

A free-translation from Portuguese into English of Auditors' Report on green bond pre-issuance process originally prepared in Portuguese.

Independent Limited Assurance Report on the Green Bond Framework for the New Railway Concessions Program of Brazilian Ministry of Infrastructure.

To the management of
Brazilian Ministry of Infrastructure and Empresa de Planejamento e Logística

Scope

We were engaged by Empresa de Planejamento e Logística (“EPL”), reporting to Brazilian Ministry of Infrastructure (“MInfra”), to undertake a limited assurance engagement, as of 2nd February 2021, in relation to MInfra’s Green Bond Framework for the New Railway Concessions Program of Brazilian Ministry of Infrastructure in order to provide our conclusion on whether anything has come to our attention that causes us to believe that the subject matter detailed below (‘Subject Matter’), has not been presented, in all material respects, fairly and in accordance with the criteria as presented below.

Subject matter and criteria

The subject matter and associated criteria for this limited assurance engagement are set out in the table below:

Subject Matter	Criteria
<p>The subject matter for this limited assurance engagement includes the Green Bond Framework, which sets out:</p> <ul style="list-style-type: none"> ▶ Environmental performance and information relating to nominated projects to be funded by the Green Bond ▶ Project selection criteria relating to the use of proceeds of the Green Bond ▶ Policies and processes to manage the proceeds and report on the Green Bond 	<p>The Climate Bonds Standard Version 3.0, including the Low Carbon Land Transport Eligibility Criteria Version 2:</p> <p>Criteria found at these links:</p> <ul style="list-style-type: none"> - https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf - https://www.climatebonds.net/files/files/CBI%20Transport%20Criteria%20document_Jan2020%281%29.pdf
<p>Technical details of the assets identified as ‘green’ (‘Eligible Assets’)</p>	<p>MInfra’s Green Bond Framework for New Railway Concessions Program</p>

Management Responsibility

The management of EPL, reporting to MInfra, is responsible for the collection, preparation, and presentation of the Subject Matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the Green Bond issuance process.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on whether anything has come to our attention that causes us to believe that the subject matter, has not been presented, in all material respects, fairly and in accordance with the criteria detailed above. Our assurance engagement has been planned and performed in accordance with Technical Notice of the Independent Auditors’ Institute (Ibracon) № 07/2012, approved by the Brazil’s Federal Accounting Council (“CFC” in Portuguese) in light of NBC TO 3000 (Assurance Work Other Than Audit or

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Review), issued by the CFC, which is equivalent to international standard ISAE 3000: Assurance Statements Other than Audits or Reviews of Historical Financial Information.

Level of Assurance

Procedures performed in a **limited assurance** engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Our Approach

Our assurance procedures performed included, but were not limited to:

- ▶ Reviewing whether the policies and procedures established by MInfra related to the pre-issuance of the Green Bond align to the requirements of the Climate Bonds Standard Version 3.0
- ▶ Confirming the eligibility of assets for inclusion in MInfra's Green Bond use of proceeds pool against MInfra's Green Bond Framework
- ▶ Interviewing selected business units and group level personnel to understand key issues related to MInfra's relevant policies and procedures
- ▶ Checking the accuracy of asset valuations
- ▶ Obtaining and reviewing evidence supporting assertions made in the Subject Matter
- ▶ Seeking management representation on key assertions

Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to NBC TO 3000 and the Climate Bonds Standard v3.0 is subjective and will be interpreted differently by different stakeholder groups.

Our assurance was limited to MInfra's Green Bond Framework and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as of 2nd February 2021, ahead of MInfra's Green Bond pre-issuance. The firm has no other relationship with, or interests in, MInfra or EPL.

Use of Report

Our responsibility in performing our assurance activities is to the Management of EPL, reporting to MInfra, only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on MInfra's Green Bond Framework is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

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Our Independence and Assurance Team

In accordance with CFC / Ibracon Code of Ethics for Professional Accountants, the firm and all professional personnel involved in this engagement have met the independence requirements of Brazil or International professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.

Observations on particular aspects of our engagement

We provide selected observations aligning to the Climate Bonds Standard (v3) core components, to provide the reader with further understanding on how the Green Bond Framework meets the criteria. These observations are not intended to detract from our conclusion provided above.

Use of Proceeds:

- ▶ Proceeds from this Green Bond will be used for financing and refinancing purposes.
- ▶ Proceeds support the value of non-electrified freight rail trains and infrastructure, owned or expected to be owned by the future concession holder. And the construction, maintenance, and management will be the responsibility of a future concession holder also, that meet the Climate Bonds Standard v3 ('CBS') and Low Carbon Land Transport Criteria v2. The value of the eligible assets is based on budgeted capital expenditure.
- ▶ The CBS Low Carbon Land Transport Criteria was developed by the Climate Bonds Initiative, an international, investor-focused not-for-profit organization aiming to develop tools to mobilize the bond market for climate change solutions. The primary objective is to ensure that any land transport projects, or assets certified by the CBS would contribute to meeting an emissions trajectory consistent with limiting global temperature rises to 2° Celsius.
- ▶ The use of proceeds of this bond aligns with the Green Bond Principles' project category "clean transportation (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)".

Process for Project Evaluation and Selection:

MInfra have developed a Green Bond Framework that outlines the environmental objectives of Green Bonds, eligibility criteria for determining Green Assets and the process for project selection and evaluation.

Management of Proceeds:

The implementation of processes to manage initial funds received from the Green Bond and to monitor the on-going use of proceeds is the responsibility of the future concession holder. These processes include:

- ▶ An ear-marking process through existing systems to designate the proceeds received
- ▶ A process for deploying any unallocated proceeds to temporary cash equivalent investments
- ▶ A monthly process for monitoring the on-going use of proceeds and value of Eligible Assets
- ▶ Annual Use of Proceeds reporting and reporting on the environmental performance of the bond

MInfra will ensure the concession holder will implement the systems, policies, and processes according to CBS criteria.

MInfra will obtain pre-issuance assurance over each Green Bond issuance and is responsible for ensuring that post-issuance, the concession holder is committed to seek independent assurance over annual reporting on Green Bonds.

Reporting:

- ▶ The concession holder will report on the Use of Proceeds of Green Bonds annually that will include as a minimum: a list of Eligible Assets, the value of the nominated Eligible Assets, and the environmental performance of each Eligible Asset.

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Assurance conclusion

Based on our limited assurance procedures, as described in this statement as of 2nd February 2021, nothing came to our attention that caused us to believe that the subject matter has not been presented, in all material respects, fairly and in accordance with the criteria defined.

São Paulo (SP), 2nd February 2021

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