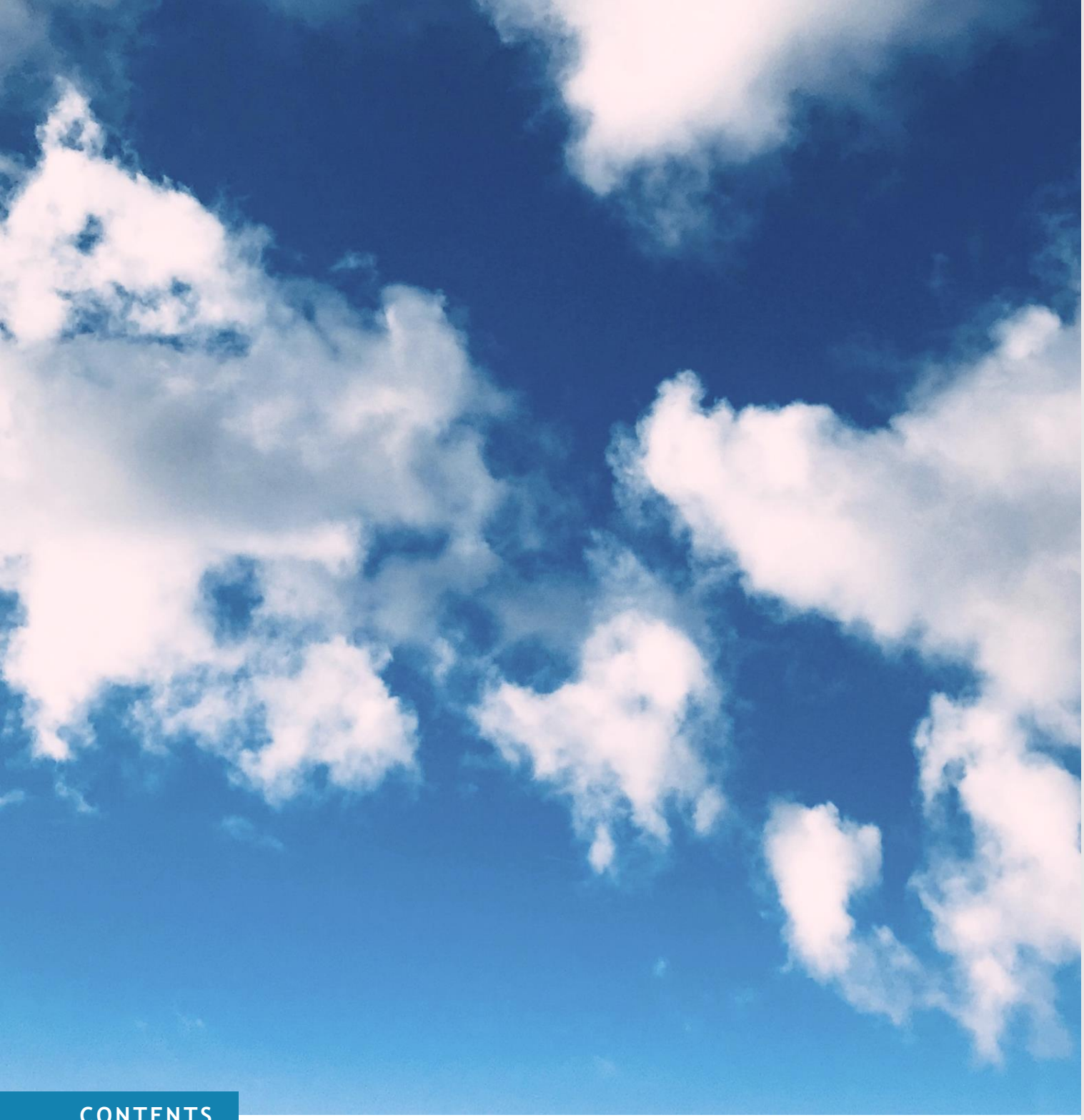
UPDATE REPORT

Faro Energy
Brazilian Solar Bond I

FARO ENERGY



CONTENTS

INTRODUCTION

In **August of 2018**, Faro Energy ('Faro') issued the **first Certified Green Bond for solar energy in Brazil following the Green Bond Framework are aligned with the Climate Bonds Standard.** 100% of the first three Series, totalling USD $5m, was drawn down over the remainder of 2018. Bond Series 1, 2 and 3 - for $3M, $1M, and $1M - were issued in August, September and November of 2018 respectively. These first three Series were deployed into four solar projects totalling 13.3MW. All Green Bond proceeds were spent by the middle of Q3 2019. Faro issued its fourth Series of approximately $1M in **December 2018**, which was used to refinance its **first project AquaRio.** The objective of these projects is not only to provide savings for Faro's clients, but also to produce clean energy and aide in the transition to a sustainable energy grid.

