

Second-Party Opinion

Ambipar Group ESG Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Ambipar Group ESG Financing Framework (the "Framework") is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy and Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Waste Management and Resource Efficiency, Green Building, Climate Change Mitigation and Adaptation Solutions, Circular Economy Adapted Products, Production, Technologies and Processes, Employment Generation, and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 8, 9, 11, 12 and 13.



PROJECT EVALUATION / SELECTION Ambipar Group's sustainability department and sustainability committee, comprising members from several internal departments will be responsible for the evaluation and selection of projects based on the criteria defined in the Framework. Ambipar Group has adopted internal environmental and social risk management processes that are applicable to all decisions made under the Framework. Sustainalytics considers this process in line with market practice.



MANAGEMENT OF PROCEEDS Ambipar Group's Treasury and Sustainability departments will be responsible for the management of proceeds. Ambipar Group intends to achieve full allocation within 36 months of each issuance. Unallocated proceeds will be temporarily held or invested in cash or cash equivalents. This is in line with market practice.



REPORTING Ambipar Group intends to report annually on the allocation of proceeds and associated impact metrics in a consolidated report until full allocation on its website. The allocation reporting will include the amount and percentage of allocated proceeds, and the proportion of financed and refinanced investments. In addition, Ambipar Group intends to report on quantitative impacts and has provided indicative impact indicators in the Framework. Sustainalytics views the allocation and impact reporting process as aligned with market practice.



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Issuer Location São Paulo, Brazil

Report Sections

Introduction.....	2
Sustainalytics' Opinion.....	3
Appendices	12

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Introduction

Ambipar Group (“Ambipar”, or the “Company” or the “Issuer”) is an environmental management and emergency response service provider headquartered in São Paulo, Brazil. The Company was founded in 1995 and operates across 16 countries with more than 300 operational bases and over 11,000 employees. The Company has two primary business units – Ambipar Environment and Ambipar Response.

Ambipar has developed the Ambipar Group ESG Financing Framework (the “Framework”) under which the Company and its subsidiaries¹ intend to obtain loans and issue green, social and sustainability bonds and other debt securities,² and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to create positive environmental and social impacts. The Framework defines eligibility criteria in eight areas:

1. Renewable Energy and Energy Efficiency
2. Clean Transportation
3. Sustainable Water and Wastewater Management
4. Waste Management and Resource Efficiency
5. Green Building
6. Climate Change Mitigation and Adaptation Solutions
7. Circular Economy Adapted Products, Production, Technologies and Processes
8. Employment Generation, and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises

Ambipar engaged Sustainalytics to review the Ambipar Group ESG Financing Framework, dated August 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)³, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP).⁴ This Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11.4, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

¹ Ambipar has communicated that the subsidiaries issuing the financial instruments through the Framework will either be wholly owned or majorly controlled by the Company. The Company has further confirmed that it will be responsible for ensuring continual alignment of the issuance with the criteria defined by the Framework.

² Ambipar has communicated that the debt securities will not have an equity component and that it will ensure transparency in the allocation of proceeds before a bond is called or converted (based on applicability). Sustainalytics has reviewed only those instruments that have been specified in the Framework.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁵ The Ambipar Group ESG Financing Framework will be available on Ambipar Group’s website at: ri.ambipar.com

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of Ambipar's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Ambipar representatives have confirmed that (1) they understand it is the sole responsibility of Ambipar to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Ambipar.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Ambipar is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Ambipar has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Ambipar Group ESG Financing Framework

Sustainalytics is of the opinion that the Ambipar Group ESG Financing Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP, and SLP. Sustainalytics highlights the following elements of Ambipar's Sustainability Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy and Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Waste Management and Resource Efficiency, Green Building, Climate Change Mitigation and Adaptation Solutions, Circular Economy Adapted Products, Production, Technologies and Processes, and Employment Generation, and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises – are aligned with those recognized by the GBP, SBP, GLP, and SLP.
 - Sustainalytics notes that Ambipar intends to finance or refinance acquisition and merger of entities that derive at least 90% of their revenue from activities that align with the eligibility criteria defined under the Framework. Sustainalytics recognizes that the GBP require project-based lending and financing, which provide more transparency than non-project-based lending in general. Nevertheless, Sustainalytics recognizes that the financing of pureplay companies through green, social or sustainability bonds is commonly accepted as an approach which can generate positive impacts. Sustainalytics also notes that it is market expectation to allocate proceeds for acquisition and/or merger of pureplay companies linked to the fair value of eligible assets booked under the balance sheet of the target or merged company. The Framework also establishes a look-back period of 24 months for refinancing activities. Sustainalytics considers these criteria to be in line with market practice.

