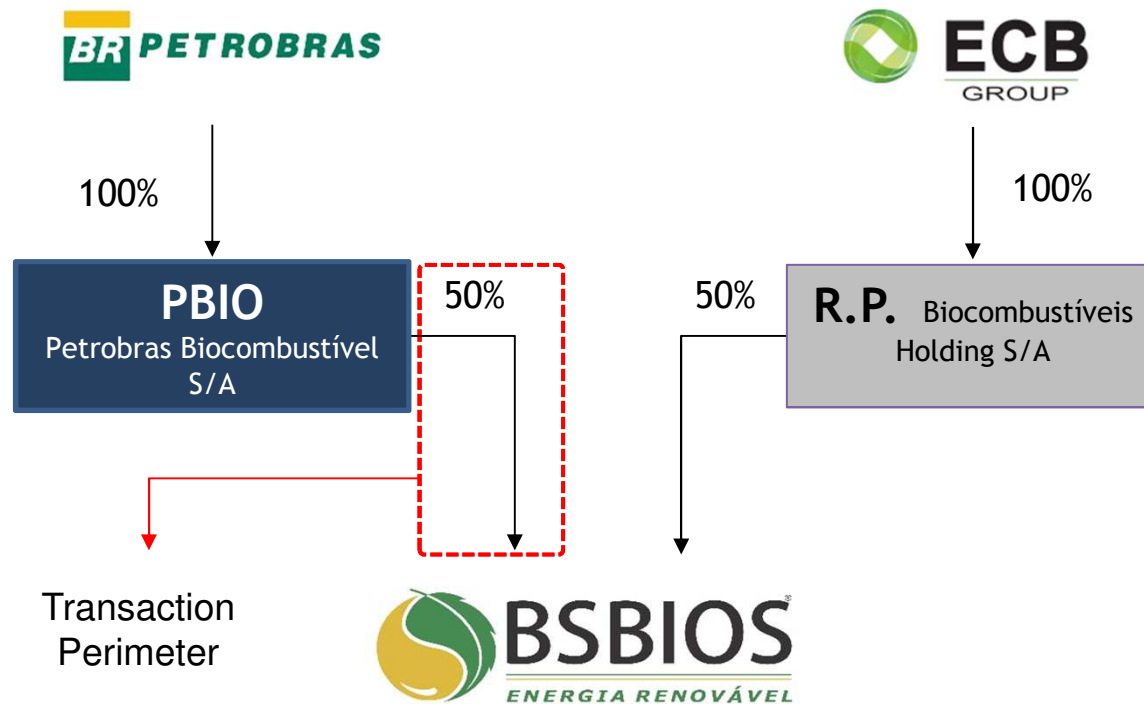


A green fuel nozzle is shown pouring a bright yellow liquid into a clear glass vial. The nozzle is positioned over a large pile of soybeans. The background is a soft, warm yellow light. The text "Divesture Opportunity Biodiesel Segment" is overlaid in the center of the image.

## Divesture Opportunity Biodiesel Segment

## Divestiture Opportunity

Petroleo Brasileiro - PETROBRAS ("**Seller**") - begins the process of divesting 100% of the shares held by Petrobras Biocombustíveis ("**PBIO**") in the company BSBios, which correspond to 50% of the capital stock of this company ("**Potencial Transaction**"). The remaining 50% of BSBios' share capital is owned by R.P. Biocombustíveis Holding S.A. ("**Partner**"). BSBios owns two (2) biodiesel plants, located in Passo Fundo, Rio Grande do Sul State and in Marialva, Paraná State, detailed in this Teaser.



## BSBios: competitive company with solid market positioning

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### **BSBios is one of the largest Brazilian producers of biodiesel**

- BSBios sold a total volume of 413,000 m<sup>3</sup> of biodiesel in the auctions for delivery in 2017, being one of the leaders in sales in the segment;
- The company was the first to export biodiesel in Brazil.



### **BSBios has 2 modern industrial plants and with logistical efficiency**

- Marialva-PR and Passo Fundo-RS plants operate with a high Utilization Factor, compared to the market;
- Both industrial plants are strategically located, being close to the sources of raw material and the consumer market, besides the facilities for export.



### **Solid and efficient governance model**

- BSBios has a solid governance model, with different advisory committees, which subsidize the decisions of its Board of Executive Officers;
- It has short structure with experienced and motivated team.

