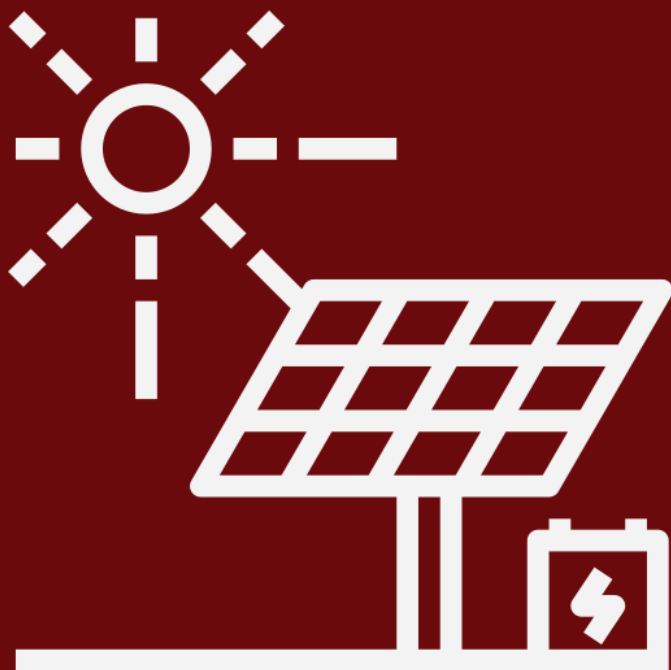


SECOND PARTY OPINION

TOTAL EREN – Green Bond

Dracena Photovoltaic Power Station



SITAWI Finanças do Bem

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 **SITAWI**
FINANÇAS do BEM

About SITAWI

SITAWI Finance for Good is a Brazil-based organization whose mission is to mobilize capital for positive environmental and social impact. We develop financial solutions for social impact and advise the financial sector on how to incorporate environmental and social issues into strategy, risk management and investment analysis. We are one of the 5 best environmental and social research houses for investors according to Extel Independent Research in Responsible Investment - IIRI 2018 – and a pioneer in the green bond market in Brazil.

Summary

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I. Scope

This document aims to provide an independent opinion regarding the categorization as a Green Bond of the infrastructure bond to be issued by *Eren Dracena Participações S.A*, a Special Purpose Entity (SPE) controlled by Total Eren. The proceeds raised by the issuance will be used to reimburse costs related to the development of the Solar Photovoltaic Farm “Dracena”.

To assess this issuance and its eligibility to be denominated as a Green Bond, SITAWI used its proprietary assessment method, which is aligned with the Green Bond Principles (GBP), Climate Bonds Standards and other internationally recognized sustainability standards.

SITAWI's opinion is based on:

- Assessment of the issuance as per its securitization term;
- Social and environmental performance of the project according to its licensing process and management practices;
- Total Eren's corporate Environmental, Social and Governance Performance (ESG) as per the company's corporate policies and practices;

This analysis made use of information and documents provided by Total Eren (some of them confidential), desk research, as well as other elements acquired in interviews with teams responsible for the Company's sustainability and finance areas, carried out in person, between September 12th and October 22nd, 2019.

SITAWI had access to all requested documents and key-staff, thus being able to provide an opinion with a reasonable level of assurance regarding completeness, precision and reliability.

The issuer intends to obtain the Green Bond classification, in line with the Guidelines for Issuing Green Bonds in Brazil 2016 (Febraban and CEBDS)¹ and the publication *The Coolest Bond*.² In addition, Total Eren is also applying for a post-issuance certification from the Climate Bonds Standards Board based on its standards, and for that counts with a verification to be carried out by Vigeo Eiris. This certification procedure is not part of SITAWI's second-party opinion.

¹ <https://biblioteca.cebds.org/guidelines-for-issuing-green-bonds-in-brazil-2016>

² <https://info.sitawi.net/thecoolestbonds>

II. Opinion

SITAWI confirms that the Total Eren issuance is aligned with the Green Bond Principles (GBP) and therefore can be labelled as a “Green Bond”, with positive impacts to the environment and climate, therefore promoting the sustainable development. This conclusion is based on the assessment of two aspects, presented below:

- Issuance (Section III)
 - a. The proceeds from the issuance will be used to reimburse the costs of the project related to the generation and transmission of solar energy, in line with the *GBP* and a *Climate Bonds Taxonomy*³;
 - b. The project that will use the resources raised from the Green Bond issuance is already defined at its issuance term sheet. This project is in line with Total Eren's strategy and offers tangible environmental and climate benefits.
 - c. Management procedures for raised funds were clearly defined by the issuer, throughout a documented and transparent process.
 - d. The issuer is committed to report annually the allocation of proceeds and the environmental benefits of the project.

- Project (Section IV)
 - a. The project has an overall comfortable environmental and social performance, contributing to the sustainable development.
 - b. The project has a comfortable performance in the environmental, community and environmental and social management systems (ESMS) dimensions. Regarding working conditions, the project's performance is satisfactory.
 - c. No controversy involving the project has been identified.
 - d. Total Eren's environmental and social management clearly defines ways of measuring, preventing, mitigating and compensating any negative consequences of the project that will be funded by the bond proceeds.