- Sustainalytics notes that there are three activities under the Sustainable Water and Wastewater Management and the Waste Management and Resource Efficiency categories which the Issuer may finance to provide services to its clients from hard-to-abate industries that are in need of transition.⁷ These three activities are (i) technologies and systems to collect and recycle hazardous and non-hazardous leakages, (ii) pollution mitigation services related to incidents, in particular, truck tipping and operational disasters, and (iii) air pollution prevention control systems.⁸
 - Sustainalytics recognizes the potential of these activities to create some environmental benefits to support the transition of some hard-to-abate industries. While acknowledging that the Issuer does not have control over the decarbonization strategies of its customers, Sustainalytics notes the importance of aiming to ensure that the activities and associated assets financed are expected to align over time with a credible decarbonization pathway.
 - The Framework does not include eligibility criteria specific to hard-to-abate industries and investments in the above-mentioned activities have the potential of contributing to risk of fossil fuel lock-in. Sustainalytics is not able to opine on whether any investments in such activities can be considered to be aligned with international climate goals. Sustainalytics encourages Ambipar (i) to avoid investments under the Framework in activities for which there is no credible transition pathway, (ii) to engage with recipients of its financing to advocate that they have a credible transition strategy in place, and (iii) to report on the outcomes of the engagements.
- Under the Renewable Energy and Energy Efficiency category, Ambipar intends to finance (i) the generation of wind and solar electricity and purchase of electricity from renewable sources, (ii) landfill gas capture projects, (iii) electricity generation from municipal solid waste, and (iv) equipment or technology that improves energy efficiency. Sustainalytics considers the criteria for financing renewable energy and energy efficiency projects to be aligned with market practice and notes the following:
 - For the purchase of electricity, the Company intends to invest in long-term (tenor longer than five years) power purchase agreements and bundled renewable energy certificates based on wind, solar and hydropower projects only. Ambipar will ensure that the associated hydropower project has a lifecycle carbon intensity of less than 50 gCO_{2e}/kWh and has no environmental and social risks associated with it.
 - The landfill gas capture projects will have gas capture efficiency of at least 75% and exclude landfill gas capture for flaring. The Framework allows investments in conventional landfilling projects, limited to those with energy capture and representing a minor share of the net proceeds from each issuance. Sustainalytics views as market practice to restrict eligibility to decommissioned landfills but considers the inclusion of operating landfill facilities with energy capture as a step forward in the context to improving Brazil's overall waste management capability.
 - For electricity production from municipal solid waste, the Company it will ensure segregation of the majority of recyclables before energy conversion and exclude energy conversion from plastic, rubber and tire-derived fuels. Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e., waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that, due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends

⁷ Sustainalytics notes that investments in activities associated with the use, production or distribution of fossil fuel are excluded from the Framework.

⁸ For collection and recycling systems and technologies for hazardous and non-hazardous leakages, Ambipar has communicated that their application will involve a robust process to address baseline environmental and social risks associated with hazardous waste and e-waste and that the waste collection vehicles, if involved in the process, would align the emission thresholds defined under the Clean Transportation category under the Framework. The Company additionally communicated that it will (i) ensure source segregation of recyclables from the waste, (ii) not recycle hazardous waste from fossil fuel operations, and (iii) have a robust mechanism to manage environmental and social risks associated with hazardous waste while implementing these systems and technologies.

