

## **Votorantim and CPP Investments announce plan to consolidate energy assets to create integrated renewables platform**

*Plan creates a new company with an installed capacity of 3.3 GW and net revenues of R\$ 5.8 billion generated from a diversified energy mix, as one of the largest renewable energy platforms in Brazil serving clients across various sectors.*

**São Paulo, October 18, 2021** – Votorantim S.A. and Canada Pension Plan Investment Board ([CPP Investments](#)) today announced a plan to consolidate several Brazilian energy assets and create a new combined company (the Company) to be listed on the B3 Stock Exchange.

The asset consolidation and public listing will be conducted by way of two independent transactions. In the first transaction, an existing Votorantim Energia and CPP Investments joint venture called VTRM will acquire and consolidate both companies' equity shares in a variety of renewable energy assets. This includes electricity producer Companhia Energética de São Paulo (CESP), VTRM's existing wind and solar assets, Votorantim Energia's shares in hydro power assets and Votorantim Comercializadora de Energia, in addition to several projects that VTRM is currently developing. As part of the transaction, CPP Investments will invest an additional R\$ 1,500 million (C\$340 million) to increase VTRM's capital base.

In the second transaction, the joint venture submitted a proposal to CESP's board of directors to merge CESP's shares into VTRM and further consolidate assets. The proposal will be submitted to an independent committee of CESP's board and special meetings will be called in due course. Completion of the transaction is also subject to regulatory approval.

Following the second transaction closing, the new combined Company will have net revenues of R\$ 5.8 billion, based on the 12-month period ended June 30, 2021. The Company's diversified energy mix will include an installed capacity of 2.3 GW in hydro power and 1.0 GW in wind power. The latter includes 0.6 GW of assets currently in operation and 0.4 GW in projects that are at an advanced stage of construction and expected to come online in October 2022. The Company will also be positioned well for growth opportunities, including potentially acquiring other operational assets as well as assets under development and construction. The Company already has a project pipeline of 1.9 GW that includes hydro and solar projects as well as hybrid solutions.

The new combined Company will also be one of Brazil's largest energy traders, having sold an average of 2.6 GW during 2020. Its strength and scale will benefit its partners as well as customers, who will have products and solutions to address their current and future needs. Once the two transactions are completed, the new combined Company will be listed in the Novo Mercado segment of the B3 Stock Exchange as CESP's sole controlling shareholder. All current CESP shareholders will become shareholders of this Company.

João Schmidt, president of Votorantim S.A., said the asset consolidation reflects the major role that energy business will play in the company's future. "Globally, there is a growing urgency around

renewable energy and the energy transition. Alongside a partner like CPP Investments, which has shared our long-term views on energy since 2017, we are ready to accelerate our role in the sector,” said Schmidt. “Through the assets consolidation into a single platform, Votorantim and CPP Investments will share in a new cycle of growth and value generation together with current CESP shareholders, following the highest governance standards of the Novo Mercado segment.”

Extending an already successful partnership, Votorantim and CPP Investments will create a separate, privately held company focused on energy transition processes, which has the objective to invest in earlier-stage opportunities, including new solutions and technologies oriented toward the decarbonization of the energy mix. In addition, this new company will pursue wind and solar projects at earlier stages of development.

“We continue to see opportunities to invest in high-quality renewable energy assets in Brazil that are well-suited to our long-term investment strategy. This transaction will create a diversified and well-capitalized platform primed for further growth in the country’s power sector,” said Bruce Hogg, Managing Director, Head of Sustainable Energies, CPP Investments. “In addition, the new combined Company provides an attractive way to grow our successful partnership with Votorantim, and we look forward to pursuing further investment opportunities in emerging technologies alongside them.”

Votorantim S.A.’s affiliates (CBA, Votorantim Cimentos and Nexa Resources) have their own energy production assets currently managed by Votorantim Energia. These assets will be incorporated into their own operations as part of the corporate restructuring process, shifting the new Company’s focus towards growing its generation and sales operations.

#### **New Company - Installed Capacity (in operation and under construction)**

Total: 3.3 GW

Hydro: 2.3 GW in operation and 160MW small hydro, under development

Wind: 0.6 GW in operation and 0.4 GW at advanced stage of construction

Hybrid (wind and solar): 68 MW under development

Solar: 1.7 GW under development

#### **About VTRM**

VTRM is a joint venture between Votorantim Energia, a subsidiary of Votorantim S.A., and Canada Pension Plan Investment Board (CPP Investments), a professional asset management organization. The joint venture was set up in December 2017 to focus on investments and development of clean energy generation in Brazil.

#### **About CPP Investments**

Canada Pension Plan Investment Board (CPP Investments) is a professional investment management organization that manages the fund in the best interest of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. Headquartered in Toronto, with offices in Hong Kong, London,

Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At June 30, 2021, the Fund totaled C\$519.6 billion. For more information, please visit [www.cppinvestments.com](http://www.cppinvestments.com).

**About Votorantim S.A.**

Votorantim S.A. is a family-owned Brazilian company created over 100 years ago which makes long-term investments in various sectors of the economy. Its portfolio includes companies from 19 different countries directly employing over 34,000 people. Considering the period between June 2020 and June 2021, Votorantim reported net income of R\$ 4.3 billion, adjusted EBITDA of R\$ 11.2 billion. Affiliates in Brazil include Votorantim Energia, Votorantim Cimentos, banco BV, CBA – Companhia Brasileira de Alumínio, Citrosuco, Nexa Resources, Altre, Acerias Paz del Rio and Acerbrag. For further information, visit <https://www.votorantim.com.br/>

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