



Post-Issuance Verification Report

Second Climate Bond Issuance of
Aliança Energia S.A.

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1. ENGAGEMENT SUMMARY

The purpose of this Report is to provide a Post-Issuance Verification for the Fifth Issuance of Non-convertible Debentures ("Bond") issued by Aliança Geração de Energia S.A. (Issuer) as a Certified Climate Bond. This issuance was the second Climate Bond of Aliança Geração de Energia S.A.

The issuance occurred on May 2022 and amounted to BRL 240,000,000.00. In 2022, SITAWI's sustainable finance program, which became NINT and was acquired by ERM in 2023 ("Approved Verifier"), conducted the Pre-Issuance Verification assessment, as an independent third-party provider accredited by the Climate Bonds Standards Board.

The proceeds from the issuance were used to finance and reimburse expenses related to the implementation of the Complexo Eólico Gravier project and the Complexo Eólico Acauã project ("Nominated Projects & Assets"). The Gravier project was developed to generate electricity from renewable and clean source, utilizing the wind potential of the state of Ceará, specifically in the municipality of Icapuí. The Acauã project was implemented in the municipalities of Santana dos Matos, Lagoa Nova, Tenente Laurentino and São Vicente, in the state of Rio Grande do Norte. Both projects are located in Brazil.

ERM's assessment method follows the Climate Bonds Standards, Version 4.1¹. The assessment followed the Climate Bond Initiative (CBI)'s general requirements (applicable to all bonds) and the Wind Sector Eligibility Criteria of the Climate Bonds Standard & Certification Scheme Version 2.3 under the Climate Bonds Standard (April 2023)².

The assessment process consisted of the following:

- Planning the assessment;
- Risk assessment;
- Performing the assessment, including client preparation, obtaining evidence and practitioner assessment;
- Forming the assessment conclusion;
- Preparing the assessment report;
- Submission for CBI certification

The assessment relied on both confidential and public information and documents provided by Aliança Geração de Energia S.A., desk research and remote interviews conducted with the sustainability and finance areas. This process was carried out in August and September 2024.

The assessment process was performed under relevant general principles & professional standards of independent auditing and in line with the International Standard on Assessment Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), International Standard in Quality Control (ISQC 1, 2009) and Code of Ethics for Professional Accountants of International Ethics Standards Board for Accountants (IESBA, 2019).

The professionals that performed this assessment have previous knowledge and experience on applying Climate Bonds Standard version 4.1 and Climate Bond Sector Criteria and are familiar with the sector's main ESG risks and opportunities.

¹ [climate-bonds-pre-issuance-uop-checklist-v4_1.docx \(live.com\)](https://climatebonds.net/wp-content/uploads/2023/09/climate-bonds-pre-issuance-uop-checklist-v4_1.docx)

² [Wind Sector Criteria \(climatebonds.net\)](https://climatebonds.net/wind-sector-criteria/)

ERM had access to all documents and professionals requested, including reports, financial statements, and licenses. However, due to the lack of detailed financial statements, ERM was able to provide an assessment with a limited³ level of assurance regarding completeness, accuracy, and reliability.

ERM is not a shareholder, subsidiary, supplier or client of Aliança Geração de Energia. SITAWI's sustainable finance program, which began operating as NINT in 2023 and was acquired by ERM in 2023, was responsible for preparing a Pre-Issuance and a Post-Issuance CBI Verification Report, as well as an Independent Pre-Issuance Verification Opinion in 2021 for Aliança Geração de Energia. In 2022, NINT prepared a CBI Pre-Issuance Verification Report and an Independent Pre-Issuance Verification Opinion. In 2023, another CBI Pre-Issuance Verification Report and an Independent Pre-Issuance Verification Opinion were prepared for the Company.

The assessment contained in this Report is based on both public and confidential documents provided by Aliança. We cannot attest to these sources' completeness, preciseness, or reliability. Therefore, ERM will not be held responsible for any decisions based upon the information in this report provided to us by these sources that turn out to be incomplete, inaccurate, or unreliable.

ERM is responsible for providing an external and independent assessment of the conformance of the Framework with the Climate Bonds Standard version 4.1 requirements and associated sector-specific technical criteria. We reinforce that the analysis and opinion in this report shall not be taken as an investment recommendation or a proxy for liquidity or returns.

³ "An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential" (ISAE 3000, 2013).

2. ASSESSMENT STATEMENT

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, the Second Climate Bond Issuance of Aliança Geração de Energia S.A. issued in 2022 is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.

3. SUMMARY OF FINDINGS

Upon guidance from the Climate Bond Standards, Version 4.1, ERM assessed the Bond issuance and the Nominated Projects & Assets, with the following subdivisions:

1. Post-Issuance Requirements⁴ Assessment;
2. The Wind Sector Eligibility Criteria of the Climate Bonds Standard & Certification Scheme Version 2.3 (April 2023)⁵ Assessment.

3.1 POST-ISSUANCE REQUIREMENTS ASSESSMENT

The following assessment is based on Section A.3 of the Climate Bonds Standards Version 4.1, namely the Post-Issuance Requirements. It is organised according to the items listed in the Standard provided by CBI. The Climate Bonds Standard Requirements are listed, followed by each requirement's factual findings. Each of the four sections (3.1.1. Use of Proceeds; 3.1.2. Process for Evaluation and Selection of Projects and Assets; 3.1.3. Management of Proceeds; 3.1.4. Reporting Prior To Issuance) is concluded with ERM's assessment conclusion.

3.1.1 USE OF PROCEEDS

3.1.1.1 THE NET PROCEEDS OF THE DEBT INSTRUMENTS MUST BE ALLOCATED TO THE NOMINATED PROJECTS AND ASSETS.

The BRL 240 million issuance took place on May 3, 2022. The bond indenture and the Independent Pre-Issuance Verification Opinion limit the allocation to of the Complexo Eólico Gravier project and the Complexo Eólico Acauã project. In October 2023, 100% of the net proceeds (BRL 240 million) were already allocated on the Nominated Projects and Assets, according to the audited financial statements publicly available on the company's website relating to the financial year 2022 and 2023.