- Issuer (Section V)
 - a. Total Eren has a satisfactory ESG performance, with comfortable performance in the Environmental dimension and satisfactory in the social and governance dimensions.
 - b. The Company is not involved in any ESG controversies or cases that could represent financial losses or significant damage to its image and reputation, since it started its Brazilian operation, in 2014.
 - c. In this sense, we consider the Company able to manage and mitigate ESG risks that are present in its portfolio.

Technical team



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São Paulo, May 29th, 2020

³ <http://www.climatebonds.net/standards/taxonomy>

Declaration of Responsibility

SITAWI⁴ has not provided any previous services nor is a shareholder of Total Eren or from its affiliates, being therefore able to provide an independent opinion regarding Green Bond alignment.

The analysis contained in this Second-Party Opinion are based on a series of documents, part of which are confidential, provided by Total Eren. We cannot attest to their completeness, accuracy or even veracity. Therefore, SITAWI is not responsible for the use of the information contained in this opinion.

THIS IS NOT A RECOMMENDATION

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.

⁴ 'SITAWI' and 'SITAWI Finance for Good' are brand names utilized by KOAN Finanças Sustentáveis Ltda, a limited liability Company incorporated under Brazilian law (CNPJ 09.212.050/0001-07), who is the sole responsible for this report.

III. Issuance Assessment

SITAWI has used its proprietary assessment method, which is in line with the Green Bond Principles (GBP). The principles give support to the market in order to understand the key points of a financial product and how it is characterized as Green. More details on the principles can be found in the "[Method](#)" section.

Although it is a voluntary process, the adherence to GBP signals to investors, underwriters and other market agents that the issuer of the security follows adequate performance standards in terms of sustainability and transparency.

In the following subsections, we will assess the alignment of the green bond of Eren Dracena Participações S.A., a Special Purpose Entity (SPE) fully controlled by Total Eren, with the four components of GBP.

Use of Proceeds

The proceeds from the issuance of the Green Bond will be allocated at the reimbursement of costs related to the implementation of a photovoltaic solar energy generation project and transmission lines dedicated to the projects. The issuer is Eren Dracena Participações SA, a Special Purpose Entity (SPE) fully controlled by Total Eren.

This type of project is in line with the indenture for the issuance of the bond, which determines that the funds will be allocated to Dracena Solar Energy Farm, located in the municipality of Dracena, in the State of São Paulo. The Dracena Solar Energy Farm came into operation in August 2019.

GBP explicitly recognizes Renewable Energy as an eligible project category for being labelled as a Green Bond.

In addition, the project category related to solar energy is included in the definitions of the Climate Bonds Taxonomy, which provides general definitions of which types of projects would be eligible to be labelled as a green bond, encompassing the following activities:

- Development, construction, and operation of photovoltaic electricity generation plants;
- Transmission infrastructure wholly dedicated to the solar complex;

Therefore, the issuance of Eren Dracena Participações S.A., a subsidiary of Total Eren, is aligned with the GBP categories and are eligible for a Green Bond label, as per the Climate Bonds Taxonomy.

Process for Project Evaluation and Selection

The process for project selection, including the identification of an eligible category, definition of environmental benefits and other performance criteria, were accountable to the issuer, through an internal process, with its definition formalized under the bond's term sheet.

In general, this was a decision by the Company's Chief Financial Officer - CFO, with the support of the financial and sustainability departments. This initiative was supported by the Company's headquarters, located in France.

The Table 1 below shows the environmental benefits of the project and the share funded by the green bond proceeds.

Table 1

| Environmental benefit related to the Dracena Solar Complex | Project | Bond's share |
|--|---------|----------------|
| Annual * Renewable Energy Generation (MWh) | 155.050 | 120.319(77,6%) |
| Annual avoided GHG emissions ** (thousand tCO2e) | 11,4737 | 8,9036 (77,6%) |

*Estimated

**Greenhouse gas (GHG)

It is important to note that Total Eren is dedicated exclusively to the development of activities in the sectors of renewable energy and the preservation of natural resources. The Company plans, builds and operates renewable energy assets in developed and emerging countries. As of June 2020, Total Eren's power plants in operation total 1727 MW in nameplate capacity, divided into: 51% in solar energy, 46% in wind energy and 3% in hydropower (mini and micro hydroelectric plants in irrigation networks).

The bond indenture clearly mentions the project to which the funds will be allocated, including an early-termination clause whether funds are allocated to another project(s) or objective(s) other than those described.

This ensures that the funds will be invested in the renewable energy category, eligible to receive the Green Bond label, as we will see throughout this section. In addition, this project has a comfortable environmental and social performance (Section IV), according to SITAWI's assessment.

In addition, we conducted an analysis of Total Eren, so that investors have a better view of their ability to sustain the conditions that give the "Green" label to the bond. We recognized that Total Eren's ESG performance is satisfactory (Section V).

Therefore, it is possible to conclude that the issuance term sheet has already defined and formalized the eligible project to be funded by this Green Bond issuance. The project is in line with Total Eren's strategy and has environmental benefits, thus contributing to the sustainable development.