This report for Bondholders outlines the performance of the underlying projects for Q2 2021.

PROJECTS

Five onshore solar electricity projects totalling 13.9 MWp-DC were approved by Faro's Investment Committee as Eligible Green Projects and selected for financing by proceeds raised from the issuance of Faro's Brazilian Solar Green Bonds.

Four of these projects are Virtual Net Metering (VNM) plants, three of which are in Minas Gerais and one of which is in Pernambuco. The one refinanced project is a rooftop project in Rio de Janeiro. All proceeds from Series 1 through 4 have been used either for the financing or refinancing of solar projects.

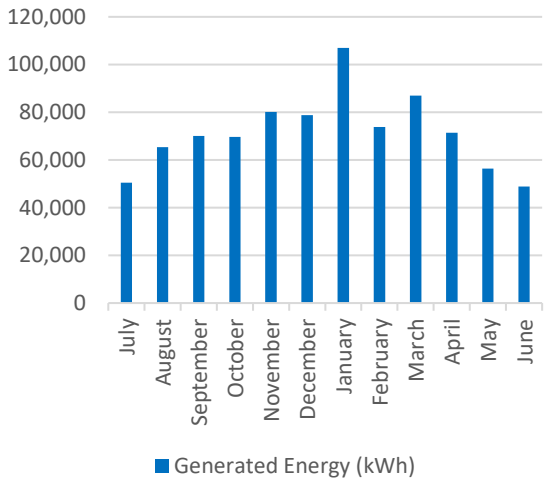
All Green Bond proceeds drawn down have already been invested in these solar projects listed above and continue to meet the relevant eligibility requirements specified in Part C of the Climate Bonds Standard.

PROJECT	SIZE (MWp)	STATE	IC APPROVAL	COMMERCIAL OPERATION DATE	FINANCED/REFINANCED WITH GREEN BOND PROCEEDS?
AquaRio	0.640	RJ	May 2016	May 2017	Refinanced
Afogados	0.475	PE	Sep 2017	Apr 2019	Financed
Pirapora	2.538	MG	Nov 2017	Mar 2019	Financed
Janaúba	5.039	MG	Mar 2018	Oct 2020	Financed
Jaíba	5.227	MG	Mar 2018	Apr 2020	Financed
TOTAL	**13.919**				

PROJECT - AQUARIO, RJ - 0.6 MWp

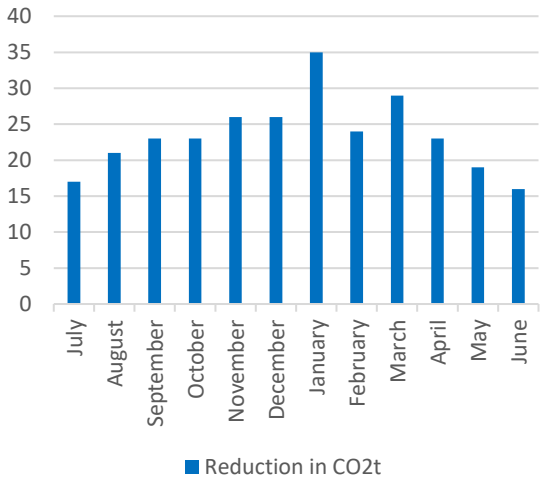
0.9 GWh

Generated Energy (kWh)