The Gravier project is a wind energy park in the municipality of Icapuí, in the state of Ceará; 17 (seventeen) wind turbines with a nominal power of 4.2 MW have been installed at the Gravier Project, totaling an installed capacity of 71.4 MW in a total area of 377.9 ha. The project was implemented using funds allocated to a Special Purpose Entity (SPE) called Central Eólica Gravier S.A. and began commercial operations in December 2022.

The Acauã Wind Complex is a wind energy project implemented in the municipalities of Santana dos Matos, Lagoa Nova, Tenente Laurentino and São Vicente, in the state of Rio Grande do Norte. Twenty-six (26) wind turbines with a nominal power of 4.2 MW were installed, totaling an installed capacity of 109.2 MW. The four wind power plants that make up the Complex were grouped into three different Special Purpose Entities (SPEs), named:

- (i) Central Eólica Acauã I S.A., comprising EOL Acauã I and EOL Acauã II, with areas of 27.85 ha and 22.64 ha, respectively.
- (ii) Central Eólica Acauã II S.A., comprising EOL Baixa do Sítio, with an area of 55.26 ha; and
- (iii) Central Eólica Acauã III S.A., comprising EOL Acauã III, with an area of 37.55 ha.

⁴ [climate-bonds-standard-v4-1-202403.pdf](https://climatebonds.net/climate-bonds-standard-v4-1-202403.pdf) (climatebonds.net)

⁵ [Wind Sector Criteria](https://climatebonds.net/wind-sector-criteria) (climatebonds.net)

3.1.1.2 ALL NOMINATED PROJECTS AND ASSETS MUST MEET THE DOCUMENTED OBJECTIVES OF THE DEBT INSTRUMENT AS SET OUT IN THE ISSUER'S GREEN FINANCE FRAMEWORK.

The Bond's indenture indicates that its proceeds would be allocated to the costs related to the generation of wind energy.

ERM assessed the Nominated Projects under the Wind Sector Criteria Version 2.3 (April 2023) of the Climate Bonds Standard version 4.0. ERM concluded the bond is in conformance, in all material respects, with the Wind Criteria. The facilities have 100% of its electricity generated from wind, thus having 0% of fossil fuel back up. Therefore, the projects listed in item 3.1.1.1 remain in conformance with the CBI criteria.

3.1.1.3 ISSUERS MUST ALLOCATE AT LEAST 95% OF THE NET PROCEEDS OF THE DEBT INSTRUMENT TO PROJECTS AND ASSETS THAT MEET THE SECTOR CRITERIA REQUIREMENTS OF THE STANDARD.

100% of the proceeds from the Green Bond Issuance were allocated to projects and assets that comply with the Wind Sector Criteria established by the Climate Bonds Standard version 4.0.

3.1.1.4 FOR ANY PART OF THE NET PROCEEDS THAT FINANCE PROJECTS AND ASSETS THAT DO NOT FULLY SATISFY THE SECTOR CRITERIA REQUIREMENTS (UP TO 5%), THE ISSUER MUST PROVIDE DETAILED DISCLOSURES IN THE GREEN FINANCE FRAMEWORK.

All the Nominated Projects & Assets that received allocations of green bond proceeds were fully in accordance with the Wind Sector Criteria Version 2.3 (April 2023) of the Climate Bonds Standard version 4.0, as mentioned on item 3.1.1.2.

3.1.1.5 ANY NOMINATED PROJECTS AND ASSETS WHICH DO NOT FULLY SATISFY THE SECTOR CRITERIA MAY BE CONSIDERED ELIGIBLE IF THEY MEET ALL OF THE FOLLOWING CONDITIONS:

- I. THEY MUST RELATE TO SECTORS FOR WHICH CLIMATE BONDS HAS NOT YET DEVELOPED SECTOR CRITERIA; AND
- II. THEY MUST FALL UNDER ANY OF THE GREEN PROJECT CATEGORIES LISTED IN THE ICMA GREEN BOND PRINCIPLES OR THE ICMA SOCIAL BOND PRINCIPLES; AND
- III. THE VERIFICATION REPORT OPINION MUST CONFIRM THEIR ALIGNMENT WITH THE ICMA GREEN/SOCIAL BOND PRINCIPLES
- IV. THEY MUST NOT RELATE TO ANY OF THE FOLLOWING EXCLUDED ACTIVITIES:
 - THE EXPLORATION, EXTRACTION OR TRANSPORTATION OF PROVEN CONVENTIONAL OR UNCONVENTIONAL FOSSIL FUEL RESERVES.
 - NATURAL GAS PRODUCTION.
 - REFINING CRUDE OIL TO PRODUCE DERIVATIVE PRODUCTS.
 - THE SUPPLY AND/OR USE OF FOSSIL FUELS FOR POWER GENERATION AND HEAT.
 - CONVERSION OR FRAGMENTATION OF HIGH-CARBON-STOCK LAND OR UNSUSTAINABLE OPERATIONS ON HIGH-CARBON STOCK LAND LEADING TO THE LOSS OF ITS STATUS AS HIGH-CARBON STOCK LAND.

All the Nominated Projects & Assets that received allocations of green bond funds were fully in accordance with the wind sector criteria.