- Ambipar to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.
- The financed equipment or technology will not be based on fossil fuel and is expected to achieve at least 30% improvement in energy efficiency over the pre-improvement baseline figures.
- Under the Clean Transportation category, Ambipar intends to finance or refinance the purchase of (i) lightweight hybrid vehicles that have emissions below 75 gCO₂/km and trucks that individually comply with an emission threshold of 25 gCO₂/t-km,⁹ (ii) passenger and lightweight electric vehicles, and (iii) fully electric fleet for operational purposes, in particular, pallet trucks, carts and buggies. Sustainalytics considers the criteria for financing low-carbon transportation to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, Ambipar intends to finance sustainable water management and treatment projects, including (i) non fossil fuel-powered water use efficiency and water reusability systems and (ii) water treatment plants for wastewater from the Company's own operations. The Framework excludes wastewater from fossil fuel operations. Sustainalytics considers the criteria to be aligned with market practice.
 - Under the Waste Management and Resource Efficiency category, Ambipar intends to finance circular economy projects including (i) mechanical recycling and reuse of solid waste, especially plastics, steel, aluminium, glass and e-waste (ii) mechanical biological treatment of organic solid waste, in particular, food, beverage, yard waste, pulp and paper waste for municipal and consumer applications, and (iii) soil remediation from emergency responses for its clients. Sustainalytics considers the criteria to be aligned with market practice and notes the following:
 - The Issuer has communicated that the reusable materials will be restored to their original use with minimal requirement for pre-processing. For e-waste recycling, the recycling facility will have a robust waste management process to mitigate associated risks.
 - The Issuer has confirmed that soil remediation projects will have no association with soil contamination from its own operations.
 - In the Green Building category, Ambipar intends to finance green buildings that have received a recognized green building certification. Sustainalytics views the schemes specified by the Framework – LEED certification¹⁰ (“Gold” or above), an EDGE,¹¹ and an Aqua HQE certification (“Excellent” or above)¹² – to be credible and the levels selected to be indicative of positive impact and aligned with market practice.
 - In the Climate Change Mitigation and Adaption Solutions category, Ambipar intends to finance the development and installation of climate observation and data systems and infrastructure that is designed to protect against flooding and other extreme climate events and improve response actions. The Framework requires such projects to undergo vulnerability assessment followed by an adaption plan to address risks identified in the assessment. Sustainalytics considers the criteria to be aligned with market practice.
 - Under the Circular Economy Adapted Products, Production, Technologies and Processes category, Ambipar intends to finance expenditures related to the research and development (R&D) associated with the refurbishment or reuse of reusable materials and processing of recyclable products. The Issuer has communicated that R&D projects will be designed to ensure that the reusable or refurbished materials will be put back to their original use with minimal requirement for pre-processing. The recycling projects will exclude chemical recycling of plastic and for e-waste recycling, the recycling facility will have a robust waste management process to mitigate associated risks. Ambipar has further communicated that it will restrict such expenditures to less than 5% of the total bond proceeds.
 - Under the Employment Generation, and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises category, Ambipar intends to finance employment generation and technical training programmes that support the advancement of

⁹ The emission estimation methodology for both hybrid vehicles and trucks will be based on the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) protocol.

¹⁰ USGBC website, “LEED rating system”, at: <https://www.usgbc.org/leed>

¹¹ EDGE website, “What is EDGE?”, at: <https://edge-cert.org/certifications/#certifications>

¹² HQE website, “HQE Certification”, at: <https://www.behqe.com/cerway/essentials>.

- populations and communities that are below the poverty line based on the national definition of their respective countries of residence or are unemployed.
- Ambipar has communicated that the employment generation programmes will be based on its management improvement programmes and supported by the Company's select waste suppliers and recycling cooperatives. The technical training programmes will be designed and implemented by Ambipar in partnership with identified universities with a purpose of educating external professionals on climate mitigation and pollution prevention themes.
 - The Company has further communicated that these programs will be offered either free-of-cost or at highly subsidized rates to the target populations.
 - Sustainalytics recognized the potential of financing employment generation and training programmes to create positive social impacts for the defined target populations and considers the criteria for financing such programmes to be aligned with market practice.
- Sustainalytics notes that the Framework excludes investments in activities that have association with the exploitation of human rights, modern slavery (including forced labor or human trafficking), child labor and fossil fuel-related operations.
- Project Evaluation and Selection:
 - Ambipar's Sustainability department and sustainability committee will be responsible for the evaluation and selection of projects based on the criteria defined in the Framework. The Company has communicated that the sustainability committee comprises members from Ambipar Environment's CEO, Sustainability, Treasury and Research and Development teams.
 - Ambipar has adopted internal environmental and social risk assessment and mitigation processes that are applicable to all allocation decisions made under the Framework. For additional details, see Section 2.
 - Based on the delineation of responsibility, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Ambipar's Treasury and Sustainability departments will be responsible for the management of proceeds from all issuances.
 - Ambipar intends to achieve full allocation of bond proceeds within 36 months of each issuance. The unallocated proceeds may either be temporarily held or invested in cash or cash equivalents.
 - Based on the management of the bond proceeds and the disclosure on the temporary use of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Ambipar intends to report annually on the allocation of proceeds and associated impact metrics in a consolidated report until full allocation. The report will be made publicly available on the Company's website.
 - Allocation reporting is expected to include category-wide details on the amount and percentage of allocated proceeds, and the proportion of financed and refinanced investments.
 - Impact reporting is expected to provide category-wide impact of the projects against respective key performance indicators, including (i) GHG emissions avoided (tCO₂e), (ii) annual renewable energy generated (MWh/GWh), and (iii) the amount of wastewater treated.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Ambipar Group ESG Financing Framework aligns with the four core components of the GBP, SBP, GLP, and SLP. For detailed information please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of Ambipar