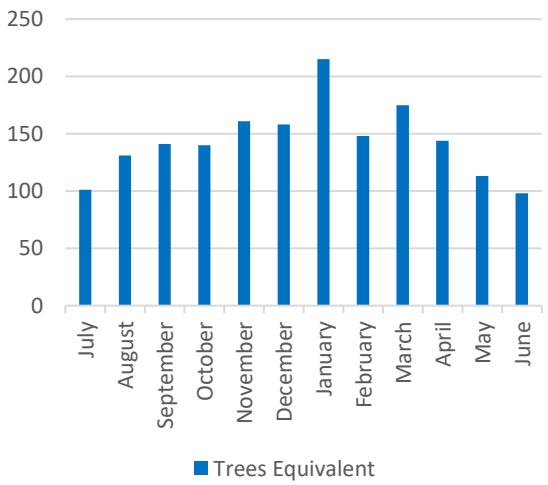
282

Reduction in CO2t



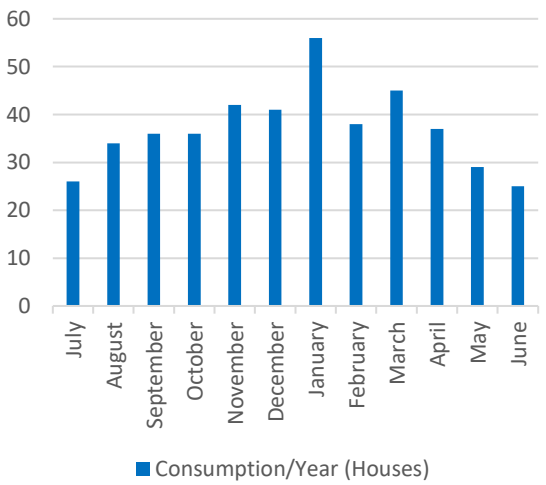
1,725

Trees Equivalent



445

Consumption/Year (Houses)

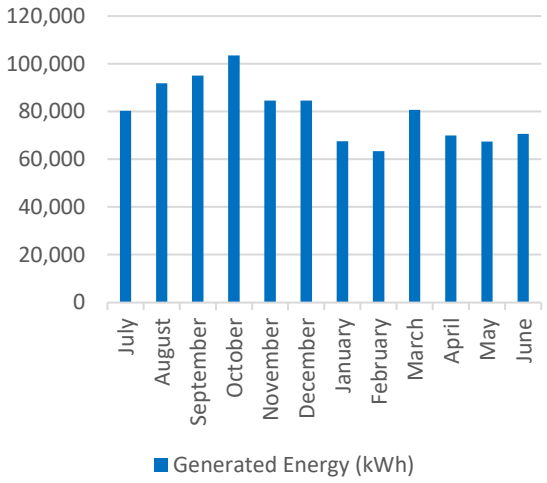


1 MWh = 0.328 tons of CO2; 6.13 trees = 1 ton of CO2; 1 house = 1920.22 kwh per year

PROJECT - AFOGADOS, PE - 0.5 MWp

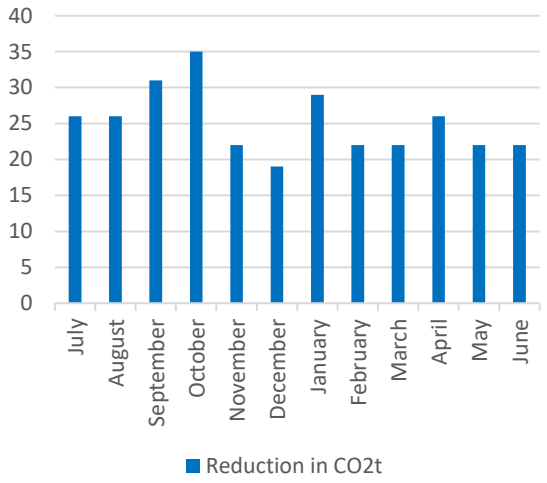
1.0 GWh

Generated Energy (kWh)