3.1.1.6 THE ISSUER MUST ALLOCATE THE NET PROCEEDS TO THE NOMINATED PROJECTS AND ASSETS WITHIN 24 MONTHS OF ISSUANCE OF THE DEBT INSTRUMENT. THE 24-MONTH DEADLINE CAN BE EXTENDED BY THE CLIMATE BONDS STANDARD SECRETARIAT FOR UP TO 5 YEARS (AND EXCEPTIONALLY UP TO 10 YEARS IF DULY JUSTIFIED BY THE NATURE OF THE PROJECTS TO BE FINANCED). AN EXTENSION WILL BE GRANTED AT THE DISCRETION OF THE CLIMATE BONDS STANDARD SECRETARIAT, PROVIDED THE JUSTIFICATION FOR IT CAN BE SUBSTANTIATED BY THE ISSUER AND CONFIRMED BY THE APPROVED VERIFIER. AT THE END OF THE ALLOCATION PERIOD SPECIFIED IN THE CERTIFICATION, THE ISSUER MUST PROVIDE A POST-ISSUANCE VERIFICATION REPORT BY AN APPROVED VERIFIER. THE ISSUER MAY BE REQUESTED TO PROVIDE ANNUAL POST-ISSUANCE VERIFICATION REPORTS UNTIL THE APPROVED VERIFIER CONFIRMS THAT 100% OF THE PROCEEDS HAVE BEEN ALLOCATED.

The company has allocated 100% of the net proceeds to the Nominated Project within 24 months of the issuance, as evidenced by the 2022 and 2023 audited Financial Statements sent by Aliança.

There was no extension requested on the 24-month deadline.

Furthermore, Aliança has published its Sustainability Report⁶ and Financial Statements⁷ annually, containing information regarding the projects financed.

3.1.1.7 THE NET PROCEEDS MAY BE REALLOCATED TO OTHER NOMINATED PROJECTS AND ASSETS AT ANY TIME WHILE THE DEBT INSTRUMENT REMAINS OUTSTANDING, PROVIDED THE APPROVED VERIFIER HAS VERIFIED SUCH ASSETS.

The net proceeds were entirely allocated to the nominated project listed in item 3.1.1.1. No other project received funding from the issuance. The projects were considered a priority by the Ministry of Regional Development, in accordance with Brazilian Law 12,431/2011.

3.1.1.8 NOMINATED PROJECTS AND ASSETS MUST NOT BE NOMINATED TO OTHER CERTIFIED DEBT INSTRUMENTS, UNLESS THE ISSUER DEMONSTRATES THAT DIFFERENT CERTIFIED CLIMATE BONDS ARE FUNDING DISTINCT PORTIONS OF THE NOMINATED PROJECTS AND ASSETS, OR THE CERTIFIED DEBT INSTRUMENT IS BEING REFINANCED VIA ANOTHER CERTIFIED DEBT INSTRUMENT.

In addition to the climate bond that is the subject of this verification, another climate operation (4th debenture issuance of Aliança Energia) financed the Gravier Complex. This operation had its structure previously assessed by SITAWI in an Independent Pre-Issuance Verification Opinion and took place in April 2022. One hundred and ninety million reais (BRL190,000,000.00) were allocated to the project. It is important to note that this issuance also received certification from the CBI.

Table 1 below illustrates the representativeness of the issuance funds in relation to the total value of the Gravier project.

Table 1: Funding sources of the Gravier Complex

Source	Targeted resources (BRL MM)	% of project value

⁶ Sustainability Report - Aliança Energia (aliancaenergia.com.br)

⁷ Financial Statements - Aliança Energia (aliancaenergia.com.br)

4th issuance - green and climate	220,0	51,40%
5th issuance – green and climate	190,0	44,39%
Total Green and Climate Resources	410,0	95,79%
Remaining backing, completed with own capital	18,0	4,21%
Total Value	428,0	100%

Source: Aliança; Prepared by ERM

Similarly, another climate operation financed the Acauã Complex. This operation (6th debenture issuance) also had its structure previously assessed by NINT in an Independent Pre-Issuance Verification Opinion and took place in October 2023. NINT prepared a Pre-Issuance Verification Report in October 2023, and the operation was certified by CBI. This issuance directed BRL340,000,000.00 (three hundred and forty million reais) to the project. The proceeds from this issuance were allocated to the implementation and/or reimbursement of expenses or debts directly related to the Acauã project, with a maturity date in November 2037, as verified in the issuance indenture.

Table 2 below illustrates how emissions funds represent the total value of the Acauã project.

Table 2: Funding sources of the Acauã Complex

Source	Targeted resources (BRL MM)	% of project value
5th issuance – green and climate	50,0	6,83%
6th issuance – green and climate	340,0	46,45%
Total Green and Climate Resources	390,0	53,28%
Remaining backing, completed with own capital	342,0	46,72%
Total Value	732,0	100%

Source: Aliança; Prepared by ERM

- 3.1.1.9 WHERE A PROPORTION OF THE NET PROCEEDS OF THE DEBT INSTRUMENT ARE USED FOR REFINANCING, THE ISSUER MUST TRACK THE RESPECTIVE SHARES OF THE NET PROCEEDS USED FOR FINANCING AND REFINANCING AND IDENTIFY WHICH NOMINATED PROJECTS AND ASSETS MAY BE REFINANCED. THIS MAY ALSO INCLUDE THE EXPECTED LOOK-BACK PERIOD FOR REFINANCED NOMINATED PROJECTS AND ASSETS WHICH SHOULD REFLECT THE FUNCTIONAL LIFETIME OF THE PROJECTS OR ASSETS FOR DELIVERING THE STATED CLIMATE MITIGATION/ ADAPTATION/ RESILIENCE BENEFITS. THE REMAINING FUNCTIONAL LIFETIME OF THE FINANCED PHYSICAL PROJECTS OR ASSETS MUST BE EQUAL TO OR GREATER THAN THE TERM OF THE INSTRUMENT BEING CERTIFIED. THE NET PROCEEDS MAY ONLY BE USED FOR

REFINANCING OPERATING EXPENDITURES THAT WERE INCURRED WITHIN THREE YEARS PRIOR TO THE ISSUANCE OF THE CERTIFIED DEBT INSTRUMENT.

