COSTA RODRIGUES
ADVOGADOS

CAPABILITIES

ENERGY

Our team offers a unique combination of technical expertise and strategic thinking to every project, drawing on decades of experience in transactions, project structuring, contract negotiation, dispute resolution, financing, advocacy, and complex regulatory issues.

Our team has extensive experience in advising stakeholders across all the energy sector's value chains. Our experience includes working with industry players, governmental entities, associations, service providers and financial institutions.

We advise a diverse range of clients in the Brazilian energy sector, including developers and investors, governmental entities, associations, service providers, financial institutions, investment funds and commercial partners.

Our lawyers, leaders in the Brazilian energy industry, focus their practice on Renewables and Biofuels, Upstream and Downstream Oil, Natural Gas and Biomethane, New Energy Frontiers, and solutions for reducing and mitigating carbon intensity in the industry, such as carbon capture and storage projects and the development of local carbon markets.

Our team's decades of experience in transactions, project structuring, contracts, disputes, financing, advocacy and complex regulatory issues provide a unique combination of technical expertise and strategic approach to every work.

UPSTREAM AND DOWNSTREAM OIL

OUR VIEW OF THE INDUSTRY

Brazil holds a strategic position in the global oil industry and is the largest producer in Latin America. The country is home to some of the worldwide most promising offshore oil basins, including the Pre-Salt province, where ultra-deepwater oil and natural gas exploitation and production activities represent a milestone in the history of the industry. With reserves estimated at billions of barrels of oil equivalent, the Pre-Salt has consolidated Brazil as one of the main centers for investment in exploitation and production of hydrocarbons.

The Brazilian oil industry is characterized by a complex and dynamic regulatory environment, regulated by the National Agency of Petroleum, Natural Gas and Biofuels (ANP). The sector has undergone a series of regulatory and tax changes aimed at attracting investment, increasing competitiveness and ensuring the efficient and decarbonized exploitation of its reserves. These changes include making the concessions regime more flexible, expanding the permanent offer of exploration blocks, encouraging the participation of private investors in operations previously dominated by Petrobras, and other regulatory advances.

The oil market in Brazil is promising, but it is also facing significant challenges. The volatility of global oil prices, geopolitical issues and the need to comply with increasingly strict environmental standards require updates to the regulatory framework and the ability of companies in the sector to adapt. In addition, the complexity of environmental regulations and the licensing processes, especially in offshore operations and sensitive areas, are factors that demand careful attention and strategic planning to ensure the continuity of operations. Brazil has also experienced a significant process of portfolio restructuring and asset divestment by large companies. This process has been fundamental in creating opportunities for new entrants and companies looking to expand their presence in the Brazilian market, whether through asset acquisitions, participation in infrastructure projects or the formation of various partnerships in the upstream, midstream and downstream segments.

With a prominent position in the global market, vast oil reserves and an expanding infrastructure, Brazil offers a unique and very promising environment. Companies operating in this market need an in-depth understanding of the regulatory specificities, the economic landscape and the innovation ecosystem to maximize their potential and navigate the complexities of an environment permeated by discussions about the need to accelerate the decarbonization of the sector.

OPPORTUNITIES

- Growing opportunities in exploitation and production of onshore and offshore assets
- World's largest market for infrastructure providers for ultra-deepwater operations
- New exploitation frontiers, including the exploitation of the Equatorial Margin
- Alignment with the national decarbonization strategy
- Expansion of refining and petrochemicals
- Migration of expertise to new energy
- Frontiers

CHALLENGES

- Increasingly stringent environmental requirements
- Frequent contract disputes
- Constantly changing regulatory environment
- Regulatory and contractual requirements for local investment
- Complex tax system
- Legal restrictions applicable to the access to rural areas

MACRO TRENDS

- Stability and national political alignment for the continuity and expansion of oil production capacity
- Brazilian leadership in the energy transition and reducing the carbon intensity of hydrocarbons produced
- Migration of expertise and diversification of companies' operations in other energy areas
- Technological advances, including digitalization, automation and the use of artificial intelligence
- Pressure for more sustainable and socially responsible practices
- Continuation of the local content policy, requiring operators and suppliers to hire a significant proportion of goods, services and labor in Brazil
- Petrobras continues to have a high market share in the upstream and midstream segments

FEATURED EXPERIENCES

Unparalleled participation in the acquisition and divestment of onshore and offshore oil and natural gas E&P assets in Brazil since the opening of the market

We advise a wide range of clients on projects related to the acquisition of onshore and offshore assets in Brazil over the last 25 years, including in the context of the Petrobras divestment process that began in 2015, advising IOCs and NOCs on several of the largest offshore asset acquisition transactions, including the two largest onshore asset acquisition transactions in Brazil, as well as several other transactions worth more than USD 20 billion.