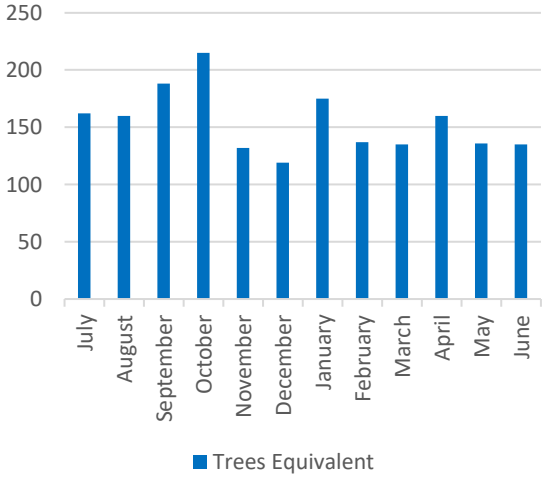
302

Reduction in CO2t



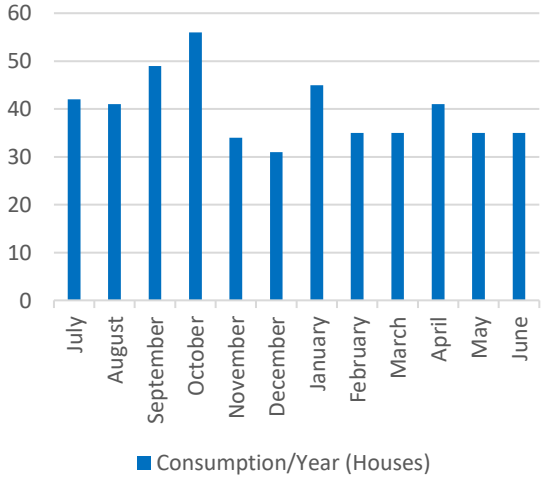
1.854

Trees Equivalent



479

Consumption/Year (Houses)

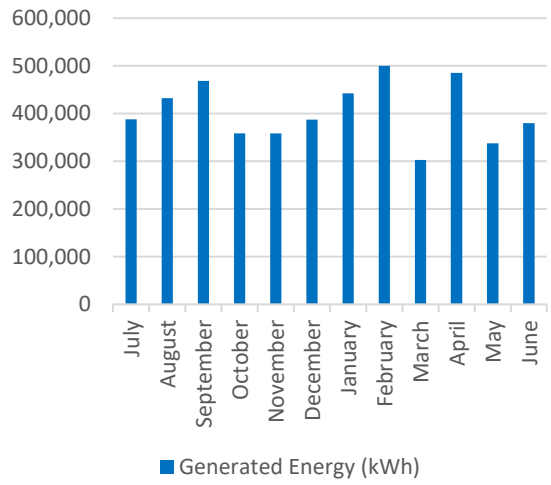


1 MWh = 0.328 tons of CO2; 6.13 trees = 1 ton of CO2; 1 house = 1920.22 kwh per year; historicals were edited to account for a system data collection error

PROJECT - BOM ABRIGO I, MG - 2.5 MWp

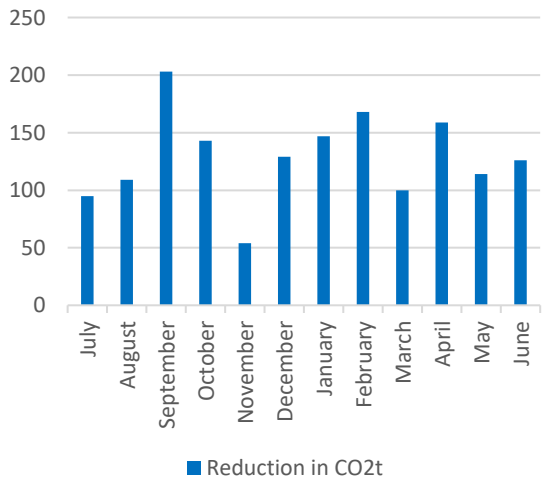
4.8 GWh

Generated Energy (kWh)