From the total proceeds of the bond issuance, approximately BRL101,000,000.00 (one hundred and one million reais) was allocated to reimburse expenses incurred on the Gravier Project and BRL5,500,000.00 (five million, five hundred thousand reais) was allocated to reimburse expenses incurred on the Acauã Project, totaling BRL106,500,000.00 (one hundred and six million, five hundred thousand reais). This amount corresponds to 44% of the total issuance.

The remaining amount, corresponding to BRL133,500,000.00 (one hundred and thirty-three million, five hundred thousand reais), was allocated to future project expenses. Of this total, BRL89,000,000.00 (eighty-nine million reais) was earmarked for the Gravier Wind Complex, between April and June 2022. About BRL44,500,000.00 (forty-four million, five hundred thousand reais) for the Acauã Wind Complex, between April 2022 and October 2023, including the costs of the Transition Line. The amount allocated to future expenses corresponded to 56% of the total value of the issuance.

Table 3 below details the use of proceeds from the issuance.

Table 3: Use of proceeds from Aliança's 5th debenture issuance

Destination	Gravier Project	Acauã Project	Total
Reimbursement	42%	2%	44%
Future Expenses	37%	19%	56%
Total	79%	21%	100%

Source: Aliança; Prepared by ERM

3.1.1.10 THE ISSUER MUST TRACK THE NET PROCEEDS OF THE DEBT INSTRUMENT FOLLOWING A FORMAL INTERNAL PROCESS WHICH IS DOCUMENTED IN ACCORDANCE WITH CLAUSE A.3.3.

Aliança ring-fenced the proceeds to Central Eólica Gravier S.A. SPV, as well as to Central Eólica Acauã I S.A. SPV, Central Eólica Acauã II S.A. SPV, and Central Eólica Acauã III S.A. SPV.

Initially, the funds were deposited into Aliança's current account, responsible for allocating them to the eligible projects. Subsequently, the portion earmarked for future expenditures was transferred to Central Eólica Gravier S.A. SPV, Central Eólica Acauã I S.A. SPV, Central Eólica Acauã II S.A. SPV, and Central Eólica Acauã III S.A. SPV through capital contributions. The portion designated for reimbursement was transferred to Aliança's account (Issuer), which contributed amounts equivalent to those previously paid for the execution of the projects. ERM verified this process through the 2022 and 2023 Financial Statements.

Therefore, it is possible to conclude that Aliança monitored the net proceeds following a formal internal process.

3.1.1.11 THE NET PROCEEDS OF THE DEBT INSTRUMENT MUST BE NO GREATER THAN THE ISSUER'S TOTAL INVESTMENT EXPOSURE OR DEBT OBLIGATION TO THE NOMINATED PROJECTS AND ASSETS OR THE RELEVANT PROPORTION OF THE TOTAL MARKET VALUE OF THE NOMINATED PROJECTS AND ASSETS WHICH ARE OWNED OR FINANCED BY THE ISSUER. WHEN SATISFYING THIS CLAUSE, THE ISSUER MAY

CHOOSE EITHER (I) THE INVESTMENT EXPOSURE OR DEBT OBLIGATION TO THE NOMINATED PROJECTS AND ASSETS, OR (II) THEIR MARKET VALUE.

According to Aliança, the total investment costs of the Gravier - BRL 428,000,000.00 - and Acauã - BRL 728,000,000.00 - projects remained unchanged from the 2022 estimates presented in the Independent Pre-issuance Verification Opinion. Therefore, as shown in Table 4, the value of the projects exceeds the proceeds raised by the 5th bond issuance, thus there were no unallocated green proceeds.

Table 4: Ratio between total CAPEX of projects and value raised by the 5th issuance

Project	Total CAPEX value (BRL MM)	Amount raised by the 5 th bond issuance (BRL MM)
Gravier	428,0	
Acauã	732,0	240,0
Total	1.160	

Source: Aliança; Prepared by ERM

3.1.1.12 ADDITIONAL NOMINATED PROJECTS AND ASSETS MAY BE ADDED TO, OR USED TO SUBSTITUTE OR REPLENISH, THE PORTFOLIO OF NOMINATED PROJECTS AND ASSETS AS LONG AS THE ADDITIONAL NOMINATED PROJECTS AND ASSETS ARE ELIGIBLE UNDER THE STANDARD AND ARE CONSISTENT WITH THE DEBT INSTRUMENT'S OBJECTIVES. WHERE ADDITIONAL NOMINATED PROJECTS AND ASSETS ARE COVERED BY SECTOR CRITERIA WHICH WERE NOT INCLUDED IN THE SCOPE OF EITHER THE PRE-ISSUANCE VERIFICATION OR THE POST-ISSUANCE VERIFICATION ENGAGEMENTS, THE ISSUER MUST ENGAGE AN APPROVED VERIFIER TO PROVIDE A VERIFICATION REPORT COVERING AT LEAST THE CONFORMANCE OF THE ADDITIONAL NOMINATED PROJECTS AND ASSETS WITH THE RELEVANT SECTOR CRITERIA.

No other Nominated Projects & Assets have been added to receive the proceeds from the green bond issuance, apart from the projects described in the Green Finance Framework and ratified by Aliança's issuance structure.

Based on the evidence assessed, the Bond is in conformance, in all material respects, with the 'Use of Proceeds' portion of the Post-Issuance Certification Requirements.

3.1.2 PROCESS FOR EVALUATION AND SELECTION OF PROJECTS AND ASSETS

3.1.2.1 THE ISSUER MUST DOCUMENT AND MAINTAIN A DECISION-MAKING PROCESS TO DETERMINE THE CONTINUED ELIGIBILITY OF THE NOMINATED PROJECTS AND ASSETS. THIS INCLUDES, WITHOUT LIMITATION:

I. A STATEMENT ON THE CLIMATE-RELATED OBJECTIVES OF THE BOND.

The main environmental benefit of renewable energy generation is associated with the reduction of greenhouse gas (GHG) emissions in the electricity sector. The energy sector has a significant role to play in combating climate change in Brazil, with the potential to reduce emissions by 1,221.4 million tCO₂ by 2050 and is essential to achieving Brazil's NDC.

