

WHY ARE WE PART OF THE SOLUTION?

CBIO

There is no single solution to combat global warming. We depend on multiple and complementary solutions.

All sectors need to make efforts to reduce their GHG emissions. This can occur with greater efficiency in processes, change of energy sources, incorporation of new technologies, amongst others.

Carbon offset markets have been promoted as an important part of the solution to climate change.

AND THE DECARBONISATION CREDIT (CBIO) CAN HELP TACKLE THIS CHALLENGE.



The CBIO is part of the Brazilian Biofuels Policy, RenovaBio. It is a bond that represents one ton of carbon that was avoided in the atmosphere. These credits are used by fuel distributors to achieve the country's decarbonisation target. They can also be acquired by companies to offset their emissions.

THE MOST COMMON ARGUMENT IN SUPPORT OF CARBON OFFSETTING IS ECONOMIC EFFICIENCY

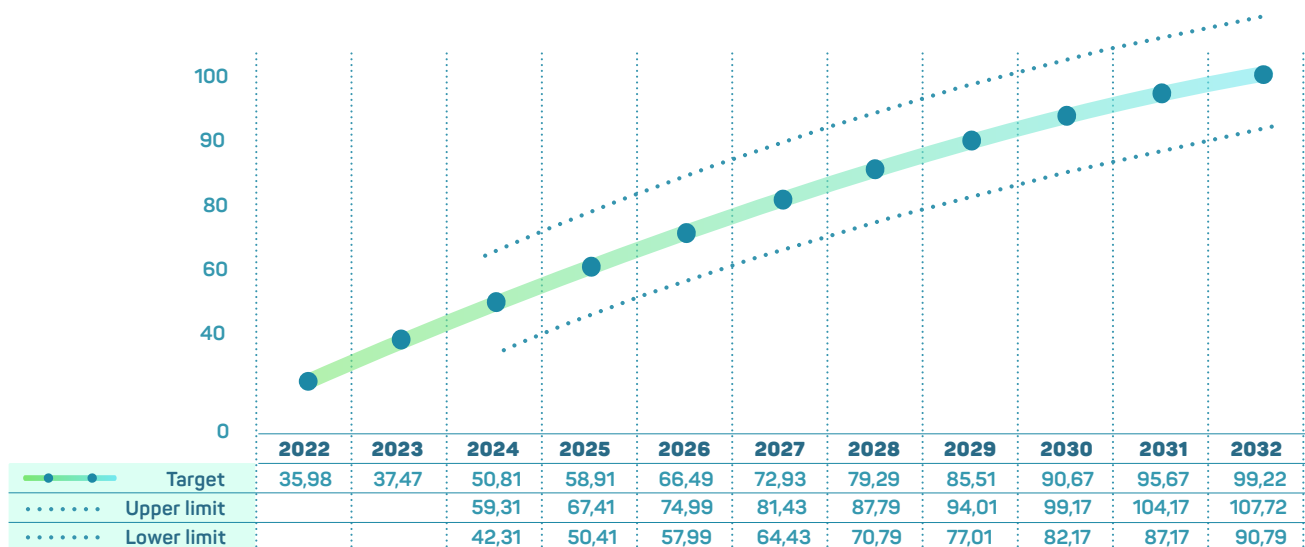
When offsetting is permitted, costs per unit of GHG mitigation tend to be lower because emitters can invest in cheaper and more cost-efficient projects.

By expanding the options for reducing GHG emissions, the use of carbon credits allows the fight against climate change to take place immediately.

Since 2020, the CBios market has moved more than **US\$ 1 billion**. About **71 million decarbonisation** credits were traded, with an average monthly price ranging from **US\$ 3 to 39 per CBio**.

By 2032, the number of bonds traded in this market should rise to **99 million CBios**, just with the acquisition of the mandatory part of the Program. Voluntary demand for CBio and integration with other markets provides promising perspectives.

CURRENT DECARBONISATION TARGETS FOR TRANSPORT



Values in millions of CBIOs.