Active administrative work and regulatory consultancy involving the regulator (ANP)

We advise clients in successful discussions with the ANP in Conduct Adjustment Term (TAC) negotiations and in administrative sanctioning processes worth billions of dollars, as well as in building positions and reviewing rules and regulations.

Broad industry representation in billion-dollar disputes with Petrobras

We successfully advise clients in administrative, judicial and arbitration disputes against Petrobras in amounts exceeding billions of dollars, including issues related to the attempted imposition of sanctions and penalties, contract terminations, economic and financial rebalancing and restriction of contracting with Petrobras.

Unique knowledge of offshore infrastructure development

We advise clients on structuring financing, buying and selling, managing claims and in disputes involving the construction and operation of infrastructure for the oil sector, with special emphasis on floating production storage and offloading (FPSO) and floating storage and offloading (FSO) platforms, pipelines and subsea infrastructure.

AREAS OF PRACTICE

A multisectoral and multidisciplinary team specialized in the sector.

Several technical professionals with extensive knowledge of the sector.

| Environmental | Commercial Contracts | Litigation and Arbitration | EGVC | Project Finance | Real Estate | Regulatory, Policy and Compliance | Governmental Relations | Corporate/M&A | Sustainability | Labor | Tax |

RENEWABLE ENERGIES AND BIOFUELS

OUR VIEW OF THE INDUSTRY

Brazil has an energy matrix with one of the highest percentages of renewability in the world, and it has been experiencing a rapid expansion of renewable energies, driven by a regulatory environment that has sought to encourage the energy transition and reduce carbon emissions associated with the production and use of energy.

The abundance of natural resources, such as sun, wind and biomass, offers the country a privileged position to excel in the production of solar, wind and bioenergy, which places the country in a position of global prominence for its initiatives in sustainability and innovation.

The power industry plays a crucial role in the country's economic and social development, being responsible for meeting a growing demand for electricity in its various regions and sectors. Challenges such as the need to modernize infrastructure, reduce greenhouse gas emissions, and the search for a balance between supply and demand, highlight an increasing opportunity for investment in an industry with great strategic importance in a scenario of climate change and energy transition. Likewise, the biofuels industry has been consolidated in Brazil as a strategic pillar for the country's energy matrix, reflecting not only the search for renewable energy sources, but also the need for economic diversification and the reduction of greenhouse gas emissions. Brazil stands out worldwide for its production of traditional biofuels, driven by favorable climatic conditions and a robust agricultural infrastructure, and has the potential to lead the way in the production of new biofuels as well. As a result, Brazil has emerged as an attractive market for investments in renewable energies and biofuels, supported by public actions aimed at diversifying the energy matrix and attracting private capital. The expansion of these frontiers, however, faces complex challenges in terms of regulation, project financing, technological innovation and the expansion of existing energy infrastructure.

OPPORTUNITIES

- Development and M&A of solar, wind and hydroelectric projects
- Start of the national market for offshore wind energy projects
- Increased investment in the expansion of energy transmission and distribution infrastructure
- Growth and technological diversification for production of sustainable fuels
- Integration of sustainable fuel production projects with agribusiness
- Entry into force of Law 14,993/2024 ("Future Fuel Law")

CHALLENGES

- Global competition for renewable energy investments
- Increasingly stringent environmental requirements
- Frequent contractual disputes in long-term projects
- Constantly changing regulatory environment
- Complex tax system
- Legal restrictions applicable to access to rural areas

MACROTRENDS

- Brazilian leadership in the energy transition, with great national political alignment for the development of renewable sources and biofuels
- Integration with projects in new frontiers of energy, including the development of solutions for exporting clean energy from Brazil
- Significant increase in biofuel projects involving biomass, due to the high supply of rural land and low cost of agricultural production in Brazil
- Digitalization and smart grids
- Increase power distributed generation
- Integration of energy systems

OUTSTANDING EXPERIENCE

Leadership in the development of biofuel projects

We assist in initiatives for production and commercialization of biofuels, advising companies to develop, acquire or sell projects, obtain licenses and access international markets. We are currently advising on one of the country's largest projects for production of sustainable aviation fuel (SAF) and renewable diesel, involving an initial investment of more than USD 2.5 billion and expected to create 90,000 direct and indirect jobs.