According to the Issuer, the climate-related objectives of the bond are the reduction of greenhouse gas (GHG) emissions, through the increase of renewable energy in the Brazilian power grid.

The Table 5 below presents the climate impacts of the project so far.

Table 5: Characteristics and capacity of wind power plants

Name of the Wind Power Plant	Installed capacity (MW)	Total Gross Power Generated (MWh) ⁸	GHG emissions avoided (tCO2) ⁹
Gravier	71,4 MW	204.793,99 MWh	60.526,86 tCO2
Acauã	109,2 MW	101.120,662 MWh	29.886,21 tCO2
Total	180,6 MW	305.914,652 MWh	90.413,08 tCO2

Source: Aliança; Prepared by ERM

II. HOW THE CLIMATE-RELATED OBJECTIVES OF THE DEBT INSTRUMENT ARE POSITIONED WITHIN THE CONTEXT OF THE ISSUER'S OVERARCHING GOALS, STRATEGY, POLICY AND/OR PROCESSES RELATING TO ENVIRONMENTAL SUSTAINABILITY.

III. THE ISSUER'S RATIONALE FOR ISSUING THE DEBT INSTRUMENT.

The Issuer's social object as defined by its bylaws is the economic and commercial exploitation of energy generation systems, consulting services and participation in other electric power generation companies or ventures. Currently, the company operates only renewable energy projects in Brazil.

The Issuer has a formalized Environmental Policy that includes guidelines and commitment to environmental issues, which is also applied to its subsidiaries, controlled companies and/or consortia. The environmental management of the Gravier Wind Complex and Acauã Wind Complex is held by Aliança's dedicated team. Moreover, Aliança has an internal Environmental Legislation Control and Assessment System, which provides registers the status of environmental licenses, authorizations and conditions.

The bond's indenture also contains early termination clauses to prevent changes in the scope of the project or in the use of the proceeds to ensure compliance with applicable social and environmental legislation throughout the life cycle of the project. It is important to note that the bond falls under the Brazilian category of "Incentivized Infrastructure Bonds", as the project to be financed is classified as a priority project by the Brazilian Ministry of Mines and Energy. As a result, the bond will also have to comply with the provisions of Law 12,431/11 in order not to lose the benefits of the special tax treatment.

⁸ The energy production data presented by Aliança for the eligible projects correspond to the following periods: Gravier Wind Complex – production from June 2023 to May 2024; Acauã Wind Complex (Acauã II – production from December 2023 to May 2024; Acauã III – from August 2023 to May 2024; Acauã I – no production data available due to the start of commercial operations in July 2024).

⁹ The avoided GHG emissions were calculated using the methodology 'Tool to calculate the emission factor for an electricity system.' This methodology is used in Clean Development Mechanism (CDM) projects and involves the combination of two components: the operating margin emission factor, reflecting the CO2 emission intensity of the dispatched energy at the margin, and the build margin emission factor, which reflects the emission intensity of the most recently built power plants. This calculation is carried out in accordance with the methodology approved by the CDM Executive Board and is used to quantify the contribution of a new power plant to reducing CO2 emissions compared to a baseline scenario. For reference: <https://cdm.unfccc.int/methodologies/PAmethodologies/tools/am-tool-07-v7.0.pdf>

Considering the points, the climate-related objectives of the Bond are aligned with Aliança core business and strategy.

IV. A PROCESS TO DETERMINE WHETHER THE NOMINATED PROJECTS AND ASSETS MEET THE SECTOR ELIGIBILITY REQUIREMENTS SPECIFIED OF THE STANDARD.

ERM has assessed the Nominated Projects and Assets under the Wind Sector Eligibility Criteria of the Climate Bonds Standard and concluded that the issuance complied with all material aspects described in the Wind Sector Criteria of the Climate Bonds Standard (Version 4.1).

- Climate Bonds Taxonomy: The Nominated Projects & Assets fall into the "Wind" under "Energy" investment area as included in the Climate Bonds Taxonomy¹⁰.
- Sector Eligibility Criteria: The Nominated Projects & Assets meet the specific eligibility requirements provided in the Wind Sector Eligibility Criteria document.

The clause 3.8.1 of the Bond's indenture states that the issuance's proceeds would be directed to Gravier Wind Complex and to Acauã Wind Complex. Therefore, the Nominated Project meet the CBI eligibility criteria and fall into the investment areas above. Therefore, ERM concluded that the projects remain in conformance with the requirements specified by the Standard 4.1.

V. OTHER INFORMATION PROVIDED BY THE ISSUER AS DESCRIBED IN CLAUSE A.2.2.

The eligible projects were defined prior to the issuance. As stated by the Issuer, there is an internal process and dedicated employee to manage environmental and social risks. The Nominated Projects had their environmental conditions and licenses checked for validity and terms by ERM.

Besides, the Bond's indenture points out the obligation to follow environmental and social legislation. Some of the issues explicitly cited are prohibition of slavery-like labor, child labor, race and gender discrimination. In addition, environmental protection and health and safety aspects are also specified. The indenture sets early termination clause in case of non-compliance.

ERM has conducted an in-depth assessment on the environmental and social management aspect of the eligible projects and assets. It has concluded that the project has a comfortable E&S management system in place.

Base on the evidence assessed, the Bond is in conformance, in all material respects, with the 'Process for Evaluation and Selection of Projects and Assets' portion of the Post-Issuance Certification Requirements

3.1.3 MANAGEMENT OF PROCEEDS

3.1.3.1 THE NET PROCEEDS OF THE DEBT INSTRUMENTS MUST BE CREDITED TO A SUB-ACCOUNT, MOVED TO BE A SUB-PORTFOLIO, OR OTHERWISE IDENTIFIED BY THE ISSUER IN AN APPROPRIATE MANNER AND DOCUMENTED.

