

## INDEPENDENT POST-ISSUANCE OPINION First Green Debenture of 2W Energia<sup>1</sup>

**Issuance Amount (R\$)** R\$ 475,000,000.00

**Alignment with SDGs**



**Alignment with GBP/GLP categories**

- Renewable Energy

### Proceeds Allocation

- a. The projects that have been receiving proceeds from the issuance of the Green Debentures, namely, the Anemus Wind Complex, associated substation, and transmission line, are the same as identified during the pre-issuance phase.
- b. By March 2022, 43% of the issuance's proceeds, equivalent to R\$ 203 MM, had been allocated to the eligible projects. 2W Energia estimates that the proceeds will be fully allocated by December 2023.
- c. The projects have not been the subject of another labeled issuance.
- d. The proceeds temporarily not allocated to the green projects have been kept in Bank Deposit Certificates (CDBs, in Portuguese acronym) with daily liquidity. Thus, the risk of contamination in carbon-intensive activities is low.
- e. The issuer maintains the commitment to inform investors and other interested parties about the proceeds allocation status in green projects and their environmental and climate benefits.

### Projects' Impacts

- a. Currently, the three wind power generation projects (Anemus Wind 1, Anemus Wind 2, and Anemus Wind 3), located in Rio Grande do Norte (RN) state, Brazil, are under construction. Their respective installation licenses, issued by the Institute for Sustainable Development and Environment of Rio Grande do Norte (IDEMA, in Portuguese acronym), are valid. The expected period for the Wind Complex to start operating is between September and December 2022.
- b. The wind energy projects may generate environmental benefits through the generation and increased availability of renewable energy in the National Interconnected Grid (SIN, in Portuguese acronym).
- c. The environmental management programs foreseen in the installation license have been fulfilled, according to an external consulting company's Report of Compliance.
- d. 2W Energia estimates that the Anemus Wind Complex will annually generate approximately 732 GWh of energy. The projects will avoid the emission of 92,525 tCO<sub>2</sub>e per year.
- e. It is estimated that up to 355,000 households, equivalent to 1 million inhabitants, will benefit monthly from the power generation of the Anemus Wind Complex.
- f. The independent pre-issuance opinion, prepared by NINT (formerly known as SITAWI's Sustainable Finance program) in 2021, was made publicly available on the issuer's website<sup>2</sup>. The debenture issuance has also been registered on the Green Bond Transparency Platform (GBTP)<sup>3</sup>. Furthermore, 2W Energia informed that its Sustainability Report will address the social and environmental impacts of the Anemus Wind Complex. This post-issuance opinion will be publicly available on the issuer's Investor Relations website.
- g. No controversies related to the issuer, or the project were found.
- h. Thus, we consider the company able to manage and mitigate any social and environmental risks of the project that has been receiving the remaining proceeds of the Green Debentures.

<sup>1</sup>1st (first) issuance of Simple Debentures, in a Single Series, of Anemus Wind Holding S.A. ("Issuer"), sub-holding of 2W Energia S.A. ("2W")

<sup>2</sup> <http://ri.2wenergia.com.br/2w-energia/anemus-wind-holding-s-a/>

<sup>3</sup> <https://www.greenbondtransparency.com/issuer-profile/?handle=25418718a3184559bc2fa354f24a2d88>



# About NINT

NINT (Natural Intelligence), formerly known as SITAWI's Sustainable Finance Program, is a Brazilian organization that mobilizes capital for positive social and environmental impact. We develop financial solutions for social impact and assist the financial sector in incorporating environmental and social issues into strategy, risk management, and investment evaluation. We are one of the top 4 social and ecological research houses for investors according to the Extel Independent Research in Responsible Investment - IRRI 2019 and the first Latin American organization to assess the green credentials of bonds.

## Summary

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## I. Scope

The purpose of this Independent Post Issuance Opinion Report is to provide an opinion on the compliance of the 1st (first) issuance of Simple Debentures of Anemus Wind Holding S.A. ("Issuer"), a subsidiary of 2W Energia S.A., issued on June 15<sup>th</sup>, 2021, in the amount of R\$475 million, as a Green Bond. The proceeds from the issuance have been used to implement the Anemus Wind Complex and its associated transmission system (booster substation and transmission line).

