



SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Financing sustainable development
goals through additional positive
impact solutions

October 2021

C O N T E N T

	Page
1. Line 6 Sao Paulo Metro	3
2. Investing and Developing Sustainable Infrastructure	4
3. Sustainability Linked Financing Framework	6
3.1. Key Performance Indicators (KPIs)	9
3.2. Sustainability Performance Targets (SPTs)	12
3.3. Financial Characteristics	15
3.4. Reporting	16
3.5. External Review	16
Annex I: Sustainable Practices	17

1 . L I N E 6 S A O P A U L O M E T R O

One of the world largest mobility projects

The public-private partnership project to build and operate the new Line 6 of the Sao Paulo metro, is one of the largest urban mobility projects in the world.

Connecting different neighbourhoods on the outskirts of Sao Paulo with the city centre, improving transport conditions for under-privileged populations in the region. An opportunity to improve the lives of thousands of people living in the areas that will benefit from the project, from shorter daily commute times, **to have greater access to employment / education and economic opportunities.**

Dubbed the “university line”, this new metro line will become a key transport option for students as its route passes by a number of relevant education centres in the city , such as Pontifícia Universidade Católica de São Paulo (PUC), Fundação Getulio Vargas (FGV), Universidade Paulista (UNIP), Mackenzie and Fundação Armando Alvares Penteado (FAAP).

WHY IS THE LINE 6 NECESSARY?

To respond to the demand for a connection between the city centre and the north-west vector of the capital

Connection of metropolitan areas separated by rugged terrain preventing the implementation of road connections between separated areas

Improved connectivity for the most underprivileged populations

Integration of these areas with Line 7 - Rubi and Line 8 - Diamante of the CPTM and with Line 1 - Azul and Line 4 - Amarela

Lower pollution rates and improved road safety

Interconnection with various public transport systems in the city at intermodal stations

To facilitate access to some of the most important metropolitan education centres

Connection with major shopping centres in the city

Line 6 of the Sao Paulo Metro will connect the districts of Brasilândia and Freguesia do Ó with the city centre, passing through the north-west of the city. With a total length of 16 km (all underground, connecting 15 underground stations, including three major interchanges), the project poses a significant technical challenge. It will carry over 600,000 passengers per day and generate 9,000 jobs during the construction period.

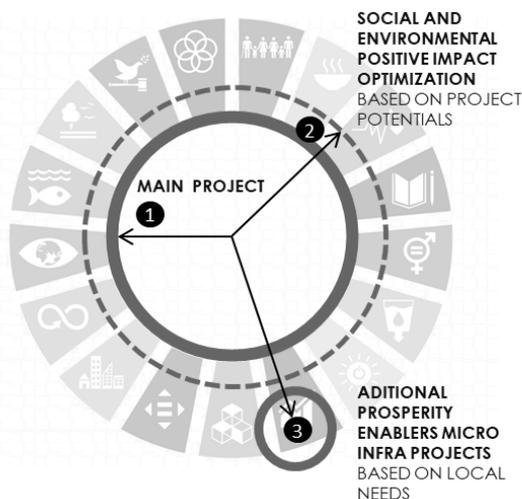
2. INVESTING AND DEVELOPING SUSTAINABLE INFRASTRUCTURE

Regenerative infrastructure approach

Leading the opportunities of the 2030 Agenda requires an approach in line with the nature of the challenge posed by the sustainability transformation. We need new actors to implement new approaches that transcend traditional sectors and unique projects capable of providing integrated solutions that combine capital, talent, technique and technology, in a different way.

We use the term “regenerative” to refer to our approach to design, build and operate infrastructures that increase their positive social impact, multiplying their capacities to promote development — especially of the most vulnerable groups as defined by the Human Development Index ¹(HDI)— while driving their environmental footprint toward zero.

In order to multiply the positive impact on the community, starting from the conception or design phase, we analyse the scope for increasing the value for the community and propose alternatives with additional projects, following rigorous socioeconomic studies that seek to activate more levers of local development through the project. With these actions, Concessionária Linha Universidade increasingly contributes to the main enablers of progress, including local employment and economic activity in the area.



- 1 **Infrastructure/Energy Project itself**
- 2 **Sustainability optimization:** benefits using the Project operations to increase impact on vulnerable people, employment, gender empowerment, full recyclability of waste, renewable energy use, etc.
- 3 **Additional prosperity enablers:** using the Project as a platform to develop other micro infra projects, based on SDGs local needs.

HOW WE DO IT				
ANALYSIS Identification of infrastructure with transformational potential	ALIGNMENT WITH SDGs Analysis of SDG achievement gaps in the project's vicinity.	DIALOGUE WITH STAKEHOLDERS Collaboration with local agents, clients and other groups of interest to define local priorities that have greater impact.	DESIGNATION Designation of priority areas and possible solutions to implement, including their financing and potential partners.	COMPLETION Execution of the solution and measuring and managing the impact throughout the process.