The named projects are linked to their respective Special Purpose Vehicle (SPV), separate legal entities for the development of the projects. The proceeds were kept in the issuer's central account and transferred to the SPVs' sub-account, allowing the funds to be properly tracked.

¹⁰ [CBI Taxonomy Tables-08A \(1\).pdf \(climatebonds.net\)](#)

This information could be verified through the company's Financial Statements (2022 and 2023), which are publicly available on the company's investor relations website.

Therefore, ERM considers that Aliança has identified the allocation of proceeds in an appropriate and documented manner.

3.1.3.2 THE DEBT INSTRUMENT ISSUER MUST EITHER MAINTAIN AN EARMARKING PROCESS OR RINGREFERENCE THE PROCEEDS PER CLAUSE A.2.3 TO MANAGE AND ACCOUNT FOR THE ALLOCATION OF NET PROCEEDS TO THE NOMINATED PROJECTS AND ASSETS.

As mentioned before, the named projects are associated with their respective Special Purpose Vehicles (SPVs), which are distinct legal entities created for the purpose of project development. The proceeds were initially deposited into the issuer's central account and subsequently transferred to the SPVs' sub-accounts, enabling accurate tracking of the funds. This can be confirmed by reviewing the company's publicly available Financial Statements for 2022 and 2023, accessible on its investor relations website. Consequently, ERM considers that Aliança has properly and documented the allocation of proceeds.

3.1.3.3 WHILE IN DEBT INSTRUMENTS REMAINS OUTSTANDING, THE BALANCE OF THE TRAKED NET PROCEEDS MUST BE REDUCED BY AMOUNTS ALLOCATED TO NOMINATED PROJECTS AND ASSETS. PENDING SUCH ALLOCATIONS TO NOMINATED PROJECTS AND ASSETS, THE BALANCE OF UNALLOCATED NET PROCEEDS MUST BE:

- i. Held in temporary investment instruments that are cash, money-market instruments or other liquid, short-term cash equivalent instruments within a Treasury function; and/or**
- ii. Held in temporary investment instruments that do not relate to greenhouse gas intensive projects or any projects which are inconsistent with the delivery of a low carbon and climate resilient economy; and/or**
- iii. Applied to temporarily reduce the indebtedness of a revolving nature before being redrawn for investments in or disbursements to Nominated projects and assets.**

The proceeds were fully allocated to the eligible projects between 2022 and 2023. While the proceeds were not fully allocated to the eligible projects, they were invested substantially in Bank Deposit Certificates (Certificados de Depósito Bancário (CDB), in Portuguese) from private

banks, a financial instrument of high liquidity and low risk of default, as evidenced by the 2022 and 2023 Aliança's Financial Statement.

Therefore, the unallocated net proceeds were withheld in temporary investments instruments that have high liquidity and do not include greenhouse gas-intensive projects.

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's 2022 Climate Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.

However, it is worth noting that the company's expenses in the financial statements are not segregated monthly - making it not possible to confirm the total allocation of the proceeds raised monthly. In addition, Aliança committed to sending the Trustee a declaration attesting to the allocation of the proceeds of the issuance after the total amount of the proceeds had been allocated. Despite this, it was verified the documents attesting to the correct allocation of the proceeds have not yet been sent to the Trustee.

3.1.4 POST-ISSUANCE REPORTING

3.1.4.1 FOLLOWING THE ISSUANCE OF A CERTIFICATE UOP INSTRUMENT, TO MAINTAIN THE CERTIFICATION ALL ISSUERS MUST SUBMIT ANNUAL UPDATE REPORTS WITHIN 12 TO 24 MONTHS FROM THE DATE OF ISSUANCE OF THE DEBT INSTRUMENT UNTIL ITS MATURITY. ANY POST-ISSUANCE VERIFICATION REPORT BY AN APPROVED VERIFIER IN ANY YEAR IS DEEMED TO SATISFY THE ISSUER'S REQUIREMENT TO SUBMIT AN UPDATE REPORT FOR THAT YEAR.

The issuer is committed to preparing a report with information about the allocation of proceeds and the environmental benefits to reaffirm the transaction's compliance with the Climate Bonds Standard. However, it was verified that the Company has not made available an updated report in accordance with CBI standards.

Nevertheless, in 2023, Aliança published the company's Annual Sustainability Report, available on the company's website, which provided information on the projects financed, as well as their installed capacity, completion date and geographical location. In addition, in the audited Financial Statements for 2022 and 2023, the company presents the status of the allocation of net proceeds, confirming that 100% of these funds have been allocated to the indicated project.

3.1.4.2 THE ISSUER SHOULD ALSO PROVIDE AN UPDATE REPORT ON A TIMELY BASIS IN CASE OF MATERIAL DEVELOPMENTS. MATERIAL DEVELOPMENTS INCLUDE, BUT ARE NOT LIMITED TO, EARLY REPAYMENT, CHANGE OF CONTROL OR ACQUISITION, CHANGE OF NAME, CHANGES TO THE ELIGIBILITY OF ASSETS AND PROJECTS AND ANY MATERIAL AMENDMENTS TO TRANSACTION DOCUMENTS, INCLUDING ANY WINDING-UP PROCESS OR ENFORCEMENT.

There were no material developments involving the issuance nor the projects financed.

3.1.4.3 ISSUERS ARE ENCOURAGED TO PROVIDE THEIR UPDATE REPORTS THROUGH EXISTING BOND MARKET REPORTING CHANNELS, SUCH AS THE US MUNICIPALITY SECTOR'S ELECTRONIC MUNICIPAL MARKET ACCESS (EMMA) WEBSITE.

Aliança did not provide Update Reports following the CBI's Update Report template through any bond market reporting channels.