### **Solid and growing track record in both production and sales:**

- The Company started with a biodiesel commercialization of 35 thousand m<sup>3</sup> / year in 2007 for a commercialization of 413 thousand m<sup>3</sup> / year in 2017, with great possibilities of growth in sales in 2018.

# BSBios: competitiveness to access internal and external markets to place its products

## Overview:

- **Soybean consumption:** 3 thousand tons / day;
- **Storage capacity:** 120 thousand tons of grains, 60 thousand tons of bran and 12 million liters of biodiesel;
- **Gross Revenue:** R\$ 2.26 billion in 2016;
- **Employees:** Total of 335 employees. There are 93 in Marialva and 242 in Passo Fundo, which accounts the employees of the administrative headquarters;
- **Total families:** 15,174 families supplying grains and oil.

Produto	Aplicação
Biodiesel	Renewable fuel
Soybean meal	Animal nutrition
Soybean hull	Important source of fiber in animal nutrition
Soybean Residue	Feeding of cattle
Glycerin	Raw material in glycerol double disintegration and additive in animal feed formulations
Degummed Soybean Oil	Input into biodiesel production
Oil slick	Raw material in the extraction of oil

Strategically Geographic Location

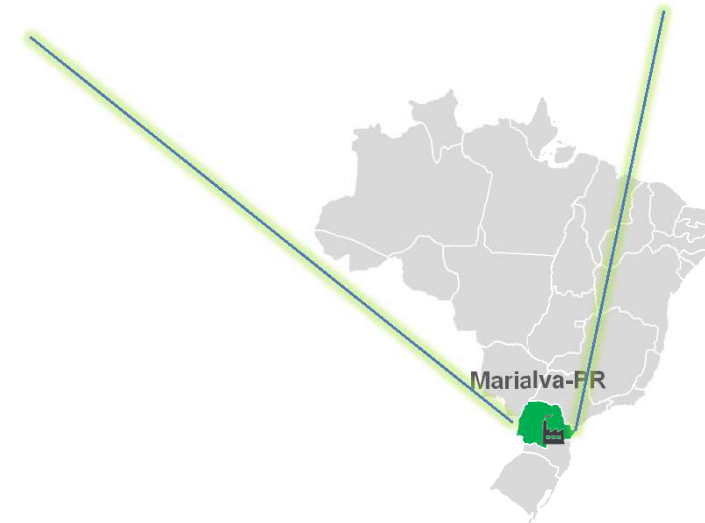


# Marialva plant: operational excellence and cost control

- **The Plant has pre-treatment unit of soybean oil and tallow, which allows the use of raw or semi-refined raw material**

## Operational Highlights:

- » Marialva Plant started its operations in 2010, with a capacity of 120 thousand m<sup>3</sup> / year. In November / 2017, its productive capacity was increased to 288 thousand m<sup>3</sup> / year of biodiesel, the same as Passo Fundo Plant;
- » It produces biodiesel and the byproducts glycerin, olein and fatty acids, obtained from the processing of oils and fats of animal (sebum) and vegetable origin (degummed soybean oil, canola oil and others);
- » Its location is privileged, considering its proximity to suppliers of raw material, with the largest consumer market of biodiesel (South and Southeast regions) and the easiness of access to the South Region Ports for export and the extensive road infrastructure;
- » About 5,000 family farmers, producers of soybeans in the State of Paraná, are linked to the plant's agricultural supply program; and
- » Storage capacity: 3,000 m<sup>3</sup> of vegetable oil, 1,500 m<sup>3</sup> of animal fat and 4,500 m<sup>3</sup> of biodiesel.

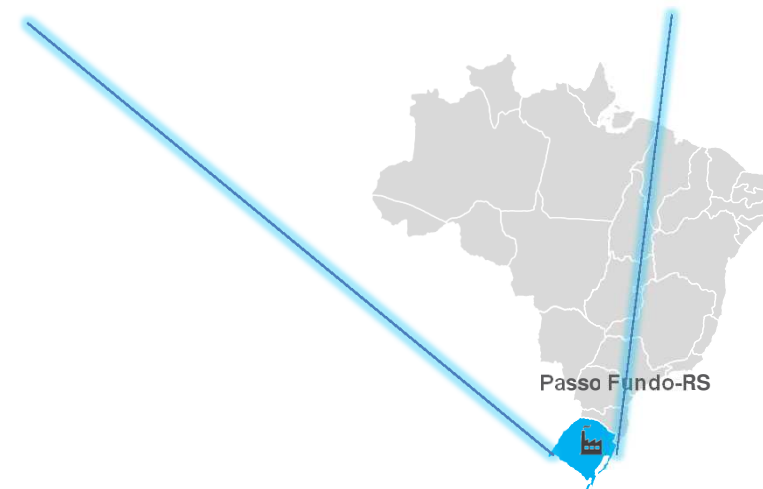


## Passo Fundo Plant – integration provides flexibility for production

- **Biodiesel plant and Usina de biodiesel and soybean meal integrated with a vegetable oil extraction unit.**

