



Bureau Veritas Brasil

POST ISSUANCE VERIFICATION CLIMATE BONDS STANDARD 3.0

Organization :	ECO SECURITIZADORA DE DIREITOS CREDITÓRIOS DO AGRONEGÓCIO S.A	
Organization representative:	Cristiano Macedo	
Phone:	+551138114959	
Email :	cristiano.macedo@ecoagro.agr.br	
Product name	GREEN BONDS 2020 RIZOMA - POST VERIFICATION	
	Name	Code
Lead auditor:	Silvio Paulo Moraes	SPM
Auditor:	Rubens da Silva Ferreira	RSF
Auditor:	Marlon Marabuto	MSM

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	Bureau Veritas Brasil		



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Green Bonds Report

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1. INTRODUCTION

A little over a year ago, in September 2020, ECO SECURITIZADORA DE DIREITOS CREDITÓRIOS DO AGRONEGÓCIO S.A. (Ecoagro) issued R\$ 25.000.000,00 (Twenty-five million reais) for projects and assets to be used by RIZOMA AGRICULTURA REGENERATIVA S.A. (Rizoma).

Ecoagro now engaged BUREAU VERITAS CERTIFICATION BRASIL (Bureau Veritas) to conduct independent verification of the financed projects and assets, according to the Post-Issuance Criteria of the Climate Bonds Standard V 3.0.

The issuer of the bonds:

ECO SECURITIZADORA DE DIREITOS CREDITÓRIOS DO AGRONEGÓCIO S.A., registered with the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM), address Avenida Pedroso de Moraes, 1553, 3º andar – conjunto 32, Pinheiros, São Paulo/SP, CNPJ nº 10.753.164/0001-43.

The user of the proceeds:

RIZOMA AGRICULTURA REGENERATIVA S.A., joint-stock company, address Rodovia Washington Luiz, KM 204, sala 1, CEP 13530-000, Itirapina/SP, CNPJ nº 30.196.360/0001-71.

The eligible projects considered are Row crops and agroforestry - working capital; Row crops and agroforestry - machinery and infrastructure; Post-harvest infrastructure; Agroforestry expansion - biological asset; Research and development; and Agriculture management platform.

Ecoagro intends to issue Certificate of Agriculture Receivables for a period of 7 years.

Responsibilities:

The collection, calculation, and presentation of the data published in the report are EcoAgro's management's sole responsibility.

According to the scope of work defined in this report, Bureau Veritas Brasil is responsible for providing an independent opinion to the stakeholders.



2. METHODOLOGY

Verification was conducted against the Post-Issuance Criteria of the Climate Bonds Standard Version 3.0.

This assessment was conducted by a multidisciplinary staff with expertise in financial and non-financial data.

The verification covered the following activities:

Interviews with the personnel responsible for the Bonds issuance and projects;

Review of documentary evidence provided by Ecoagro and Rizoma concerning the Bonds issuance and projects;

Review of the use of proceeds against CBI standard 3.0;

Evaluation of impact indicators associated with the projects.

The level of verification adopted was Limited, according to the requirements of the ISAE 3000 Standard, which were incorporated into the internal assessment protocols of Bureau Veritas Brasil

SCOPE OF WORK

Post issuance Verification of Green Bonds allocation in Agricultural Projects, according to the Climate Bonds Standard, 3.0.

Eligible projects: Machinery and Infrastructure; Research and Development Projects (Agroforestry System and Soil Correction); Biological Asset; Post-Harvest Infrastructure; Agricultural Management System and Working Capital.

An Agribusiness Receivables Certificate (CRA) was issued following the rules of CVM Instruction 600, in the amount of up to BRL 25,000,000.00 (twenty-five million reais), with a maximum term of 24 months (maximum period for payment of the funds raised), which is the period for distributing the CRA on the capital market, according to the rules of CVM Instruction 476 (Brazil).

Financial data were verified in local currency (Reais).



LIMITATIONS AND EXCLUSIONS

Excluded from the scope of this work was any assessment of information related to:
Activities, projects and assets outside the defined scope;
Use of proceeds for bonds not covered by this report.

VERIFICATION PERIODE

We performed this verification from 18 October to 18 November 2021.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management, with more than 185 years' experience in independent assessment. Bureau Veritas has a quality management system that is certified by a third party, according to which policies and documented procedures are maintained for compliance with ethical, professional, and legal requirements. The assessment team has no links with Eco Agro or Rizoma, and the assessment was performed independently.

Bureau Veritas has implemented and follows a Code of Ethics throughout its business to assure that its staff preserves high ethical, integrity, objectivity, confidentiality, competence, and professional attitude standards in the performance of their activities.