3.1.4.4 AN UPDATE REPORT MAY CONTAIN THREE TYPES OF REPORTING: ALLOCATION REPORTING, ELIGIBILITY REPORTING, AND IMPACT REPORTING:

- I. ALLOCATION REPORTING CONFIRMS THE ALLOCATION OF BOND PROCEEDS TO ELIGIBLE PROJECTS AND ASSETS AND IS MANDATORY FOR ALL CERTIFIED DEBT INSTRUMENTS.
- II. ELIGIBILITY REPORTING CONFIRMS THE CHARACTERISTICS OR PERFORMANCE OF PROJECTS AND ASSETS TO DEMONSTRATE THEIR ELIGIBILITY UNDER THE RELEVANT SECTOR CRITERIA AND IS MANDATORY FOR ALL CERTIFIED DEBT INSTRUMENTS.
- III. IMPACT REPORTING DISCLOSES THE METRICS OR INDICATORS WHICH REFLECT THE EXPECTED OR ACTUAL IMPACT OF ELIGIBLE PROJECTS AND ASSETS AND IS ENCOURAGED FOR ALL CERTIFIED DEBT INSTRUMENTS.

Both allocation and impact reporting were covered by Aliança through its 2022 and 2023 Financial Statements and Sustainability Report, while eligibility criteria was included in the Second-Party Opinion Pre-Issuance developed by SITAWI in 2022 and confirmed in the Post-Issuance Report developed in 2024. The first three documents are available on the Aliança's website.

It is important to reinforce that the reporting did not comply with CBI's Update Report template. In other words, although Aliança has reported part of the environmental indicators and information on proceeds allocation, it did not follow the CBI's Update Report template.

3.1.4.5 THE THREE DIFFERENT TYPES OF REPORTING CAN BE INCLUDED IN A SINGLE UPDATE REPORT, WHICH MUST BE PROVIDED TO THE CLIMATE BONDS STANDARD SECRETARIAT AND MADE PUBLICLY AVAILABLE OR PROVIDED ANNUALLY TO THE BONDHOLDERS/LENDERS FOR AS LONG AS THE DEBT INSTRUMENT REMAINS OUTSTANDING.

At the time of this verification, Aliança Geração de Energia had not sent the updated report to the CBI.

3.1.4.6 THE TIMING OF REPORTING UNDER THIS CLAUSE CAN BE ALIGNED WITH THE ISSUER'S REGULAR REPORTING SCHEDULE AND DOES NOT NEED TO FOLLOW THE ANNIVERSARY OF THE CERTIFICATION OR ISSUANCE OF THE BOND.

The timing of reporting was not aligned with the anniversary of the issuance of the Bond, as it followed the issuer's regular reporting schedule.

3.1.4.7 THE ALLOCATION REPORTING MUST INCLUDE, WITHOUT LIMITATION:

- I. CONFIRMATION THAT THE BONDS ISSUED UNDER THE ISSUER'S GREEN FINANCE FRAMEWORK ARE ALIGNED WITH THE CLIMATE BONDS STANDARD.
- II. A STATEMENT ON THE CLIMATE-RELATED OBJECTIVES OF THE BOND.
- III. THE LIST OF NOMINATED PROJECTS AND ASSETS TO WHICH NET PROCEEDS HAVE BEEN ALLOCATED (OR RE-ALLOCATED).
- IV. THE AMOUNTS ALLOCATED TO THE NOMINATED PROJECTS AND ASSETS.
- V. AN ESTIMATE OF THE RESPECTIVE SHARES OF THE NET PROCEEDS USED FOR FINANCING AND REFINANCING AND WHICH NOMINATED PROJECTS AND

ASSETS HAVE BEEN REFINANCED. THIS MAY ALSO INCLUDE THE EXPECTED LOOK-BACK PERIOD FOR REFINANCING NOMINATED PROJECTS AND ASSETS.

VI. THE GEOGRAPHICAL DISTRIBUTION OF THE NOMINATED PROJECTS AND ASSETS.

3.1.4.8 THE ELIGIBILITY REPORTING MUST INCLUDE, WITHOUT LIMITATION:

- I. CONFIRMATION THAT THE NOMINATED PROJECTS AND ASSETS CONTINUE TO MEET THE RELEVANT ELIGIBILITY REQUIREMENTS APPLICABLE WHEN OBTAINING THE CERTIFICATION.
- II. INFORMATION ON THE ENVIRONMENTAL CHARACTERISTICS OR PERFORMANCE OF NOMINATED PROJECTS AND ASSETS, WHICH IS PRESCRIBED BY THE RELEVANT SECTOR CRITERIA.
- III. WHERE THE ISSUER HAS MADE USE OF THE 5% FLEXIBILITY POCKET IN ACCORDANCE WITH PARAGRAPH A.3.1.3, THE PERCENTAGE OF THE USE OF PROCEEDS ALLOCATED TO, AND DETAILED DESCRIPTION OF, THE NOMINATED PROJECTS AND ASSETS WHICH DO NOT FULLY SATISFY THE SECTOR CRITERIA.

As previously mentioned, all of the items were included either on the Sustainability Report, or on the 2023 Financial Statement, or in the bond's indenture. However, any specific Allocation Reporting, following CBI's Update Report template, was performed.

3.1.4.9 SOME BONDS HAVE A VERY STABLE ALLOCATION OF PROCEEDS AND DO NOT NEED TO TRACK ANY PERFORMANCE INDICATORS TO MAINTAIN THE ELIGIBILITY OF THE PROJECTS AND ASSETS (SUCH AS FINANCING FOR A SINGLE LARGE-SCALE SOLAR FACILITY). THIS MEANS THAT THE ANNUAL UPDATE REPORT CAN BE CONCISE AND RESTATE THE INFORMATION FROM PREVIOUS REPORTS.