Contribution of Framework to Ambipar Group's sustainability commitment

Sustainalytics is of the opinion that Ambipar demonstrates a commitment to sustainability through its core businesses as an environmental management and emergency response service provider, guided by a vision to reduce environmental and social impacts in its own operations and those of its customers.

Sustainalytics highlights the following initiatives taken up by Ambipar for being particularly aligned with the Framework:¹³

- For its own operations, in 2021, Ambipar implemented a zero-carbon emergency response initiative with an intent of offsetting all carbon emissions from the emergencies responded to by Ambipar Response in Brazil. In the same year, Ambipar launched a platform called Ambify to help its individual customers trace and offset their carbon emissions. In addition, the Company has implemented stormwater collection systems at its Nova Odessa Operating complex in São Paulo, which collect nearly 1,700 m³ of water each year. In 2021, it was able to reduce water consumption at the complex by 30%. To reduce its carbon footprint of energy use, Ambipar has installed solar panels to generate photovoltaic electricity at the same complex and the Aracruz Waste Treatment center. The Aracruz center has an installed capacity of 80 kWh, which has generated 21,455 kWh of energy as of December 2021.
- Through the Company's business line of waste management and valuation, Ambipar has managed around 1,251,181 tons of waste in 2021 for its customers, including managing waste co-processing and waste recycling. Moreover, Ambipar expanded its business in environmental management in the same year by completing 30 acquisitions to further broaden its sustainability initiatives.
- Ambipar has also invested in technology and innovation to support its sustainability trajectory. Ambipar's RD&I Center has developed 22 patents with technological and innovative solutions developed for valuing waste from various industries. Major innovations include Ecosolo®, an organic waste-derived soil conditioner, and Ecobase®, a product developed from mineral waste produced by the pulp and paper industry that is used as a foundation for highways and in cementitious materials for building and construction, as well as Collagen, a pharmaceutical-derived collagen-based soap.

Sustainalytics recognizes Ambipar's commitment to its ongoing environmental initiatives and encourages it to develop quantifiable and time-bound targets to further strengthen its sustainability practices.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include land use and biodiversity risks, effluents and waste generated in operations, occupational health and safety, supply chain risks, human rights, and stakeholder engagement.

Sustainalytics is of the opinion that Ambipar is able to manage and/or mitigate potential risks through the implementation of the following:

- Ambipar has adopted a Sustainability Policy through which it addresses risks associated with land use, emissions, and occupational health and safety. The policy is applicable to the Company's own units, customers and services provided.¹⁴
- To address effluents and waste generated in operation, Ambipar has an integrated management and sustainability policy in place to minimize the generation of waste.¹⁵ Moreover, the Company has established its environmental management system in accordance with the ISO 14001 standard to identify and mitigate environmental impacts in its operations.¹⁶ A pilot project is underway to recover

¹³ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

¹⁴ Ambipar Group, "Política de Sustentabilidade", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/84917198-1e1d-6c0c-1f11-7e6b722a8b4a?origin=1>

¹⁵ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

¹⁶ Ibid.

waste through composting, as well as to train its employees and consumers across Brazil in efficient solid waste management and ecoefficiency.¹⁷