Management of Proceeds

A Green Bond will be issued for the photovoltaic solar farms Dracena 1, Dracena 2 and Dracena 4 (Dracena Solar Energy Farm) in the amount of BRL 280 million. This value represents 77.6% of the total estimated costs for the project, as indicated in the table below.

Table 2

| Project (SPE) | Total Costs (BRL million) | Funding Sources (BRL million) | |
|---------------------------|---------------------------|-------------------------------|---------------|
| | | Green Bond | Equity |
| Dracena Solar Energy Farm | 361,02 | 280 (77,6%) | 81,02 (22,4%) |

The funds raised through the issuance of the bond will be allocated directly to controlled accounts managed by SPE Eren Dracena Participações SA (which consolidates and is responsible for the management of the resources of the 3 SPEs under its control – Parque Solar Dracena 1, Parque Solar Dracena 2 and Parque Solar Dracena 4 - until its total expenditure, in order to guarantee its exclusive direction for the project. Controlling and

management of this account is done through internal accounting controls. In addition, a portion of the resources has already been used to repay the bridge loan of BRL 270.680.545,90.

According to Total Eren, it is estimated that all funds raised through the green bond issuance will be used to reimburse project costs and set up a reserve account until March 2020. During the period in which these funds are in Total Eren's cash, they will be allocated in highly liquid Brazilian Government Bonds.

It is important to emphasize that the bond to be issued falls under the Brazilian category of “fostered infrastructure bond”, since the project to be financed is classified as a priority project by the Brazilian Ministry of Mines and Energy. Thus, the bond must also comply with the provisions of Law 12.431/11, in order not to lose the special tax treatment benefits.

Based on the analysis carried out on the management of proceeds, it is possible to conclude that there is a clear and transparent procedure to ensure that the resources are allocated to the project that supports the Green Bond classification of the issuance.

Reporting

The issuer commits to monitor and report financial and environmental information related to the project. These results will be monitored to ensure that the resources allocated and the performance of the project remain in line with the GBP eligibility criteria.

Total Eren is committed to report the allocation of funds raised for the Dracena Solar Energy Farm project until the complete allocation of these resources through yearly audited financial statements, which will be publicly available on its website.

In addition, the environmental benefits related to the annual amount of renewable energy generation (in MWh) and its respective avoided GHG emission (in thousand tCO₂e), whose estimated values are shown in Table 1, will be presented by Total Eren on an annual basis, on its website, until the bond's maturity.

The commitments here described will be verified within one year after the issuance. The verification report will be made available to the trustee and bondholders.

Thus, we conclude that the Company has clearly defined the content and means to report the financial and environmental indicators to its stakeholders. The indicators are in line with international good practices and the GBP.

IV. Environmental and Social Performance of the Dracena Solar Energy Farm


This section aims to analyze the environmental and social management practices of the project to be financed by the Green Bond and also to identify whether the plans and programs implemented are capable of measuring, preventing, mitigating and compensating any possible negative impacts. In this way, it is possible to confirm the project's ability to contribute to sustainable development in a consistent manner. In addition, social and environmental controversies involving the project were investigated.

The project for the Dracena Solar Energy Farm, located in the municipality of Dracena in the state of São Paulo, includes the installation of 3 photovoltaic plants (Dracena 1, Dracena 2 and Dracena 4), each with a nominal capacity of 30 MWp and a transmission line of 6.7 km between the complex and the Dracena substation. In total, the complex has an installed capacity of 90 MW, with an estimated capacity to generate approximately 155.05 MWh of renewable energy per year.

In general, the environmental and social performance of the construction and operation of the Dracena Solar Energy Complex is comfortable. Among the dimensions evaluated, the following results stand out:

- Comfortable performance in the environmental, community and environmental and social management dimensions and satisfactory performance in the workers conditions dimension. This performance is due to the programs developed through the Basic Environmental Plan (PBA, acronym in Portuguese), the Simplified Environmental Study (EAS, acronym in Portuguese) and the Social and Environmental Management Plan (PGSO, acronym in Portuguese), all in compliance with Brazilian legislation.
- No controversy involving the project has been identified.