This opinion updates the pre-issuance report issued by NINT (formerly known as SITAWI's Sustainable Finance Program) in May 2021, regarding the labelling of the debentures as green bonds. The pre-issuance second-party opinion report was made publicly available on 2W Energia's website in the Investor Relations Section.

NINT used its proprietary analysis method, aligned with the Green Bond Principles (GBP)<sup>4</sup>, the Sustainable Development Goals<sup>5</sup>, and other internationally recognized sustainability standards.

NINT's opinion is based on:

- Characteristics of the issuance and proceeds allocation process for the green project listed during pre-issuance, legal documents, and interviews with 2W Energia;
- Analysis of the current and future socio-environmental impacts generated by the project.

The analysis contained in this report used information and documents provided by 2W Energia, some of which were confidential; desk research; and other elements acquired in interviews with the teams responsible for issuing the debenture and for business management, conducted by videoconference. This process was carried out throughout April and June 2022.

The evaluation process consisted of:

- Planning the evaluation;
- Conducting the evaluation, including preparing the client, gathering evidence, evidence, and evaluation;
- Preparing the evaluation conclusion;
- Preparation of the evaluation report.

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

NINT had access to all requested documents and persons, thus providing an opinion with a reasonable level of assurance regarding completeness, accuracy, and reliability.

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<sup>4</sup> <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

<sup>5</sup> <https://brasil.un.org/pt-br/sdgs>



## Declaration of Responsibility

NINT (Natural Intelligence) is not a shareholder, investor, client, or supplier of 2W Energia or its subsidiaries. The eligible projects were subject to social and environmental due diligences, a process conducted by NINT in 2021 (then under the brand name SITAWI). However, those responsible for the due diligence were not involved in preparing the pre-and post-issuance second-party opinion reports. Thus, NINT declares that it has no conflict of interest and can issue an independent opinion regarding 2W Energia's green bonds.

The analyses contained in this opinion report are based on a series of documents, some of which confidential, provided by the Issuer. We cannot vouch for their completeness, accuracy, or even veracity. Therefore, NINT is not responsible for the use of the information contained in this report.

### **THIS IS NOT A RECOMMENDATION**

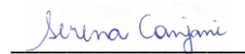
We emphasize that all the assessments and opinions stated in this report do not constitute an investment recommendation and should not be considered to attest to the profitability or liquidity of the bonds.

## II. Opinion

Based on the assessment, Anemus Wind's first debenture issuance, issued in June 2021, maintains all the necessary environmental credentials to be characterized as a Green Bond.

This opinion is based on the Proceeds Allocation (section II.a) and Project Impact (section II.b) analyses.

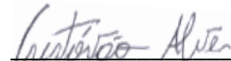
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Rio de Janeiro, 24/06/2022

## II.a. Proceeds Allocation

The first debenture issuance of Anemus Wind Holding S.A. occurred on June 15<sup>th</sup>, 2021, in the amount of R\$ 475 million (four hundred and seventy-five million reais). Anemus Wind Holding S.A. is a sub-holding of 2W Investments LLC, 100% controlled by 2W Energia S.A. The operation has a maturity period of 18 years from the issuance date, therefore maturing on June 15<sup>th</sup>, 2039 (clause 4.5.1).

The proceeds of the issuance are being used to finance the Anemus Wind Complex, composed of three wind farms - Anemus Wind 1 (37.8 MW), Anemus Wind 2 (46.2 MW), and Anemus Wind 3 (54.6 MW), totaling 33 wind turbines with a total installed capacity of 138.6 MW - and a new dedicated transmission line with a booster substation for the distribution of the generated energy.

The projects are located in the municipalities of Currais Novos and São Vicente, both in the state of Rio Grande do Norte (RN). In May 2021, drilling and topography began for the implantation of the Wind Complex. The civil and electromechanical works started in September 2021 and are expected to be completed in December 2022. The operation of the projects and, consequently, energy generation, will occur between September and December 2022.

2W Energia's Treasury area is managing the issuance's proceeds. The allocation of the issuance's proceeds will be completed until December 2023. Table 1 below indicates the sources of financing for the implementation of the projects.

