process of being prepared, thus ensuring compliance with the pre-established criteria

In addition to the environmental Compliance verification described above, SolarGrid must submit all its projects to a post-issue verification, within a maximum period of 24 months after the issuance of each Bond, in order to verify that the operation remains aligned with the requirements of CBS 3.0. Four verifications are foreseen in the context of Solar Grid projects, contemplated in this Opinion.

According to the evaluation carried out by our team, we conclude that SolarGrid has met the CBI requirements applicable to the retroactive pre-issue criteria for 1st issue.

5. CONCLUSION

Based on the work we have done and the evidence we have obtained, nothing has come to our attention that indicates that the allocation of Green Bonds and their associated projects/assets, summarized in the SolarGrid Green Bonds Framework, do not meet the Climate Bonds Standard 3.0 and Solar Energy Criteria.

In our opinion, SolarGrid may register its Bond with the Climate Bonds Standards Board and therefore has the right to use the Climate Bond Certification Mark in association with the relevant Bond (but not others) for the duration of the term of the Bond, provided that it remains in compliance with the Climate Bond Standard.

CONTACT

www.bureauveritascertification.com.br/fale-conosco/

São Paulo, December 2022.



Claudia Stohler
Lead auditor
Bureau Veritas Certification – Brazil



Marlon Marabuto
Financial Specialist
Bureau Veritas Certification – Brazil