Table 3

| Environmental |  Comfortable |
|---|---|
| <ul style="list-style-type: none"> • Protected Areas (IFC-PS n°6): The project follows the environmental licensing process. It carried out environmental studies fulfilling the conditions of its environmental licenses. Although part of the land where the project is located is considered a Permanent Protection Area (APP, acronym in Portuguese), the photovoltaic plants do not impact on it. There are sections of the transmission line between the plants and the substation that intervene in the APP, the state agency authorized it and the project conducted all compensation actions. The land on which the project was developed is registered in the Rural Environmental Registry (CAR, acronym in Portuguese). However, the Legal Reserve is still under analysis to be regularized and it is below the minimum area defined by the Forestry Code. In the Simplified Environmental Report, it is mentioned that the land did not have a Legal Reserve, since at the time of acquisition (prior to 2008) it was already deprived of native forest and vegetation. Therefore, the Company obtained authorization for the Legal Reserve to be comprised only by the area used to compensate for the suppression of vegetation. The project is not included in priority areas for protection according to UNESCO and RAMSAR lists. • Impacts on local biodiversity (IFC-PS n°6): There is no native fauna in the project area, and it is also not part of any important area for biodiversity conservation. During the period of implementation of the project, a survey of the local flora was carried out for planning the suppression of vegetation. 165 tree species of native species were removed, of which 5 are considered to be sub-spontaneous and 27 are considered to be exotic. To mitigate and avoid impacts resulting from the removal of vegetation, the Subprogram for the Protection of Native Vegetation and Permanent Preservation Areas was created, aiming to guide and monitor activities related to the suppression of vegetation. In addition to the Erosion Control and Vegetation Cover Program, which aims to monitor local vegetation in order to prevent erosion with planting actions, whenever necessary. In relation to the landscape, the location of the project was specifically chosen in order to minimize possible changes. • Use of low environmental impact materials (IFC-OS n°3): The project has an installed capacity of 90 MWp. The panels used for the power generation are made of JinkoSolar polycrystalline silicon and have a tracker, a device that allows the mobility of the panels, which helps in reducing the area occupied by the project. However, the use of monocrystalline silicon panels could further reduce the area occupied by the project. • Projects wastes and life-cycle (IFC-OS n°3): During the construction phase, the Company followed the guidelines defined in the Subprogram for Solid Waste Management and the Environmental Control Program, which define procedures for selective collection, employee awareness and monitoring of the waste inventory, as well as the correct destination of water disposal for properly licensed companies. The recyclable waste generated during the installation of the plants was donated to local cooperatives. As the operation generates a small volume of common and recyclable waste, these are destined through the collection of waste from the city. The | |

Company has plans for decommissioning the panels as evidenced by the Demobilization Report of the Construction Site and Program for the Recovery of Degraded Areas (PRAD). However, there is no plan for decommissioning the solar plant. The Simplified Environmental Study mentions that the panels may be sent for recycling by the end of their useful life.

Communities

 Comfortable

- **Dialogue with surrounding communities (IFC-PS n°4):** The project is located in a region of rural properties, approximately 6 km from the urban center of Dracena municipality. As a result, no significant adverse impacts were identified on the surrounding community and, therefore, no mitigating measures were defined. Nevertheless, the Basic Environmental Plan (PBA, acronym in Portuguese) defined a Social and Environmental Communication Subprogram that aimed to open a dialogue with the population of the region in relation to the project. There were no public hearings, but a dialogue between Total Eren and the local authorities and landowners in the surrounding area. In addition, the Company supported the intermunicipal environment week in the municipalities of Dracena, Tupi Paulista and Junqueirópolis, giving lectures on: the importance of selective collection and recycling and the importance of solar energy in municipal schools. Another action for the community was the offering of free technical courses for the population in the area of energy, in partnership with Senai and the Dracena City Hall.
 - **Impact on traditional communities (IFC-PS n°7):** The project is not located near to indigenous nor traditional communities.
 - **Involuntary resettlement (IFC-PS n°5):** The project does not involve the involuntary resettlement of communities. The land of the project is leased and the contracts establish clear rules regarding the relationship with the lessors.
 - **Impact on archaeological and cultural sites (IFC-PS n°8):** The project area does not contain historical, prehistoric, cultural or archaeological sites, and it is not located in a territory recognized as a historical-cultural heritage by UNESCO. However, in the initial phase of the project, an old ceramic was found and if the project were to be built there, Total Eren would be required to carry out additional studies to obtain authorization from IPHAN. The Company then chose not to build in that location. In this context, the project obtained authorization from IPHAN for its implementation.
-

Workers

 Satisfactory

- **Working conditions for direct and outsourced employees (IFC-PS n°2):** The majority of plant's employees are outsourced, with the exception of management positions in the operation. The project does not have a specific document with the working conditions management plan for the project's facilities. However, during the construction phase of the project, there was a direct employee of the Company responsible for monitoring workers health and safety conditions. In addition, the Company required construction monitoring reports from the Company responsible for the implementation, which contained indicators regarding accidents, training and delivery of safety equipment. The Company has plans and programs for health and safety management, such as the Subprogram for Accident Risk Prevention of the Environmental and Social Management Plan (PGA, acronym in Portuguese) and the Workplace Safety Management Manual. Still in relation to risk and accident prevention, in compliance with NR 9, referring to the Environmental Risk and Accident Prevention Program (PPRA, acronym in Portuguese), the Company is committed to providing training and all the necessary PPE to its employees, for which use is mandatory. Based on the PPRA, and in compliance with NR 7, referring to the Occupational Health Medical Control Program (PCMSO acronym in Portuguese), the Company conducts periodic medical examinations and provides outpatient and medical care to employees whenever necessary.
 - **Employees diversity / Non-discrimination actions (IFC-PS n°2):** The project does not have policies for non-discrimination and for diversity appreciation. In addition, there is no open channel for employee complaints, nor a procedure for managing complaints.
-

Environmental and Social Management

 Comfortable

- **Environmental and Social Management System (IFC-PS n°1):** As a condition of its installation license, the Company presented quarterly monitoring reports of the programs determined under the Basic Environmental Plan (PBA, acronym in Portuguese). The Company is expected to deliver the first follow-up of the Operation's Environmental and Social Management Program to the environmental agency by August 2021. The Environmental Analyst, Augusto Carmo, is responsible for the fulfillment of environmental programs, periodic visits to the project and compliance with
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environmental licensing conditions from Total Eren in Brazil. Mr. Carmo is part of the Company's structure and reports directly to the Executive Board. The project has no certifications.