### Operational Highlights:

- » The plant includes a biodiesel and soybean meal production plant from soybean processing and a vegetable oil extraction unit. It also produces glycerin, refining slurry and peel (soybean residue);
- » It has a production capacity of 288 thousand m<sup>3</sup> / year of biodiesel, with soy being the main raw material;
- » About 10,100 family farmers, producers of soybean and canola in the states of Rio Grande do Sul and Santa Catarina, are linked to the plant's agricultural supply program;
- » The crushing capacity of the soybean grain is 1,080 thousand tons / year and the storage capacity is 120 thousand tons of grains, 60 thousand tons of bran and 7.5 thousand m<sup>3</sup> of biodiesel;
- » The crushing unit provides the Passo Fundo plant with greater flexibility in view of the possibility of commercialization of soybean meal in addition to biodiesel; and
- » Proximity with suppliers of raw material.



## Attractive regulatory and tax environment for investment in the biodiesel segment

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- ❑ **Assured market:** Guaranteed demand due to the regulation that establishes the obligatory mixing of biodiesel with diesel of fossil origin. The National Energy Policy Council (CNPE) has approved the increase of the mandatory mix from 8% to 10% from March 2018 (L59). Law 13.263 / 2016 allowed CNPE to increase the mixing percentage to 15% by March 2019;
- ❑ **Regulatory safety:** The 58<sup>th</sup> auction of biodiesel, conducted by ANP, offered 871,000 m<sup>3</sup> and 713.33 thousand m<sup>3</sup> of 11 production units were sold, at an average price of R \$ 2,425 per liter, without the purchaser's margin;
- ❑ **Tax benefits:** The states of Paraná and Rio Grande do Sul grant incentives to biodiesel producers; Relevant position in Brazil: Soybeans are the main raw material used in biodiesel production. Brazil is the 2<sup>nd</sup> largest producer of biodiesel in the world. In 2016, Brazil was the second largest consumer of biodiesel in the world (3.8 million m<sup>3</sup>), behind only the United States (7.8 million m<sup>3</sup>); and
- ❑ **Possibility of differentiation:** The biodiesel auctions carried out with the model detailed by the MME Ordinances 276, 2012 (26<sup>th</sup> Biodiesel Auction), and 476, of 2012 (27<sup>th</sup> Biodiesel Auction on), provide that, in addition to the price and of logistics, factors such as quality, regularity of supply and operational reliability are considered by the regulatory body.

## Configurations of this disinvestment process:

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BSBios Shareholders' Agreement, entered into between PBIO and RP Biofuels establishes conditions that must be met in the divestment process, now conducted by PETROBRAS:

- ❑ **Preemptive Right:** the partner may exercise the preemptive right in cases of sale, assignment or transfer of the total or partial participation, by the other party;
- ❑ **Tag along:** the partner has the *tag along right*. Therefore, since PETROBRAS intends to divest all of the shares owned by PBIO, that is to say, 50% of BSBios, the Member may also dispose of all of its shares, if of interest;
- ❑ **Evaluation of new investments:** the partners commit themselves to jointly evaluate, through BSBios, the following projects: (i) investments related to any stage of the industrial chain and commercialization of biofuels, especially biodiesel and ethanol in the States of Paraná, Santa Catarina and Rio Grande do Sul; and (ii) investments related to any stage of the industrial chain and the commercialization of biodiesel in the States of Goiás and Mato Grosso do Sul and in the Federal District. In any case, there should be a consensus that BSBios is the best vehicle for such investments.



# Eligibility criteria of potential investors

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**The company or financial institution must meet the following criteria:**

## **1. Technical criteria:**

### **1.1 Criteria applicable to companies:**

- Operating in the biodiesel segment or in its production chain, from the crushing stage of soybean; and
- Have a Shareholders' Equity (of the company or its parent company) equal to or greater than R \$ 400 million (four hundred million Reais) as of December 31, 2016 or at a later date.