- Regarding occupational health and safety, Ambipar has established an Occupational Safety Management System in accordance with the ISO 45001 standard, Emergency Management ISO 22320 standard as well as the Health, Safety, Environment and Quality Assessment System which sets out the occupational health and safety standards.¹⁸ In order to analyse risks, severity levels, and the likelihood of exposure, the Company employs a hazard-versus-risk mechanism that enables it to adopt a hierarchical approach to identifying controls and mitigation measures.¹⁹ In addition, Ambipar's staff members receive a variety of communications aimed at raising awareness of the significance of adhering to health and safety regulations.²⁰ The Company also conducts medical assessments of its employees to mitigate health risks based on their potential exposure to health-damaging activities.²¹
- To address environmental and social risk across its supply chain, the Company has established its Supplier Management System, which establishes requirements for ethical conduct, occupational health management and environmental management for all of its suppliers.²² In addition, Ambipar conducts audits of its suppliers as per its supplier management procedure.²³ Ambipar has put in place a system called Impar, which supports its supplier evaluation, verification, and engagement tools and also improves local procurement, assisting in the economic and social development of the areas in which it operates.²⁴
- Regarding human and labour rights, Ambipar is a signatory to the United Nations Global Compact and is committed to incorporating its 10 principles, including those related to human rights and labour standards.²⁵ The Company commits to avoiding any violation of human rights, forced or child labour, unfair competition, money laundering, diversity and inclusion and corruption through its code of conduct.²⁶
- Ambipar manages its relationship with its stakeholders through continual engagements, which include direct meetings and dialogue.²⁷ In 2021, it engaged with the representatives of its key stakeholders including customers, suppliers, acquired companies, employees, NGOs, and financial institutions to identify key sustainable development issues that impact its business and stakeholders.²⁸ The Company identified seven material issues, five of which were related to environmental considerations, including environmental management system, circular economy, waste and pollution management service, and adaptation for and mitigation of climate change.²⁹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Ambipar has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

¹⁷ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

¹⁸ Ibid.

¹⁹ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

²⁰ Ibid.

²¹ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

²² Ambipar Group, "Supplier Relationship Policy", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/7f0017ee-9741-6ccb-72b5-f0dbaa1113ee?origin=1>

²³ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

²⁷ Ambipar Group, "Stakeholders Relations Policy", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/636e96d6-2751-4cb7-9662-05beff57182e?origin=1>

²⁸ Ambipar Group, "Sustainability Report 2021", at: <https://api.mziq.com/mzfilemanager/v2/d/765f69d9-d6b2-42fc-b305-639ec9488ac1/3879ab45-e86f-ba8b-8343-8a9a7e9ec73c?origin=1>

²⁹ Ibid.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on below where the impact is specifically relevant in the local context.

Impact of Financing Renewable Energy Projects in Latin America

As the world's population continues to increase to an estimated 8.5 billion by 2030,³⁰ energy use is expected to rise. The International Energy Agency (IEA) estimates that annual global energy demand will increase by 9% between 2019 and 2030, despite the recent decrease in demand from COVID-19-related economic contractions.³¹ According to the IEA, the energy sector accounts for 75% of global greenhouse gas emissions.³² Although renewable energy experienced strong growth worldwide in 2019, accounting for almost 25% of global electricity generation, the rate of deployment must be ramped up to meet Paris climate goals,³³ which would require the share of low-carbon energy sources to increase to 65-70% of worldwide primary energy demand by 2050.³⁴ The road to achieving net zero by 2050 requires an annual addition of 630 GW of solar photovoltaics and 390 GW of wind by 2030.³⁵ Growing renewable energy capacity will further require increasing system flexibility, further supported by increasing energy storage capabilities.³⁶

Latin American countries face the challenge of increasing overall emissions owing to rising income levels and the consequent increase in energy consumption.³⁷ The energy sector is the largest source of GHG emissions also within the region, standing at roughly 46%, and being responsible for approximately 5% of global GHG emissions.³⁸ Latin America currently sources more than a quarter of its primary energy from renewable energy sources, standing at twice the global average.³⁹ It derives more than 200 GW of its power (56% of the total) from renewable sources, mainly large-scale hydropower and biomass.⁴⁰ In 2018, Latin American countries began deploying increasing levels of solar, wind and geothermal power, which total more than 10 GW of installed capacity.⁴¹ Sustainalytics believes that Ambipar's intention to foster solar and wind power in Latin America will help to promote a shift to a low-carbon energy sector.

Brazil is one of the largest global GHG emitters, having the sixth largest carbon footprint in the world.⁴² According to research, approximately 37.4% of Brazil's GHG emissions are derived from the energy sector⁴³ and 52% of the country's energy comes from coal, oil and gas.⁴⁴ In this context, increasing the share of renewables will aid Brazil in its transition towards a low-carbon economy.

Sustainalytics is of the opinion that the renewable energy projects financed under the Framework will have positive environmental impacts for the Latin American region.