3. VERIFICATION ACTIVITIES

Organization :	<i>ECO SECURITIZADORA DE DIREITOS CREDITÓRIOS DO AGRONEGÓCIO S.A</i>
Verification:	<i>POST ISSUANCE VERIFICATION CBS 3.0</i>

A	Process for Evaluation and Selection of Projects & Assets
B	Verification of Use of proceeds
C	Evaluation of Management of Proceeds
E	Evaluation of Impact Indicators
F	Document Review and pending verification
G	Final Report
H	CBI submission
J	Adjustments (when applicable) and Report confirmation
K	Green Bonds Statement
L	End meeting



4. PLANNING

Activities	Verification Post issuance	Dates	Auditor
Scope and Planning:	YES	18/10/2021	Silvio Moraes Rubens Ferreira
Schedules, documentation to be assessed, kick-off meeting, specific checklists definition	YES	19/10/2021	Silvio Moraes Rubens Ferreira Marlon Marabuto
Projects and assets, use of proceeds	YES	20-28/10/2021	Silvio Moraes Rubens Ferreira Marlon Marabuto
Management of proceeds	YES	01-16/11/2021	Silvio Moraes Rubens Ferreira
Assessment of documents, including pieces of evidence sent by contractor and use of BV checklists	YES	01-16/11/2021	Silvio Moraes
Document review and pending verification	YES	17-18/11/2021	Silvio Moraes
Final report before CBI submission	YES	18/11/2021	Silvio Moraes
Adjustments after CBI check (when applicable)	YES	23/11/2021	Silvio Moraes
Final report including CBI confirmation	YES	24/11/2021	Silvio Moraes



5. PROJECT CHARACTERISTICS

Rizoma Agro is a Brazilian grower for large-scale regenerative organic farming: The company designs and implements agricultural systems that produce profitable organic crops with a net positive return on the environment. Rizoma is currently the largest grower of organic grains and pulses in Brazil, supplying major food companies and exporting to the US and Europe.

The company has 1,200 hectares leased in 2 farms, Fazenda da Toca and Fazenda Takaoka, and one silo for grain drying and storage in the state of São Paulo. The entire operation is certified organic using regenerative farming practices to rebuild soil health, increase its levels of organic matter, and stock atmospheric carbon underground.

In 2019, the company created a regeneration protocol that defines indicators and a sampling strategy for measuring and monitoring impact in three main pillars (sequestering carbon, increasing biodiversity, and improving the water cycle). This protocol was co-created with academic partners from Brazil and Europe and carried out the first impact assessment between 2019 and 2020.

The Net Proceeds of the Bond will be deployed on operating and capital expenditures on Rizoma Agro's current farm operations. The Bond issued under this Green Bond Framework is aligned with the Climate Bonds Standard Version 3.0; the Nominated Projects & Assets all fall into the Taxonomy "Agriculture (including mixed-use productive systems)" and are covered under the Agriculture Criteria. The nominated Projects & Assets are described in the Green Bonds Framework.

MANAGEMENT OF PROCEEDS

An Agribusiness Receivables Certificate (CRA) was issued following the rules of CVM Instruction 600, in the amount of up to BRL 25,000,000.00 (twenty-five million reais), with a maximum term of 24 months (maximum period for payment of the funds raised), which is the period for distributing the CRA on the capital market, according to the rules of CVM Instruction 476 (Brazil). In the case of Rizoma, the CRA will be 100% distributed and paid in one go.

The CRA maturity will be seven years, as defined in the Securitization Term.

The CRA mentioned above are backed by Cédula de Produtor Rural Financeira (CPR-F) issued by Rizoma Agricultura Regenerativa S.A., which is an instrument that allows Rizoma Agro to raise funds for the Financing of Eligible Green Projects.



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Eco Securitizadora (Ecoagro), with the resources obtained from the subscription and payment of the CRA, made the payment of the CPRF to Rizoma Agro.

Over seven years, capital expenditures on eligible green projects will correspond to or exceed the total funds raised by issuing green bonds. The funds raised by Rizoma Agro are kept in a current account held by Rizoma Agro until the payment of its suppliers. They cannot be allocated to financial instruments that generally generate negative externalities to the climate or the environment.

The funds raised by Rizoma Agro through the issuance of CPR-F must be used exclusively to acquire the inputs described in clause 5.1 of the CPR-F, according to the Securitization Term. According to the Securitization Term, CPR-F cannot be attributed to any other debt issue, characterized as green or not. In addition, Rizoma Agro is required to present documentation proving the application of funds annually, according to the item of clause 4.1 of the Securitization Term.