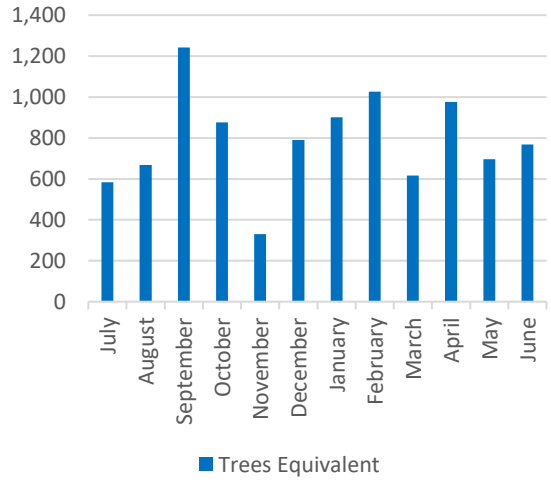
1,547

Reduction in CO2t



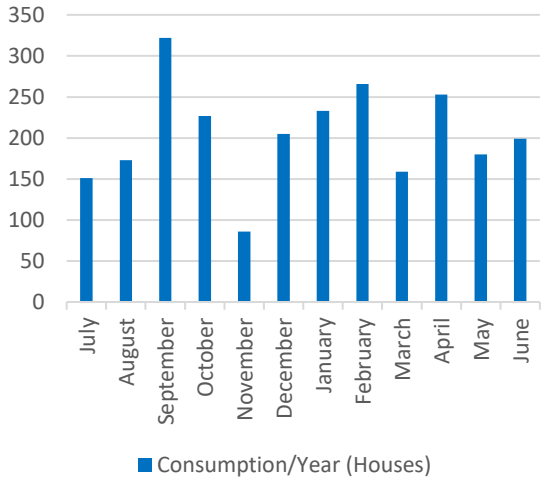
9,475

Trees Equivalent



2,454

Consumption/Year (Houses)



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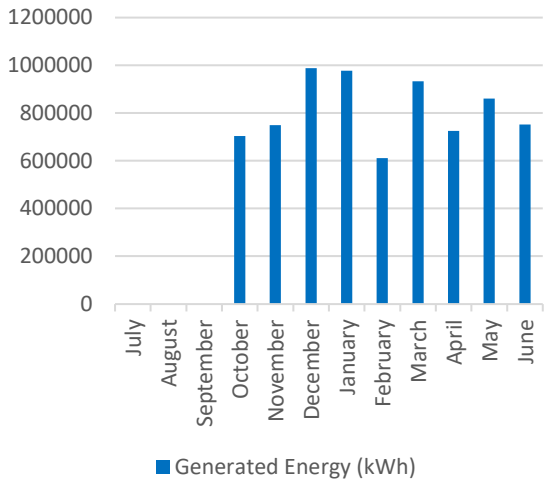
PROJECT -JANAÚBA, MG - 5.0 MWp

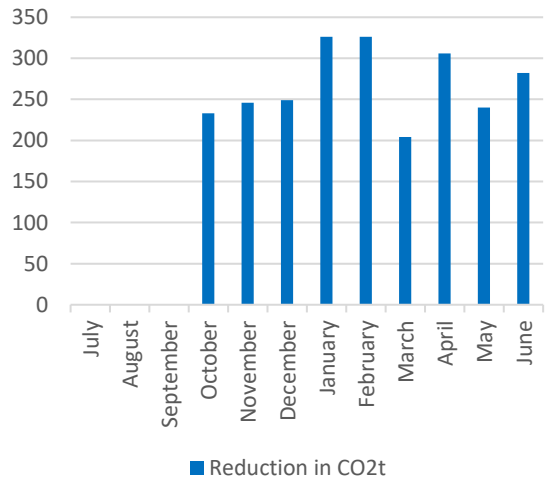
7.3 GWh

Generated Energy (kWh)



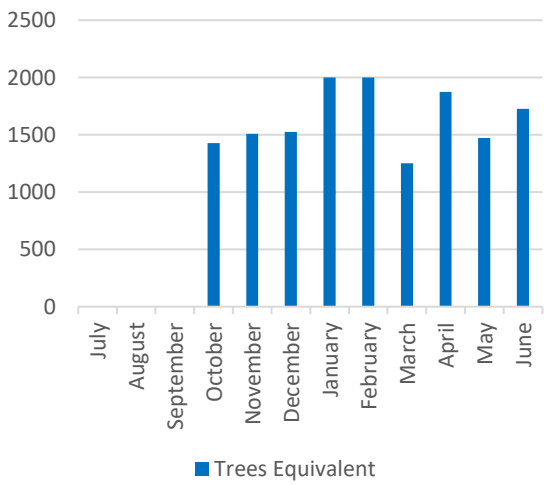
2,412

Reduction in CO2t



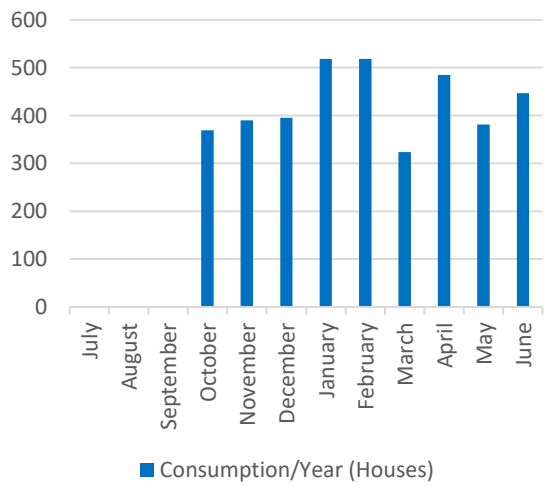
14,780

Trees Equivalent



3,827

Consumption/Year (Houses)