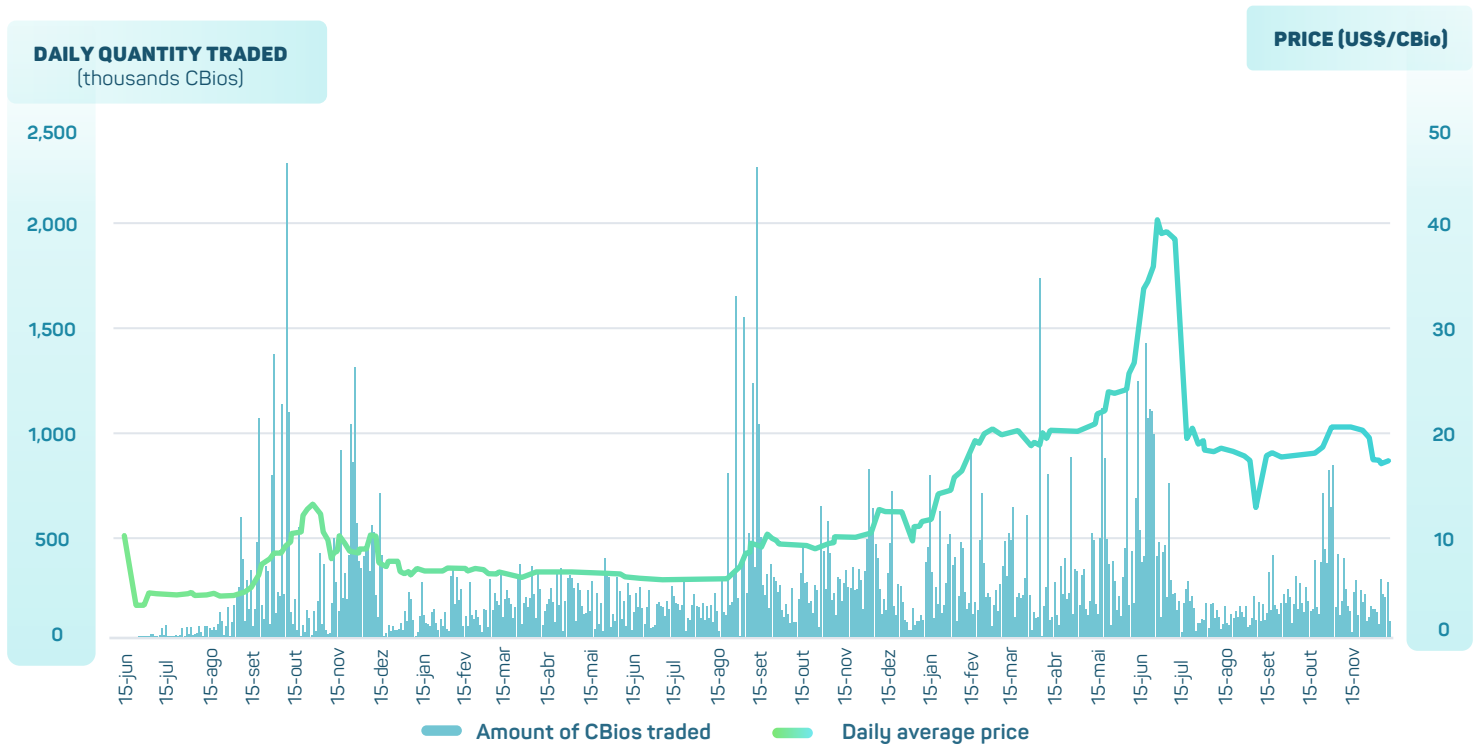
WHY IS THE CBIO A RELIABLE SOLUTION?

- Integrity and environmental ballast
- Adopted approach guarantees reduction of one ton of carbon
- Emissions reduction quantified through life cycle analysis, on the basis of internationally accepted standards
- Baseline scenario based on fossil fuel emissions substituted by biofuel (no non-permanence problems, carbon leakage, etc)
- Eligibility criteria imposes a zero deforestation policy
- Verification and monitoring rules involve certification with auditing by external companies, wide disclosure of information in public consultation and validation by the National Petroleum, Natural Gas and Biofuels Agency
- Currently, 94% of biofuel produced in Brazil are certified

SOLID GOVERNANCE STRUCTURE ASSOCIATED TO THE ISSUING AND COMMERCIALIZATION OF THE BONDS

- CBio issuance monitored by the executive branch
- Issuance authorized after validation of biofuel sales tax documents in the Brazilian federal revenue's database
- Bookkeeping performed by regulated financial institutions
- Trading in an organized market
- Registration on Brazilian stock exchange (B3)
- Wide publication of prices and quantities traded

DAILY TRADING REGISTERED ON THE CBIO MARKET (2020 - 2022)



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