*Table 1 - Allocation of issuance proceeds (in millions of reais)*

Project	Total Costs (A)	Green Debenture (B)	% of the green debenture over the total value of the project (B)/(A)	Green debenture proceeds already allocated	Proceeds temporarily not allocated to projects (balance in 31/03/2022)
Anemus Wind Complex and associated infrastructure (transmission line and substation)	658	475	72%	203 (43%)	272

*Source - Own elaboration based on data from Anemus Wind*

From Table 1, it can be seen that the total issuance represents 72% of the estimated project cost. The remaining financing (28%) will be done through equity, as informed by 2W. It is worth noting that, to date, the Anemus Wind Complex has not been the subject of any other labeled issues.

2W provided evidence of the allocation of proceeds to eligible projects through the 'Individual and Consolidated Interim Financial Information Report of Anemus Wind Holding S.A.', referring to the period from 12/31/2021 to 03/31/2022, prepared by an external audit firm (Ernst & Young)<sup>6</sup>, and made it publicly available on 2W Energia's

<sup>6</sup> <https://api.mziq.com/mzfilemanager/v2/d/4f5cf082-7b8a-47ad-9013-5de0ecda0d59/96e791ab-edba-d2ad-d447-5d8d33ed97fc?origin=1>



website in the Investor Relations section. In addition, according to clause 3.2.2 of the issuance indenture, 2W Energia must annually send the fiduciary agent a report with the expenses incurred in the projects.

The issuance's proceeds that have not yet been directed to the projects are been kept in a linked account owned by the issuer but not operated by it, and are controlled by a financial institution, following clause 3.2.6 of the issuance indenture. These proceeds are temporarily allocated in fixed income instruments, namely, Bank Deposit Certificates (CDBs, in Portuguese acronym) of daily liquidity of a private bank. Thus, the risk of contaminating these proceeds in carbon-intensive activities is low. The allocation of the proceeds temporarily not directed to the projects was demonstrated through a 'Position Report' from BTG Pactual bank, referring to the period from 03/02/2022 to 03/31/2022, and also through the 'Interim Financial Report' mentioned above.

It is important to note that the debentures follow the tax treatment in articles 1 and 2 of Law 12,431 ("incentivized debentures"). If the issuer (Anemus Wind) does not use the funds as previously foreseen, resulting in the non-compliance of the issuance with Law 12,431, the issuer will be responsible for the payment of a fine (clause 4.19.4). Furthermore, the issuance indenture establishes early maturity of the debentures if the proceeds are not destined to the eligible projects (clause 5.2.ee).

2W Energia published on its Investor Relations webpage the pre-issuance Report developed by NINT in May 2021, which verified the eligibility of the debentures as green bonds. This post-issuance opinion report will also be made available on the same page. The issuance has also been disclosed on the Green Bond Transparency Platform (GBTP).

Furthermore, 2W Energia is preparing a Sustainability Report that will address, among other topics, the social and environmental impacts of the Anemus Wind Complex as a whole. This Report will not be audited by a third-party. The social and environmental indicators of the Wind Complex will be disclosed annually until the bond's maturity, in June 2039, through 2W Energia's Sustainability Report.

Since the wind farms are still in the installation phase, it is not possible to measure the environmental benefits from their operation. An estimate of the environmental benefit indicators is presented in the next section of this Report.

We can conclude that, 12 months after the issuance, the raised proceeds have been allocated to the projects established in the pre-issuance second-party opinion report. The temporary investments of the proceeds have a low risk of allocation in carbon-intensive activities. The projects remain aligned with the renewable energy category of the GBP and have not been subject to other green bond issuances. The debentures issuance was disclosed through the GBTP. The environmental indicators will be disclosed in 2W Energia's Sustainability Report, without segregation by project, until the bond's maturity, in 2039. Thus, we can conclude that the issuer remains committed to disclosing the project's social and environmental indicators, including the publication of this post-issuance opinion report.

## II.b. Projects' Impacts

### Environmental and Climate Benefits

The Anemus Wind Complex will have 03 wind farms located between the cities of Currais Novos and São Vicente, both in Rio Grande do Norte state. The environmental licenses of the projects issued by the Institute for Sustainable Development and Environment of Rio Grande do Norte (IDEMA, in Portuguese Acronym) are presented in Table 2.

Construction work on the Complex began in September 2021, and 2W estimates the project will be fully completed by December 2022. The wind farms should start operating between September and December of the same year.