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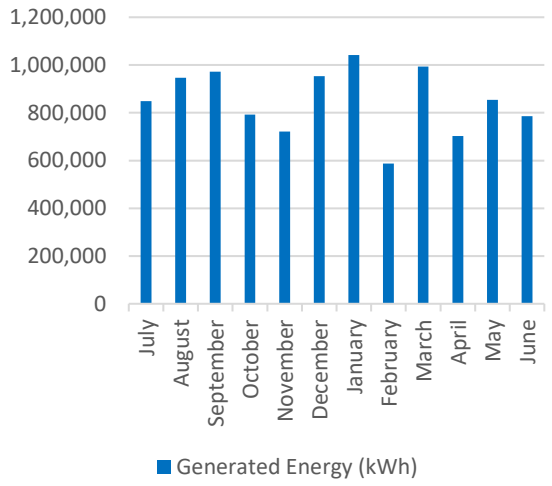
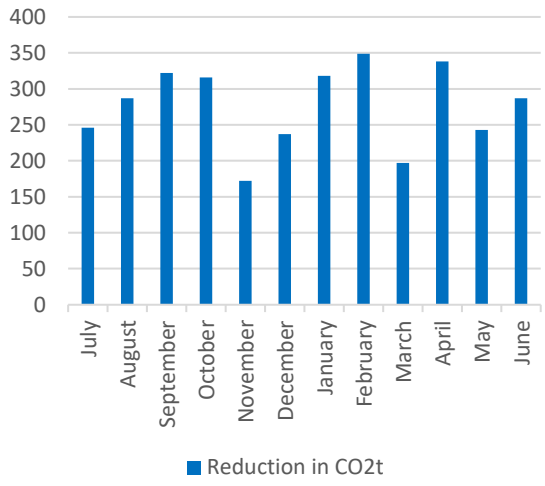
10.2 GWh

Generated Energy (kWh)



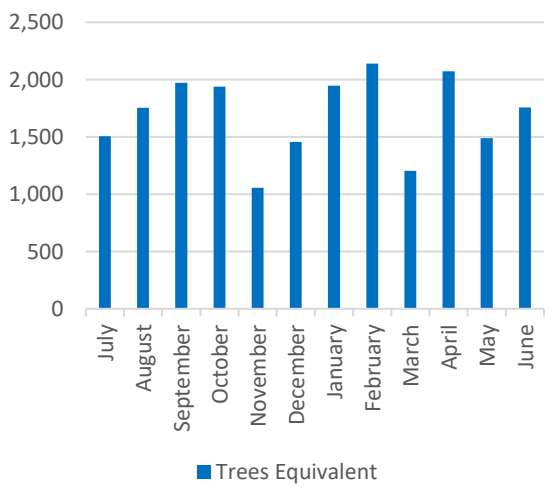
3,312

Reduction in CO2t



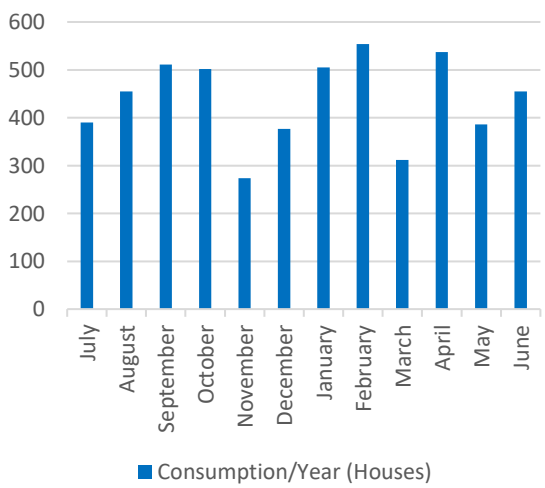
20,298

Trees Equivalent



5,258

Consumption/Year (Houses)



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