### **1.2 Criteria applicable to financial institutions interested in the process:**

- To have, under its management, assets whose sum of their amounts is at least R \$ 1 billion (one billion reais) on or before December 31, 2016.

### **1.3 Possibility of consortium formation:**

- A consortium will be allowed to participate in the divestment process; and
- The participants of the Consortium shall inform PETROBRAS in writing of the intention to form a Consortium, indicating which participant will act as the leader and each participant will have to meet the criteria established for companies and financial institutions, according to the nature of the participant.

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## Eligibility criteria of potential investors (cont.)

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**The company or financial institution must meet the following criteria:**

### **2. Compliance Criteria**

#### **2.1 Neither the potential investor(s) nor any of its affiliates may:**

- Be held or controlled by a person or entity subject to any economic, financial or commercial sanctions, (ii) regulations, (iii) embargoes or (iv) restrictive measures ("Sanctioned Person") of an economic, financial or commercial order , all related to the production of biodiesel and which have been administered, promulgated, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, the United Kingdom, the European Union, France, Italy, Austria, the Netherlands, Brazil, and the respective institutions and government agencies of any of the foregoing;
- Be located, incorporated, organized or resident in a country subject to any economic, financial or commercial sanctions, (ii) regulations, (iii) embargoes or (iv) restrictive measures ("Sanctioned Country") of an economic, financial or commercial, all related to the production of biodiesel and which have been administered, promulgated, imposed or implemented by the World Bank, the United Nations Security Council, the United States of America, the United Kingdom, the European Union, France, Italy , Austria, the Netherlands, Brazil and the respective institutions and governmental agencies of any of the foregoing; and
- Have any commercial affiliation or business dealings with, or investments in, any Sanctioned Country or Sanctioned Person.

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## Eligibility criteria of potential investors (cont.)

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The company or financial institution must meet the following criteria:

### 2. Compliance Criteria

2.2 Neither the potential investor (s) nor any of its affiliates shall be listed in the following restrictive lists:

- “National Register of Injured, Suspended and Punished Enterprises“ available at: <http://www.portaldatransparencia.gov.br/ceis>;
- “Companies prevented from transacting with PETROBRAS“ available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>;
- The subsequent fitting of the potential investor, or any of its affiliates, in the hypotheses of the above items will imply in its elimination from the Process;
- Further, by participating in the Process, the potential investor undertakes not to take any action, or failure to take any action, that may violate any applicable law relating to business ethics, including but not limited to the US Foreign Corrupt Practices Act, the UK Bribery Act and Brazilian anti-corruption laws (especially Federal Law 12846/2013) and the principles outlined in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, adopted within the framework of the Organization for Economic Co-operation and Development OECD ("Anti-Corruption Law");
- In order to participate in the Process, the potential investor must sign a **Prior Declaration of Conformity**, which will not be subject to negotiation, and indicate, if applicable, if it is subject to any type of sanction, even if it considers that the sanction does not prevent its participation in the Process. If it is subject to sanctions, the potential investor should describe in the **Prior Declaration of Conformity** the nature and details of the sanction, as well as indicate the restrictions resulting therefrom; and
- The accuracy of this statement and the fulfillment of the above requirements will be verified by **PETROBRAS** after the potential investor assumes the confidentiality obligations necessary to participate in the Process.

## Procedures to be taken:

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- **The following procedures should be followed in case of interest in the participation of this divestment process.**
- The companies interested in acquiring all the shares held by PBIO at BSBios should express their interest in this opportunity. The potential investor must provide all information required by PETROBRAS, including supporting documentation;
- To access the technical, legal and financial information, including the Letter of Instruction and information regarding the process, participants must sign the following documents: (i) **the Confidentiality Agreement**; and (ii) **the Prior Declaration of Conformity**;
- PETROBRAS reserves the right to change the Potential Transaction as it deems appropriate, ensuring that any change is informed to all participants;
- PETROBRAS may during the Process carry out risk prevention analyzes in accordance with the Anti-Corruption Law and the PETROBRAS Program for Prevention of Corruption (PPPC) and may request the participant to complete a detailed questionnaire to verify the conformity of its practices and conduct with the Anti-Corruption Law;
- All questions and considerations about Potential Transaction should be addressed exclusively to the following e-mail: [bsbios@petrobras.com.br](mailto:bsbios@petrobras.com.br); and
- This email should only be used for the purpose of the potential Transaction. Any general question or queries not specific and not directly related to the present Divestment Process should be addressed to the following site: <http://transparencia.petrobras.com.br>.

# Disclaimer

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