- **Transparency (IFC-PS n°1):** The Company prepared the monitoring reports of the PBA Programs, related to the conditions of its environmental licenses. They were not widely publicized.

The Dracena Solar Energy Farm is not involved in any environmental and social controversy. This is an important fact, as it indicates that the programs for monitoring, preventing, mitigating and compensating for social and environmental impacts have been effective.

In this sense, it is possible to conclude that the issuer comfortably established the procedures for the management of environmental and social risks associated with the Dracena Solar Energy Farm project, which will receive proceeds contributions from the Green Bond. It is also possible to ensure that it contributes to sustainable development.

V. Total Eren Corporate ESG Performance

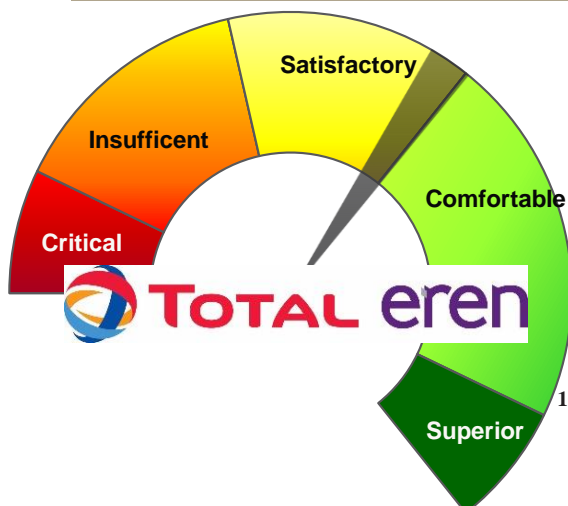
Total Eren is the renewable energy subsidiary of *EREN* Groupe, the first player dedicated to natural resource efficiency. Total Eren is mainly dedicated to providing low-carbon and reliable power at a competitive price. As an Independent Power Producer (IPP), the Company develops, finances, invests in, builds, and operates renewable energy power plants (mainly solar and wind) at a global level. Currently, the Company owns a gross capacity of more than 2,800 MW of renewable energy power plants in operation or under construction worldwide.

In addition to the mentioned project, the Company controls three other generating plants in Brazil: BJL 11, a solar farm located in Bahia with 25 MWp of installed capacity; BJL4, a solar plant also located in Bahia with 25 MWp; and Terra Santa and Maral, wind power plants under construction in Rio Grande do Norte with 90 MW and 70 MW, respectively.

Total Eren's analysis aims to assess its ability to measure, prevent, mitigate and offset risks associated with the projects it develops. In this way, it is possible to ascertain their ability to keep the conditions that allow the underlying projects to be eligible for an issue characterized as Green Bond unchanged.

In this context, we assessed the Company's policies and practices. Additionally, we researched social, environmental and governance controversies involving the Company and its SPEs associated with the projects.

SITAWI Research Company ESG Performance Analysis



Company: Total Eren
Country: France (headquarters) and Brazil (subsidiary)
Sector (GICS): Utilities

Strengths

- ✓ It is a pure-play Company exclusively dedicated to the development of renewable energy projects;
- ✓ Generation of renewable energy through solar, wind and water projects (micro and mini

- hydroelectric powerplants), which contributes to mitigate climate change;
- ✓ No history of environmental accidents;
- ✓ Working conditions of its employees.

Improvement Opportunities

- ! Formalization of local policies for environmental and social best practices;
- ! Formalization of local policies on working conditions and promotion of welfare initiatives for its employees;
- ! Formalization of local policies for sustainable management of suppliers and subcontractors;
- ! Elaboration of local decommissioning plan for solar projects.

ESG Performance

In general terms, Total Eren achieved a satisfactory performance, with emphasis on its prioritization of issues associated with licensing and compliance with environmental legislation and, mainly, due to its ability to contribute to a low carbon economy.


In addition to satisfactory ESG management practices, Total Eren has a code of ethics, which addresses topics such as transparency of information, anti-competitive practices, conflicts of interest, as well as several additional policies to define anti-corruption/bribery processes, private social investment and sustainability practices, among others.

On the other hand, the Company still lacks initiatives and, mainly, formalization, regarding environmental and social issues that were the focus of this analysis, such as waste management, decommissioning of equipment and relations with communities, workers and suppliers.

The formalization and disclosure of these guidelines is important to ensure that the Company's performance in these areas is assertive over time, as well as fostering a culture of transparency with its stakeholders.