REPORTING

During the Green Bond period, Rizoma Agro compromises to publish Updated Reports annually to confirm its ongoing conformance with the Post-Issuance Requirements of the Climate Bonds Standard:

- Allocation Reporting: confirming the allocation of Net Proceeds to Nominated Projects & Assets;
- Eligibility Reporting: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets needed to conform to the applicable eligibility requirements;
- Impact Reporting: disclosure of Rizoma Agro's impact indicators on carbon, biodiversity, and water.



6. OUR FINDINGS

The Bureau Veritas verification team conducted this assessment in the period between 18 October and 18 November 2021.

Evidence was collected to assess the use of funds generated by the issue of CRAs and the implementation of the proposed projects in terms of compliance with Post-Issuance CBI criteria.

The balances of expenditure on the projects proposed for the issue of Green Bonds were analyzed (as set out in Annex 03_Proceeds Allocation Report and Annex 04_Control sheet on the use of proceeds). The team analyzed sample evidence of the respective disbursements for the previously defined items. Based on the documents presented and a sample of payment records, no improper use of proceeds obtained with the issuance of Green Bonds was identified, nor deviation from the CBI criteria.

A detailed checklist, contemplating all CBI post-issuance criteria, was forwarded to Rizoma/EcoAgro to collect evidence and verify compliance with the referred requirements. We performed the verification of the specific issues related to the post-issuance CBI criteria, and the results and evaluation of this checklist constitute part of this report.

To assess the impact of the investments made based on the issue of Green Bonds, we investigated the performance indicators of the implemented projects, referred to in the Framework of the operation (Annex 01_Framework final). We identified consistent monitoring of the proposed indicators (Soil organic matter, total organic carbon, water holding capacity, Biodiversity: microbial biomass carbon) demonstrating positive impacts (as shown in Annex 05_Environmental post emission indicators), as well as additional relevant impacts resulting from increased water availability (Annex 06_Environmental post emission indicators - water and productivity).

During the assessment, we collected evidence from Rizoma and Ecoagro that substantiated this report. The Annex 02_Pos-Issuance Requirements consolidates information and data that support the adherence of the process to the criteria.

Other documents, mainly in Portuguese, were kept by Bureau Veritas Brasil as part of our verification process.



7. CONCLUSION

Bureau Veritas Certification conducted the assessment according to the Climate Bonds Standard Version 3.0 and the International Standard on Assurance Engagements 3000 - ISAE 3000.

The following conclusions are based on documentation provided by Ecoagro and Rizoma Agro and conversations with their relevant staff to confirm the conformance of the use and management of proceeds raised by issuing Agribusiness Receivables Certificate (CRA) with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

After completing our verification, based on the limited assurance procedures conducted by Bureau Veritas Brasil, nothing has come to our attention that would indicate that the Green Bonds allocation is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard 3.0 and the Agriculture Criteria 2020.

There is relevant evidence of the positive impacts of the investments made based on the issue of the Green Bonds.

Based on the evaluation of the data provided, no deviations were identified regarding the current use and management of proceeds associated with the Green Bonds.

A complete validation of the use of the resources will only be possible after the project is completed. We assessed the use of proceeds in the last year, where there was a more significant allocation in Machinery/Infrastructure and less connected to other characteristics, mainly Working Capital. According to the available accounting records, the amount spent so far is BRL 20,242,267.00, against a total project value of BRL 25,000,000.00.

We have not identified any impairment that would prevent Ecoagro to keep the right to use the Climate Bond Certification Mark in association with the issued Bond (but no other) for the duration of the Bond term, provided that the Bond remains Climate Bond Standard compliant.

CONTACT

Bureau Veritas Brasil is available for further clarification on www.bureauveritascertification.com.br/faleconosco.asp or by telephone (55 11) 2655-9000.

São Paulo, 24 Novembro 2021.

A handwritten signature in black ink, appearing to read 'Silvio Moraes'.