Wind and solar energy as a central focus of our work

We advise clients on structuring and financing large-scale energy projects, ensuring compliance with environmental and energy efficiency standards. We handle claims management and specific disputes for these projects, notably issues related to delays, fines and defects in wind turbines and photovoltaic panels. Recently, we represented a client in structuring and negotiating contracts related to an onshore wind project of 24 wind farms with an estimated total power of 630 MW, supplied by 150 wind turbine generators. In the solar generation market, we recently represented a client in structuring and negotiating contracts related to a photovoltaic generation project with an estimated total power of 260 MW.

Development of key Public-Private Partnerships (PPPs) in renewable energies

We assist in structuring partnerships for the expansion of transmission and distribution infrastructure, with a focus on integrating new energy sources and improving network resilience.

Extensive experience in M&A projects

We advise clients on mergers, acquisitions and joint ventures involving renewable energy assets, including legal due diligence, regulatory issues and necessary approvals, as well as the negotiation of sale and purchase agreements. Our experience includes advising on the acquisition of participation interest in greenfield renewable energy plant projects.

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NATURAL GAS AND BIOMETHANE

OUR VIEW OF THE INDUSTRY

In recent years, the global natural gas industry has faced a series of challenges, including post-COVID demand recovery, supply restrictions, the Russia-Ukraine conflict, volatile gas prices, and high energy costs in Europe and Asia. These factors have led to significant adjustments in international gas markets.

In Brazil, natural gas has gained prominence due to abundant reserves and its essential role in the energy transition as a lower-carbon alternative to other fossil fuels. Expanding natural gas infrastructure—such as LNG terminals, pipelines, and processing facilities—has become a priority, supported by various government initiatives aimed at boosting Brazil's natural gas supply.

The development of the natural gas industry in Brazil has been largely driven by new legal and regulatory frameworks designed to open the domestic market and the dynamics of global markets, which introduce new requirements for sector analyses in Brazil. Following the enactment of Law 14.134/2021, the entry of new suppliers into the market has diversified contracting modalities, offering more delivery and pricing options. This has introduced flexible contracts with variable quantities and price options, complementing traditional "firm" and "interruptible" contract types.

While projections indicate medium- and long-term growth in natural gas supply and demand, progress is also being made in decarbonizing refineries and oil-related infrastructure. Investments are anticipated to reduce industrial greenhouse gas emissions, with biogas and biomethane emerging as key alternatives for low-carbon energy substitution. Additionally, Law 14.993/2024 (the "Future Fuels Law") established a comprehensive program to decarbonize the transportation and mobility sectors. This law introduced the National Program for Decarbonizing Natural Gas Producers and Importers, as well as Biomethane Incentives, which are expected to accelerate biomethane industry growth and its integration with the natural gas sector. The National Sustainable Aviation Fuel Program (ProBioQAV) is also likely to spur biomethane development in connection with sustainable aviation fuel production.

OPPORTUNITIES

- Rapid market expansion, driven by government incentives
- Incentives for infrastructure development
- Integration with renewable energies
- Use of waste and sustainable solutions Integration with agribusiness

CHALLENGES

- Regulatory environment under construction
- Need to expand infrastructure and natural gas supply
- Land issues, especially in large-scale projects
- Legal restrictions applicable to access to rural areas
- High implementation costs and challenges for the scalability of biogas projects

MACROTRENDS

- Expectation of significant growth in natural gas production over the next decade
- Process of modernization and increased competitiveness in the sector
- Several advances in the natural gas free market with possible price reductions for industrial and commercial consumers
- Regional integration, including interconnection with neighboring countries

FEATURED EXPERIENCES

Negotiation of material industry contracts
We advise oil and natural gas exploitation and production companies on negotiating contracts for access to integrated natural gas flow (SIE) and processing (SIP) systems. The implementation of the SIE and SIP is a milestone in opening the market and seeks to promote greater competition through negotiated third-party access to essential natural gas flow and processing infrastructures.

Legal advice for pioneering natural gas storage project
We are advising an energy company on a pioneering natural gas storage project in Brazil, with an estimated total investment of up to USD 200 million, whose model has the potential to bring new solutions to open the market in the country.

Legal support in modeling and implementing gas-to-power projects
Advising the financial division of a large multinational on the modeling and implementation of a gas-to- power project in the Northeast of Brazil, with investments in excess of BRL 5 billion.

Advising on the full acquisition of a natural gas producing field
Advising a major Brazilian energy company on the acquisition of 100% of Petrobras' participation interest in a field in Amazonas, with a view to implementing a reserve-to-wire project.

Advice on the acquisition of a natural gas supplier
Advising a large independent energy company based in Argentina on the acquisition of a natural gas trading company.