ESG practices and policies assessment

Table 4

| Environmental |  Comfortable |
|---|---|
| <ul style="list-style-type: none"> • Natural Resource Use: Total Eren is a “pure play” Company for projects that use renewable sources to generate energy, such as wind, solar and hydro. The wind and solar energy projects have a low dependence on water and fuel resources, and the use of these resources during the operation phase is irrelevant. In turn, when it comes to power generation from water sources, the Company has only micro and mini hydroelectric plants that take advantage of existing irrigation channels, with low environmental impact in their construction and operation. In addition, these projects make up a small percentage of the Company's total power generation capacity. • Ecosystems: On one hand, the Company's activity may demand the deforestation of significant areas and, therefore, has a potential impact on biodiversity. On the other hand, the Company has no history of controversies related to the topic and maintains programs for monitoring and preserving terrestrial fauna, in addition to committing itself to encourage the adoption of techniques aimed at protecting and preserving biodiversity and ecosystems. There are reforestation initiatives in degraded areas in accordance with the provisions of the Brazilian Forestry Code, however, the Company has no formal commitment to tackle deforestation. The Company has a public commitment to comply with environmental legislation and has all valid project licenses. Total Eren monitors the validity of licenses and compliance with their conditions through its own employee. • Waste Management: The operation of the Company's assets generates a low amount of effluents, which are treated by on site compact stations and subsequently directed to the public treatment system. | |

The Company, however, has no public commitment of reusing materials and reducing effluents and waste. The Company currently recycles almost all of its waste, but there is no decommissioning plan for equipment used in solar power generation plants, despite having formalized it for the decommissioning of wind power equipment. The Company has no history of environmental accidents or controversies related to the inadequate disposal of waste. The Company's activities do not emanate significant amounts of air pollutants, but there is also no formal policy or public commitment on the management of atmospheric emissions.

- **Climate Change:** Total Eren generates energy from renewable sources, which means that the Company does not emanate a significant amount of CO2. In addition, Total Eren undertakes actions to mitigate climate change. On the other hand, the Company does not have a formal policy or public commitment on emissions management.
-

Social

 Satisfactory

- **Community:** Total Eren does not have a formal policy or public commitment to prevent and mitigate impacts on local communities. Although it does not have any previous controversies, wind generation has the potential to increase noise pollution and due to this fact, the Company conducts noise monitoring processes in these plants and remains within the legal standard. Regarding the impact on the landscape, the Company, whose operations have the potential to impact it, does not have a formal policy or public commitment to its conservation. However, Total Eren has no history of controversies in this regard. The Company's activities may also require the removal or resettlement of local communities, for which there are also no formalized procedures or policies aimed at compensating and / or negotiating with the population. However, no controversies were identified regarding the theme. In addition, the Company is committed to increasing local economic dynamism and promoting the structuring of local productive groups. For this, one of the actions is the hiring of local workforce suppliers. In addition, it has a program to promote local training and education.
 - **Clients:** The Company has no direct relationship with clients, as the generated energy is distributed in the Brazilian National Integrated System (power grid). At the international level, Total Eren is not involved in controversies on the topic.
 - **Supply Chain:** The construction and implementation phase of Total Eren's projects relies almost entirely on outsourced labor. In the Company's core activities, there are direct contractors and third parties. The Company monitors third-party health and safety indicators, which have shown greater improvement than direct employees in recent years. It also involves outsourced workers in activities to promote the health and safety of their operations. The Company seeks to maintain a good relationship with its suppliers through the definition of fair clauses since the request for proposals period. All suppliers are charged for ethical conduct and disqualified in the event of a breach of that conduct. The Company also has an annual supplier assessment process, including environmental and social indicators, but it does not have a formal policy or public commitment on sustainable management of suppliers and subcontractor.
 - **Human Resources:** The Company has no history of controversies and penalties related to labor accidents. Regular training for employees is promoted and the indicators of labor accidents are disclosed internally to the Company, but there is no formal policy on the subject. Through its Code of Ethics, made available to all employees, Total Eren is committed to respecting free union association and the right to collective bargaining. The Company has a reasonable level of indirect job generation during the construction and operation phase of the projects, but has no public commitment on job creation. It does not have a structured career plan, but it does have development plans and an individual performance evaluation process for its employees. The Company has no history of controversies related to discrimination in the workplace and through its Code of Ethics it is committed to encouraging diversity and non-discrimination. The Company does not release data on minority groups.
-

Governance

 Satisfactory

- **Transparency:** The Company does not disclose its Financial Statements on its website, but its main holding Company, Eren Group, consolidates Total Eren's financial information in its quarterly reports, which are always audited by a specialized auditing Company. The main social and environmental practices are also presented in Eren's annual reports, contemplating a breakdown by subsidiary. Information about the Board of directors and institutional policies are not disclosed.
 - **Integrity:** Total Eren has no history of lawsuits and media exposure for disputes related to Integrity. It makes its code of ethics available to all employees, containing the main governance practices that must be adopted in the Company at the employee level. The Company does not have a history of involvement in corruption cases, but it also does not offer a confidential reporting channel. The Company does not sponsor any party / political activity.
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- **Corporate Governance:** Total Eren has no history of lawsuits and media exposure for controversies related to governance. The positions of chairman of the board and CEO are not held by the same person, but there is no data on the percentage of independent directors or on their composition (diversification). Environmental and social issues are dealt with by the Executive Committee and the Board of Directors since the Company is dedicated exclusively to the development of renewable energy projects. Total Eren does not publicly disclose the total remuneration of the board of directors and the executive board, and it does not disclose whether it considers topics linked to ESG themes in the policy of variable remuneration for directors.
-

No controversies or cases were identified that generated negative exposure of Total Eren in the media over the last five years.