3.1.4.10 WHERE THERE ARE LIMITS ON THE DETAIL THAT CAN BE MADE AVAILABLE IN THE UPDATE REPORT ABOUT SPECIFIC NOMINATED PROJECTS AND ASSETS (AS PER CLAUSE A.2.4.3), INFORMATION DISCLOSED MUST INCLUDE THE INVESTMENT AREAS INTO WHICH THE NOMINATED PROJECTS AND ASSETS FALL AND AN EXPLANATION OF WHY DETAIL ON NOMINATED PROJECTS AND ASSETS IS LIMITED.

There was no limitation on the level of detail provided from Aliança.

3.1.4.11 THE IMPACT REPORTING SHALL, WITHOUT LIMITATION: I. PROVIDE THE EXPECTED OR ACTUAL OUTCOMES OR IMPACTS OF THE NOMINATED PROJECTS AND ASSETS CONCERNING THE CLIMATE-RELATED OBJECTIVES OF THE BOND. II. USE QUALITATIVE PERFORMANCE INDICATORS AND, WHERE FEASIBLE, QUANTITATIVE PERFORMANCE MEASURES OF THE OUTCOMES OR IMPACTS OF THE NOMINATED PROJECTS AND ASSETS FOR THE CLIMATE-RELATED OBJECTIVES OF THE BOND. III. PROVIDE THE METHODS AND THE KEY UNDERLYING ASSUMPTIONS FOR THE CALCULATION OF THE PERFORMANCE INDICATORS AND METRICS.

3.1.4.12 EXAMPLES OF QUANTITATIVE PERFORMANCE MEASURES OF THE OUTCOMES OF NOMINATED PROJECTS AND ASSETS CAN INCLUDE BUT ARE NOT LIMITED TO: RENEWABLE ENERGY CAPACITY INSTALLED, GREENHOUSE GAS EMISSIONS AVOIDED, EMISSIONS INTENSITY, ENERGY PERFORMANCE OF BUILDINGS, NUMBER OF PASSENGERS CARRIED BY PUBLIC TRANSPORT, VOLUME OF WASTEWATER TREATED. IMPACT METRICS AND INDICATORS CAN INCLUDE BUT ARE NOT LIMITED TO: GREENHOUSE GAS EMISSIONS REDUCED/AVOIDED, THE NUMBER OF HOUSEHOLDS

PROVIDED WITH ACCESS TO CLEAN POWER, A DECREASE IN WATER USE, A REDUCTION IN THE NUMBER OF CARS REQUIRED

3.1.4.13 METHODS INCLUDE, BUT ARE NOT LIMITED TO, THE FRAMEWORK USED AND THE CALCULATION METHODOLOGY, INCLUDING ANNUALIZED METRICS AND/OR LIFETIME CALCULATIONS. BOTH INSTITUTIONAL AND PROPRIETARY FRAMEWORKS MAY BE USED: INSTITUTIONAL FRAMEWORKS MAY BE REFERENCED BY NAME, BUT PROPRIETARY AND NEW FRAMEWORKS SHOULD BE DESCRIBED IN SUFFICIENT DETAIL TO ALLOW ASSESSMENT

As previously stated, Aliança has provided the impact metric of renewable energy capacity installed on its 2023 Sustainability Report. Also, Aliança has provided to ERM power generation reports proving the project's power generation between June 2023 and July 2024. This data has been published externally on its 2023 Financial Statement reports. However, any specific Impacting Reporting, following CBI's Update Report template, was performed.

3.1.4.14 THE ISSUER MUST MAKE AVAILABLE TO THE PUBLIC OR TO THE BONDHOLDERS ANY VERIFICATION REPORTS OR OTHER RELEVANT MATERIAL WHICH SUPPORTS THE UPDATE REPORT.

Aliança has informed about the CBI certification¹¹ on its website, as well as made available the SPO elaborated by SITAWI in 2022¹². The company also publishes its audited Financial Statements and Sustainability Reports annually.

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's 2022 Climate Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements. Nevertheless, Aliança has not yet provided an updated report according to CBI Standards, as it had committed to.

3.2 THE WIND SECTOR ELIGIBILITY CRITERIA OF THE CLIMATE BONDS STANDARD & CERTIFICATION SCHEME VERSION 2.3 (APRIL 2023) ASSESSMENT

The following assessment is based on the Part C of the Climate Bonds Standards Version 4.0, namely the Eligibility of Projects & Assets. It is organized according to the items listed in the Wind Energy under the Climate Bonds Standard provided by CBI. The Sectoral Criteria Requirements are listed, followed by each requirement's factual findings. The section is concluded with ERM's assessment conclusion.

Criteria 1 - Eligible Project & Assets relating to wind energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:

- 1. Onshore wind energy generation facilities.**
- 2. Dedicated transmission infrastructure and support facilities (e.g. transformers, backbone, transmission terminus, grid connections, dedicated facilities for support vessels and vehicles, equipment storage, onshore assembly).**

¹¹ [CBI Certification](#)

¹² [SPO 2022](#)

3. Dedicated operational production, manufacturing or distribution facilities for key components for onshore or offshore wind energy generation, such as wind turbines, platforms etc.

Since 100% of the net proceeds were allocated in the development, construction and operation of onshore wind electricity generation facilities, where all the energy generated comes from wind energy resources, it is feasible to state that the projects financed remain in conformance with the CBI Wind Sector Criteria.

Based on the evidence assessed, the bond is in conformance, in all material respects, with the Wind Sector Eligibility Criteria (Version 2.3, April 2023) under the Climate Bonds Standard

4. REFERENCES

- Bond's indenture
- Bond's Pre-Issuance Second Party Opinion (2022)
- Bond's Pre-Issuance CBI Verification Report (2022)
- Aliança's Green Bond Framework
- Aliança 2023 Financial Statement
- Gravier Wind Complex 2023 Financial Statement
- Acauã Wind Complex 2023 Financial Statement
- Aliança 2023 Sustainability Report
- Aliança's website



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