Table 2 - Environmental Licensing of Anemus Wind Complex

License	Number	Description	Issue Date	Expiration Date
Installation License	Nº 2021-173152/TEC/LI-0136	Anemus Wind Farm Anemus Wind 1 (12.6 MW) and Anemus Wind 3 (46.2 MW) are composed of 3 and 11 wind turbines, respectively, with a rated capacity of 4.2 MW each, totaling 58.8 MW of installed capacity in an area of 189.55 hectares.	28/Jan/2022	28/Jan/2026
Installation License	Nº 2022-179220/TEC/LI-0055	Wind farms Anemus Wind 1, Anemus Wind 2, and Anemus Wind 3, totaling the installation of 19 wind turbines with nominal power of 4.2 MW, totaling 79.8 MW in an area of 454.37 ha. <ul style="list-style-type: none"> <li>Anemus Wind 1 Wind Farm: 06 wind turbines with a total capacity of 25.2 MW;</li> <li>Anemus Wind 2: 11 wind turbines, with a total capacity of 46.2 MW;</li> <li>Anemus Wind 3: 02 wind turbines, with a total capacity of 8.4 MW.</li> </ul>	12/May/2022	12/May/2023
Installation License	Nº 2021-169661/TEC/LI-0101	Substation Anemus 34.5/230 kV with an installed capacity of 200 MVA, through a 200 MVA step-up transformer, double secondary 100 MVA + 100 MVA, in an area of 1.70 ha.	09/Dec/2021	09/Dec/2025
Simplified Installation and Operation License	Nº 2021-160633/TEC/LSIO-0004	The transmission line with 230 kV voltage will interconnect the SE Anemus to the SE Currais Novos II, including the connection bay in the SE Currais Novos II, with an 8.99 km extension, right-of-way of 40.00 m and 28 towers.	24/Feb/2022	24/Feb/2032

Source - 2W Energia

The main environmental benefit generated by the projects is associated with the increase in the volume of renewable energy generation. As the projects are not yet in operation, it is only possible to estimate their environmental benefits. Table 3 below presents the estimated indicators for the operation phase of the Anemus Wind Complex.

Table 3 - Estimated environmental benefits for the Anemus Wind Complex

Total of projects - Anemus Wind Complex		Indicators	Estimated values
Additional installed capacity (MW)	138.6	Annual avoided GHG emissions (tCO <sub>2</sub> e)	92,525
Annual Generation of Renewable Energy (GWh)	732.0	Number of households supplied (thousand)	355
		Number of inhabitants additionally supplied (thousand)	1,000

Source - 2W Energia.

For the estimation of the annual avoided greenhouse gas (GHG) emissions, it was considered that the average tons of CO<sub>2</sub>e emitted per GWh generated in the Brazilian electric grid (SIN, in Portuguese acronym) in 2021 (equivalent to 0.0001264 ton CO<sub>2</sub>/GWh), would be avoided per GWh generated annually in the wind farms. The CO<sub>2</sub> emission factors were obtained from the website of the Ministry of Science, Technology, and Innovations (MCTIC)<sup>7</sup>.

To estimate the number of households that will benefit from the project's operation, the average Brazilian residential consumption of 171.7 kWh/month/residence was considered, according to data from the Fact Sheet of the Statistical Yearbook of Electric Energy 2021 (base year 2020)<sup>8</sup> of the Energy Research Office (EPE, in Portuguese acronym). Therefore, the wind power generation of the Complex will benefit up to 355,000 households per month, equivalent to 1 million inhabitants, considering that the average number of residents per residence is of three people, according to the Continuous National Household Survey ('Pnad Contínua 2019')<sup>9</sup> released by IBGE<sup>10</sup> and last updated in May 2020.

### Management of Adverse Social and Environmental Impacts

2W Energia presented the Report of Compliance with Environmental Constraints of the Installation License (LI, in Portuguese acronym) No. 2022-179220/TEC/LI-0055. This document, prepared by an external consulting company, is a prerequisite for obtaining the project's operating license (LO, in Portuguese acronym).

According to the Report, 2W Energia has been complying with the conditions and restrictions of the LI. The environmental supervision and monitoring activities will be maintained until the issuance of the LO by the environmental agency.

Some of the main points concerning compliance with the environmental conditions of the installation license (LI) are presented below.