Through this analysis, we concluded that Total Eren has satisfactory ESG practices and technical know-how for its activities. In addition, the Company is not involved in controversial cases in its recent history. Therefore, we conclude that the Company has the capacity to measure, prevent, mitigate and compensate for risks and sustain the conditions that allow the characterization of the Bond as a Green Bond.

Method

SITAWI's analysis is based on a proprietary methodology, aligned to internationally recognized standards. It consists of two stages:

- 1) Issuance Assessment - the first step is to assess whether the use of resources has a potential for positive environmental impact, consistent with the condition of Green Bond. Therefore, we compare the issue to the four components of the Green Bond Principles (GBP).
 - Use of Proceeds: Bond's purpose and its alignment with the categories of Green Bond Principles and Climate Bonds Taxonomy;
 - Process for Project Evaluation and Selection: procedures applied on choosing projects, the alignment of these projects with the company's institutional strategy and environmental positive outputs;
 - Management of Proceeds: procedures applied for financial management of proceeds, to guarantee the allocation on activities eligible as green;
 - Reporting: Disclosure of information on tracking and allocation of proceeds, as well as the expected positive impacts of financed operations.

- 2) Projects ESG Performance – we evaluate the projects based on compliance to Brazilian environmental law and IFC Performance Standards Best Practices (IFC – PS) including others. In this context, the main aspects analyzed are:
 - Policies and practices for measuring, preventing, mitigating and compensating for environmental impacts;
 - Project's contribution to sustainable development
 - Controversies involving the Projects⁵

This analysis comprehends 4 dimensions and 12 themes, prioritized according to the materiality of each theme for the Project:

| Dimension | Theme |
|--|--|
| Environment | <ul style="list-style-type: none"> • Legally Protected and Internationally Recognized Areas (IFC-PS n°6) • Impacts on local biodiversity (IFC-PS n°6) • Use of low environmental impact materials (IFC-OS n°3) • Wastes and the projects life cycle (IFC-OS n°3) |
| Communities | <ul style="list-style-type: none"> • Dialogue with surrounding communities (IFC-PS n°4) • Impact on traditional communities (IFC-PS n°7) • Involuntary resettlement (IFC-PS n°5) • Impact on archaeological and cultural sites (IFC-PS n°8) |
| Workers | <ul style="list-style-type: none"> • Working conditions for direct and outsourced employees (IFC-PS n°2) • Non-discrimination actions in hiring and working conditions (IFC-PS n°2) |
| Environmental and Social Management | <ul style="list-style-type: none"> • Management System of Environmental and Social Responsibilities (IFC-PS n°1) • Transparency (IFC-PS n°1) |

⁵ The concept of controversies is based on the publication “CONTROVÉRSIAS ASG 2017” (<https://www.sitawi.net/publicacoes/controversias-asg-2017/>), which defines it as media disclosed fact, stakeholders expression. Of interest as well as regulators decisions.

3) Company ESG Performance - we evaluate the Company that operates the project, regarding best sustainability practices comparing with internationally recognized standards, such as GRI⁶ and others. In this context, the main aspects analyzed are:

- Policies and practices for measuring, preventing, mitigating and compensating for ESG risks from its activities;
- Company contribution to sustainable development and mitigation of climate change;
- Controversies involving the Company

This analysis comprehends 3 dimensions and 10 themes, prioritized according to the materiality of each theme for the Company:

Analyzed policies and practices

| Dimension | Practices |
|----------------------|--|
| Environmental | <ul style="list-style-type: none"> • Natural Resource Use • Ecosystems • Waste Management • Climate Change |
| Social | <ul style="list-style-type: none"> • Communities • Clients • Supply Chain • Human Resources |
| Governance | <ul style="list-style-type: none"> • Transparency • Integrity • Corporate Governance |

Labels

Assurance Level

| Assurance Levels | |
|-------------------|---|
| Reasonable | Able to convincingly confirm the assurance principles and objectives. |
| Moderate | Able to partially confirm the assurance principles and objectives. |
| Limited | Inability to confirm the assurance principles and objectives. |

Performance Level

●●●● Superior

The Company or the project has the best practices in that dimension, becoming a reference for other companies in ESG performance through the search for innovation and continuous improvement, thus contributing in a relevant way to sustainable development, including commitments to maintain this contribution over the long term.

●●●○ Comfortable

The project or the Company meets the minimum requirements for compliance with the local legislation on the specific theme, in addition to being aligned with international sustainability

⁶ <https://www.globalreporting.org/Pages/default.aspx>

standards (ex: IFC Performance Standards and GRI), contributing in a broad way to sustainable development.

Satisfactory

The project or the Company meets the minimum requirements for compliance with the local legislation in the specific topic.

Insufficient

The project or Company does not meet the minimum requirements for compliance with the local legislation on the specific topic.

Critical

The Company or project does not present evidences of its performance in the specific dimension.