Silvio Moraes
Lead Auditor Green Bonds Certification
Bureau Veritas Brasil



8. POST ISSUANCE VERIFICATION CHECK-LIST

Theme	Base for verification	Post-Issuance Requirements	Findings/Evidences	Requirement Met
Use of proceeds	Climate Bonds Standard 3.0	5.1 The Net Proceeds of the Bond shall be allocated to the Nominated Projects& Assets.	<i>Net proceeds of the bond are properly allocated considering Nominated Projects & Assets. For more information see Annex 02- Post Issuance Requirements. The balances of expenditure on the projects proposed were analysed and sample evidence of the respective disbursements were verified.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.2 All nominated Projects&Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.	<i>Nominated Projects & Assets meet documented objectives of the Bond as stated under Clause 6.1.1 and are in conformance with the requirements of Part C of CBS 3.0. For more information, see Annex 02- Post Issuance Requirements.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.3 The Issuer shall allocate the Net Proceedsto Nominated Projects&Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post- issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.	<i>Most of the Net Proceeds to Nominated Projects & Assets have already been allocated. Rizoma has committed to spending the remaining part of the proceeds within 24 monthsoftheissuance. Rizomaundertakestoissue information concerning this balance in future annual post- issuance reports.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.4 Nominated Projects&Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:	<i>Rizoma confirms that the Nominated Projects and Assets has not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or; 5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.	<i>N.A.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.5 Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.	<i>All net proceeds of the bond are properly allocated considering Nominated Projects & Assets and not used for refinancing. For more information, see Annex 02- Post Issuance Requirements.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.	<i>Evidence of criteria for tracebility of the net proceeds is stablished and maintained according to the Crop Pledge Certificate (CRA), Financially Settled.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.7 The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.	<i>Net Proceeds of the Bond are not greater than the issuer's investment exposure. Rizoma stablished internal processes to track the Net Proceeds of the Bond, and earmarked the proceeds to Nominated Projects. For more information, see Annex 02- Post Issuance Requirements.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.8 Additional Nominated Project&Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clause 6.1.1.	<i>Net proceeds of the bond are properly allocated considering Nominated Projects & Assets proposed in the pre-issuance report. Rizoma confirmed that no other Project or Asset was added.</i>	YES
Use of proceeds	Climate Bonds Standard 3.0	5.8.1 .Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre- Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.	<i>N.A.</i>	YES



Theme	Base for verification	Post-Issuance Requirements	Findigs/Evidences	Requirement Met
Process for Evaluation and Selection of Projects & Assets	Climate Bonds Standard 3.0	6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:	<i>Rizoma Agro Green Bonds Framework documents the decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets.</i>	YES
Process for Evaluation and Selection of Projects & Assets	Climate Bonds Standard 3.0	6.1.1. A statement on the climate-related objectives of the Bond;	<i>Framework describe objectives of the Bond that address climate change and reducing carbon emission.</i>	YES
Process for Evaluation and Selection of Projects & Assets	Climate Bonds Standard 3.0	6.1.2. How the climate-related objectives of the Bond are positioned within. the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;	<i>In the Framework (Annex 01), Rizoma Agro stated the aim to produce feed/food at the same time as regenerating soil/environment. There are pieces of evidence that the bests practices are being used to achieve this main goal. For more information, see Annex 02- Post Issuance Requirements.</i>	YES
Process for Evaluation and Selection of Projects & Assets	Climate Bonds Standard 3.0	6.1.3. The Issuer's rationale for issuing the Bond;	<i>Framework and Rizoma policies and strategy demonstrate the issuer's rationale for issuing the Bond.</i>	YES
Process for Evaluation and Selection of Projects & Assets	Climate Bonds Standard 3.0	6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;	<i>A complete process to determine eligibility is described in the Framework (Annex 01) and can also be found in the Annex 02- Post Issuance Requirements.</i>	YES
Process for Evaluation and Selection of Projects & Assets	Climate Bonds Standard 3.0	6.1.5. Other information provided by the Issuer as described in Clause 2.2 (Evidence that Issuer included, under Clause above, further aspects of the decision-making process, including: 1. Related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets; 2. Green standards or certifications referenced in the selection of Nominated Projects & Assets)	<i>The Rizoma Agro's Framework refers aspects of the decision making processes, including the nomination of projects aiming to comply with the organic certification of agricultural products.</i>	YES
Management of Proceeds	Climate Bonds Standard 3.0	7.1 The Net Proceeds of the Bond shall be credited to a subaccount, moved to a sub- portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.	<i>Evidence of criteria for traceability of the net proceeds are in the Crop Pledge Certificate (CRA), Financially Settled</i>	YES
Management of Proceeds	Climate Bonds Standard 3.0	7.2 The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3	<i>Rizoma established and maintains an earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets.</i>	YES
Management of Proceeds	Climate Bonds Standard 3.0	7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be: 7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or 7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or 7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.	<i>Rizoma keeps records of the management of proceeds and the allocation to nominated projects & assets (for more information, see Annex 04_ Control sheet on the use of proceeds). Requirements to provide evidence of the balance of unallocated Net Proceeds are stated in the Crop Pledge Certificate (CRA) and the Securitization Term Sheet. The balance of pending allocations are held in low-risk investments, such as Bank Deposit Certificates.</i>	YES
Reporting Post-Issuance	Climate Bonds Standard 3.0	8.1. The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding. 8.1.1. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board. 8.1.2. The Update Report shall be made available to the public. 8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments	<i>The update report was made available at Rizoma Agro's website to make it public to all stakeholders involved or interested. Rizoma Agro has decided to submit the Update Report to BV verification right after the first year of emission. The company is now making available to public, holders of the bonds and to CBI a report already evaluated by BV, that can unify efforts and serve as a base for the next publications.</i>	YES