Legal advice for natural gas production projects
Advising NOC on its natural gas production projects in the Area 4 LNG Project in the Rovuma Basin, Mozambique, worth a total of USD 12 billion.

AREAS OF PRACTICE

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NEW ENERGY FRONTIERS

OUR VIEW OF THE INDUSTRY

The New Energy Frontiers represent the culmination of a global movement toward a lower-carbon energy matrix. This sector includes the integration of renewable energy sources, the development of sustainable fuels, and the advancement of hydrogen as a key energy vector for global decarbonization.

Costa Rodrigues is at the forefront of this transition, providing specialized legal support to structure projects and capitalize on the opportunities within this evolving energy landscape. Our expertise spans infrastructure planning, financing, construction, as well as renewable energy production, transportation, and storage.

The increasing demand for sustainable fuels underscores a growing shift from fossil fuels toward alternatives with lower environmental impact. Low-emission hydrogen is emerging as a strategic solution, enabling the decarbonization of challenging sectors such as heavy industry, long-distance transportation, and steel and cement production.

OPPORTUNITIES

- Brazil as a global leader in the transition to a more decarbonized matrix
- Boost and incentives for the production and export of low-carbon hydrogen
- Sustainable fuels
- Carbon markets
- Decarbonization of the industry through CCS projects

CHALLENGES

- Need to build and develop the regulatory framework
- Challenges for environmental licensing
- Uncertainty about offtakers
- Global competition for investments
- Applicable legal restrictions for access to rural areas

MACRO TRENDS

- Expectation of significant growth in the number of hydrogen, CCS and low-emission fuels production projects
- Incorporation of new technological routes and expansion of competitiveness in the sector
- Regional integration, including interconnection with neighboring countries, for export of low-carbon fuels to developed countries.

FEATURED EXPERIENCES

Distinguished performance in the approval of the fuels of the future Law
We provided continuous monitoring and strategic support in the process of drafting and approval of the Law of Fuels of the Future, advising companies from several impacted sectors. Our work includes a detailed analysis of how the bill could influence different industries, as well as identifying opportunities for the inclusion of sustainable fuels and new technologies in the market. The team also offers support in formulating strategies for interacting with relevant stakeholders and helping companies to position themselves competitively in the face of the new legal framework.

Structuring and development of innovative sustainable fuel and carbon credit projects
We provide legal and strategic support for the structuring and development of sustainable fuel production projects which are expected to issue carbon credits. Our work includes specialized support in the Due Diligence of the areas to be used, ensuring compliance with the requirements necessary for the certification of carbon credits. We also advise on the review of contracts, ensuring that they are aligned with regulatory and environmental standards. In addition, we carry out an in-depth analysis of the legal requirements present in the voluntary carbon market methodologies, ensuring that these requirements are adequately reflected in the structure of the projects, promoting compliance and maximization of opportunities in the carbon credit market.

At the forefront of carbon capture and geological storage projects
Our team has worked on an innovative carbon capture and geological storage project, focused on biogenic capture sources, addressing the technical and regulatory challenges of this type of operation. We offer complete support in building the project's risk matrix, covering aspects such as technical, regulatory and financial uncertainties, as well as the drafting of risk mitigation strategies. We also advise on the drafting and negotiation of several legal instruments required to enable the project, including investment agreements between different stakeholders and the development of Brazil's first Joint Operating Agreement (JOA) for the injection of CO_2 into geological reservoirs.

Outstanding performance in the development of low emission hydrogen
We support clients in all stages of low-emission hydrogen projects, from feasibility and financing to implementation and negotiation of supply contracts. We are currently assisting in the development of a green and low-carbon hydrogen hub located in the Pecém Industrial and Port Complex, with the support of the Port of Rotterdam, the World Bank, the Government of Ceara and other players This project aims to establish the largest hydrogen chain between Brazil and Europe.

Draft and negotiation of unprecedented service contracts for geological carbon storage
Based on our extensive expertise in the oil and gas chain, we advise clients in the drafting and negotiation of service contracts aimed at the geological storage of CO_2. We offer full legal support for the hiring of essential services, such as the construction of an exploitation well aimed at assessing the viability of CO_2 injection in geological reservoirs. Our team ensures that contracts cover critical aspects of the operation, including deadlines, technical responsibilities, risk management, and regulatory compliance, facilitating the safe and efficient development of carbon capture and storage projects.

AREAS OF PRACTICE

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| Environmental | Commercial Contracts | Litigation and Arbitration | EGVC | Project Finance | Real Estate | Regulatory, Policy and Compliance | Governmental Relations | Corporate/M&A | Sustainability | Labor | Tax |

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