³⁰ United Nations, "Population 2030", at: <https://www.un.org/en/development/desa/population/publications/pdf/trends/Population2030.pdf>

³¹ IEA, "World Energy Outlook 2020", at: <https://www.iea.org/reports/world-energy-outlook-2020>

³² IEA, "Net Zero by 2050 - A Roadmap for the Global Energy Sector", at:

³³ IEA, "Global Energy Supply 2020", at: <https://www.iea.org/reports/global-energy-review-2020/renewables>

³⁴ IRENA, "Global Renewables Outlook 2020", at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Apr/IRENA_Global_Renewables_Outlook_2020.pdf

³⁵ Ibid.

³⁶ IRENA, "Power system flexibility for the energy transition", at: <https://www.irena.org/publications/2018/Nov/Power-system-flexibility-for-the-energy-transition>

³⁷ United Nations (UN), "Economics of Climate Change in Latin America and the Caribbean", at: https://repositorio.cepal.org/bitstream/handle/11362/43889/1/S1800475_en.pdf

³⁸ Ibid.

³⁹ IRENA, "Latin America and the Caribbean", at: <https://www.irena.org/lac>

⁴⁰ IRENA, "Regional Action Plan: Accelerating Renewable Energy deployment in Latin America", at: https://www.irena.org/-/media/Files/IRENA/Agency/Regional-Group/Latin-America-and-the-Caribbean/IRENA_LatAm_action_plan_2019_EN.PDF?la=en&hash=12D7D12BF816911D9ED12AFAE0F34E73258B18F2

⁴¹ Ibid.

⁴² Carbon Brief, "Country Profile" Brazil", at: <https://www.carbonbrief.org/the-carbon-brief-profile-brazil>

⁴³ Climate Links, "Greenhouse Gas Emissions Factsheet: Brazil", at: <https://www.climatelinks.org/resources/greenhouse-gas-emissions-factsheet-brazil#:~:text=In%20Brazil%2C%2037.4%20percent%20of,percent%20relatively%20to%20GHG%20emissions>

⁴⁴ IEA, "Brazil", at: <https://www.iea.org/countries/brazil>

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Ambipar Group ESG Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy and Energy Efficiency	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Waste Management and Recycling	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Climate Change mitigation and adaptation solutions	13. Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Circular Economy Adapted Products, Production, Technologies and Processes	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	8. Decent Work and Economic Growth	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Conclusion

Ambipar has developed the Ambipar Group ESG Financing Framework under which the Company and its subsidiaries may issue sustainability bonds, loans, and other debt securities and use the proceeds to finance or refinance a wide range of environmental and social projects. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impact.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 8, 9, 11, 12 and 13. Additionally, Sustainalytics is of the opinion that Ambipar has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Ambipar Group is well-positioned to issue bonds and originate loans and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Ambipar Group
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Ambipar Group ESG Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 12, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Renewable Energy and Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Waste Management and Resource Efficiency, Green Building, Climate Change Mitigation and Adaptation Solutions, Circular Economy Adapted Products, Production, Technologies and Processes, Employment Generation, and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 8, 9, 11, 12 and 13.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |

- | | |
|---|--|
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify):
Employment Generation, and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises |
|---|--|

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Ambipar Group's Sustainability department and Sustainability Committee, comprising members from several internal departments, provides the final sign-off on investments that are pre-screened through an opportunity analysis and a risk analysis based on the criteria defined in the Framework. Ambipar Group has adopted internal environmental and social risk management processes which are applicable to all decisions made under the Framework. Sustainalytics considers this process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Ambipar Group's Treasury and Sustainability departments will be responsible for the management of proceeds. Ambipar Group intends to achieve full allocation within 36 months of each issuance. Unallocated proceeds will be temporarily held or invested in cash or cash equivalents. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
|---|

- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Ambipar Group intends to report annually on the allocation of proceeds and associated impact metrics in a consolidated report until full allocation on its website. The allocation reporting will include the amount and percentage of allocated proceeds, and the proportion of financed and refinanced investments. In addition, Ambipar Group intends to report on quantitative impacts and has provided indicative impact indicators in the Framework. Sustainalytics views the allocation and impact reporting process as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Sustainability Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Type of scheme and certification level; tons of waste reduced. |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Standalone report published on the Issuer's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's

overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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For more information, visit www.sustainalytics.com

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