According to the conditions of the LI, the wind turbines must be located at a minimum distance of 200 meters from any existing residences and the property limits of third parties. As detailed in the independent pre-issuance opinion report prepared by NINT (at the time under SITAWI's Sustainable Finance Program), some of the wind turbines at the Anemus Complex - AW1-01, AW2-01, AW2-02, AW2-03, AW2-04, AW2-05, AW2-06 - were planned to be at distances less than 200m from the project's property limit. Regarding this issue, 2W presented the consent form, through which the owners of the

<sup>7</sup> [https://antigo.mctic.gov.br/mctic/opencms/ciencia/SEPED/clima/textogeral/emissao\\_corporativos.html](https://antigo.mctic.gov.br/mctic/opencms/ciencia/SEPED/clima/textogeral/emissao_corporativos.html)

<sup>8</sup> <https://www.epe.gov.br/sites-pt/publicacoes-dados-abertos/publicacoes/PublicacoesArquivos/publicacao-160/topico-168/EPEFactSheetAnuario2021.pdf>

<sup>9</sup> <https://sidra.ibge.gov.br/tabela/6578>

<sup>10</sup> <https://www.istoedinheiro.com.br/maioria-dos-brasileiros-mora-em-casa-e-e-dona-do-imovel-mostra-ibge/#:~:text=No%20pa%C3%ADs%20em%20cada%20domic%C3%ADlio,popula%C3%A7%C3%A3o%2042%2C2%25>

neighboring property declared to be aware and authorize the installation of the wind turbines at a distance inferior to 200m from the limit of their property in the municipality of Currais Novos (RN).

It is worth mentioning that there are no dwellings within the land where the Wind Power Complex is being installed or even within the right-of-way of the associated Transmission Line. The closest community to the Wind Power Complex is the INCRA settlement called "Alagoinha," 1 km away from the AW-01 wind turbine. The installation of the Wind Farm also does not require involuntary resettlement of people and/or communities and does not interfere with archaeological sites and traditional communities.

Furthermore, 2W presented a favorable report from the National Institute of Historical and Artistic Heritage (IPHAN, in Portuguese acronym), issued in March 2022, approving the accounts of prospection, rescue, and archaeological monitoring of the Wind Power Complex.

Regarding waste management, 2W Energia presented the waste transportation manifests (MTRs, in Portuguese acronym) generated during the project's implementation phase. These are mainly civil construction waste, solid waste (plastics, glass, paper and cardboard, packaging), and effluents (debris from sewage cleaning, culverts, and maintenance holes). According to their nature, the waste was and is being sent to recycling, effluent treatment, Class II-A, and II-B waste landfill, sanitary landfills, and others.

During the Complex's operation phase, the main foreseen impact is the bird collision risk with the wind turbine blades. This risk will be mitigated through the implementation of environmental plans, such as the Plan for Monitoring the Fauna and others (see Table 4). Furthermore, 2W Energia presented the Weekly Activity Report, referring to the execution of the environmental management programs from June 06 to June 11, 2022. This weekly report was also prepared by an external consulting firm.

According to the report, the environmental programs at Anemus Wind Complex have been taking place according to the guidelines established in the legislation. The internal and external accesses are adequately signaled, the workers use the personal protective equipment (PPE) necessary for the activities, an ambulance is available to employees in case of need, and there is the rescue and scaring away of local fauna in the areas of vegetal suppression.

Other significant environmental impacts from the installation and operation phases of the Anemus Wind Complex, the respective mitigation programs, and compliance with environmental constraints are presented below.

*Table 4 - Environmental impacts and mitigation programs*

Project Impacts	Environmental programs for impact mitigation
Fragmentation of natural environments, reduction in botanical populations, alteration in the composition of local fauna, reduction in the availability of plant resources to fauna, alteration in air quality, interference in rural establishment areas, alteration in sound pressure levels, alteration in the topography and natural morphology of the terrain, among others.	Environmental Compensation Plan, Vegetation Suppression Program, Degraded Areas Recovery Program, Fauna Fleeing, and Rescue Program, Fauna Monitoring Plan, Environmental Education Program, Environmental Control Plan Associated with the Execution of the Works, Erosive Processes Control and Monitoring Program, Noise Monitoring Program, Particulate Matter

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Control, and Atmospheric Emissions Monitoring Program, and others.
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*Source - 2W Energia*

- **Controversies**

A search was conducted for controversies that could have generated negative repercussions in the media regarding 2W Energia, Anemus Wind Holding S.A., and the Anemus Wind Complex projects. No controversial events were found.