Controversies

Level of Severity and Responsiveness related to controversies

| Level of Severity | |
|--------------------------|---|
| Not Significant | Breaks the law and/or negatively affects stakeholders but does not cause damage or causes minimal damage that does not require remediation. |
| Significant | Breaks the law and / or negatively affects stakeholders, with average level of remediation difficulty and cost. |
| Critical | Breaks the law and negatively affects stakeholders, with the caused damage being irreparable or with difficult or costly remediation. |

| Responsiveness | |
|-----------------------|--|
| Proactive | In addition to the Company taking corrective action to face de controversy, it adopts measures that go beyond its obligations, performing systematic procedures to prevent reoccurrence. |
| Corrective | The Company performs the necessary actions to correct the damages and communicates properly with impacted stakeholders. |
| Defensive | The Company takes insufficient action to correct the damages or issues a statement without taking corrective action. |
| Non-responsive | There is no action or communication from the Company regarding the controversy. |

Green Bond Principles Form

Green Bond / Green Bond Program

External Review Form

Section 1. Basic Information

Issuer name: Eren Dracena Participações S.A. (Special Purpose Vehicle controlled exclusively by Total Eren)

Review provider's name: SITAWI

Completion date of this form: July 10th 2020

Publication date of review publication: TBD

Section 2. Review overview

SCOPE OF REVIEW

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

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

EXECUTIVE SUMMARY OF REVIEW

According to SITAWI, Eren Dracena Participações S.A. issuance is aligned with the Green Bonds Principles and thus eligible to market as a Green Bond. The entirety of proceeds will be directed to Solar Photovoltaic power plants in the state of São Paulo, Brazil, through SPVs. The project has a satisfactory environmental and social performance. The issuer will report annually the proceeds allocation, the renewable energy generated in MWh and the avoided GHG emissions from the projects. Total Eren has a satisfactory ESG performance.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section: The debenture's term sheet indicates that the proceeds will be fully allocated to reimbursements of expenses related to the implementation of three solar power plants, Solar Plant Dracena 1, Solar Plant Dracena 2 and Solar Plant

Dracena 4, and dedicated transmission line. This project meets the eligibility requirements as they fall under the 'Solar' classification under the 'Energy' sector, as per Climate Bonds Taxonomy and also is aligned with Green Bond Principles, being characterized as "Green Project Bond".

Use of proceeds categories as per GBP:

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

If applicable please specify the environmental taxonomy, if other than GBPs: *According to CBI taxonomy, the project is included in Solar Energy categories: development, construction and operation of onshore solar PV plants and wholly dedicated transmission infrastructure for solar energy.*

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Overall comment on section (if applicable): The debenture's term sheet specifies the objective of the project: construction and implementation of three solar power plants (each one represented by a SPV): Dracena 1 Parque Solar S.A., Dracena 2 Parque Solar S.A. and Dracena 4 Parque Solar S.A., parts of the SPV Eren Dracena Participações S.A. and dedicated transmission line, managed and controlled by Total Eren Energia S.A.

As all solar power plants are already concluded, the Eligible Project is equivalent to the project associated with the bond. In addition, the project will generate an estimated 155,05 GWh per year of renewable energy and avoid the emission of 11.4737 thousand tCO2eq per year compared to the average of the Brazilian electricity mix in 2018. Proportionally, the debenture's proceeds correspond to 120,3 GWh and 8,90 thousand tCO2eq of this environmental benefit.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable): All net proceeds from the debenture will be destined to reimbursements of expenses of three solar plants, (each one represented by a SPV): Dracena 1 Parque Solar S.A., Dracena 2 Parque Solar S.A. and Dracena 4 Parque Solar S.A., parts of the SPV Eren Dracena Participações S.A. and dedicated transmission line, managed and controlled by Total Eren Energia S.A. The allocation of proceeds via SPVs guarantees that proceeds will be destined to the unique purpose of electricity generation and dedicated transmission lines from photovoltaic generation systems.

Additionally, the issuer reports that the net proceeds will be held in segregated accounts with the sole purpose of financing the costs associated with the various stages of the project. Total Eren has an internal management information system for accounting and controlling the proceeds.

The raised amount is expected to be fully allocated into the project's accounts as per December 2019. Meanwhile, these proceeds will be invested solely in cash instruments and government bonds until the completion of this process.

The issuance amounts to R\$ 280.000.000,00, which represents about 77.6% of the estimated total costs of the Nominated Projects (R\$361,020,000.00), which is not greater than the Issuer's debt obligation to the Nominated Project. The remaining resources will be financed by the Issuer's own capital (22.4%).

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in a systematic 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): Total Eren will report annually audited financial statements that proves allocation to the SPVs and related projects to the Fiduciary Agent and also publicly on its website. The issuer will disclose annually, on its website, the amount of renewable energy generated and the amount of Greenhouse Gases (GHG) avoided by the project.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

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

Impact reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

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

Information reported (expected or ex-post):

- | | |
|--|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): <i>Renewable energy generation (MWh)</i> | |

Means of Disclosure

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

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.*)

| |
|--|
| https://www.total-eren.com/en/ https://www.total-eren.com/en/realisation-eren/dracena/ |
|--|

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 (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialized research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programs.