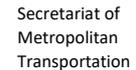
¹ <http://hdr.undp.org/en/content/human-development-index-hdi>

Social and environmental due diligence

During 2020 an independent consulting company carried out an environmental and social due diligence of this operation. It assessed the potential environmental and social effects, as well as the occupational risks associated to the construction phases of the Project, in accordance with the IDB Invest Sustainability Policy² and IFC Performance Standards.

The due diligence focused on identifying and assessing the Concessionaire's environmental, social and health and safety management capacity to manage the effects and risks from construction works. The resulting Environmental and Social Action Plan (ESAP) complies with the existing legislation, the IFC Performance Standards and Operational Guidelines applicable to the Project.

The Concessionaire, the EPC contractor and representatives of the Local Authority (Secretariat of Metropolitan Transportation of the State of São Paulo) provided the review of documents on its environmental, social, health and occupational safety procedures. The documents included information on the environmental licensing and management of Line 6, and participation in surveys and technical meetings with the following local public agencies:



The due diligence included visits to the main sites for the construction of Line 6, and technical meetings with professionals from the previous Concessionaire of the Project: Move São Paulo.

As a result, the project was considered as Category A (with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented) per IDB Invest's E&S policies, and the E&S risks of the project are managed applying the following IFC Performance Standards:

- PS1-Assessment and Management of Environmental and Social Risks and Impacts,
- PS2-Labor and Working Conditions,
- PS3- Resource Efficiency and Pollution Prevention,
- PS4- Community Health, Safety and Security,
- PS5- Land Acquisition and Involuntary Resettlement,
- PS6- Biodiversity Conservation and Sustainable Management of Living Natural Resources,
- PS8- Cultural Heritage.



² https://idbinvest.org/sites/default/files/2020-05/idb_invest_sustainability_policy_2020_EN.pdf?_ga=2.187550944.910765758.1607949899-1471962565.1607949899

Comprehensive local needs assessments

Concessionária Linha Universidade believes that managing the social impact of its projects and services is a strategic issue within its sustainable business model; hence, its commitment to managing both positive and negative impacts caused by its operations, beyond legal and contractual requirements.

Communication and constant dialogue are the cornerstones of Concessionária Linha Universidade’s relationship with its stakeholders – namely, the individuals and organisations directly or indirectly involved in the operations of the Concessionaire. A comprehensive local needs assessment is carried out through stakeholder consultation and engagement, with data analysis to identify and understand the project context. Their involvement is crucial to ensure that local program decision-making is data-driven.

Through this local assessment, Concessionária Linha Universidade is able to quantify not only the impact of the service offered by the infrastructure developed, but also the additional positive impact gradually generated by the adjacent projects executed. **This process provides an opportunity to set a vision on how to partner to address local needs over the next years.**



BRASILÂNDIA –FREGUESIA D’O NEIGHBOURHOOD

The Subprefecture of Freguesia-Brasilândia is one of 32 subprefectures of the city of São Paulo, Brazil. It comprises two districts: Freguesia do Ó and Brasilândia. Brasilândia is one of the poorest districts in São Paulo, in which 22% of the population live in Favelas³ (57.000 inhabitants aprox). L6 will connect this district with downtown São Paulo.

HIGH UNEMPLOYMENT RATE, PARTICULARLY WITHIN YOUNG PEOPLE

Young people in Brazil on average have limited **access to formal jobs until the age of 28, or over. In 2020, the unemployment rate for young people is estimated at 31%.** Brazil’s unemployment reached 14.6% in the 3Q of 2020, but this rate more than doubled to 31.4% for young people (aged 18 to 24), having increased by more than 7% percentage points since 2019 (23.8%). **According to official data, the average age for people signing their first formal contract is 28.6 years old.**



WOMEN IN BRAZIL: LACK OF OPPORTUNITIES

Women in the construction sector represent only 10% of the total workforce. Women compose over half of Brazil’s unemployment (50.9%), and only represent 10% of the total workforce in the construction sector. The rate has slightly increased in São Paulo, from 8,4% in 2006 to 10,9% in 2019⁵.

POLLUTION, CONGESTION AND UNSUSTAINABLE MOBILITY

São Paulo faces several urban challenges. Namely, increased traffic congestion, pollution, accidents, and long commuting times particularly for poor residents at the periphery of the metropolitan area. According to the International Energy Agency, the market share of electric cars in Brazil is approximately 0.1 %.



³ <https://www.redesocialdecidades.org.br/br/SP/sao-paulo/regiao/freguesia-do-o-brasilandia>

⁴ IBGE - Instituto Brasileiro de Geografia e Estatística: Table 4094 – Unemployment rate by age group (3rd quarter 2020). <https://sidra.ibge.gov.br/tabela/4094>

⁵ RAIS.SEPT-ME. Banco de Dados-CBIC. [62.788 women in São Paulo (10,9%. 2019)] <http://www.cbicdados.com.br/menu/emprego/rais-secretaria-especial-de-previdencia-e-trabalho-ministerio-da-economia>

3 . S U S T A I N A B I L I T Y L I N K E D F I N A N C I N G F R A M E W O R K

Rationale for issuing Sustainability-Linked Bonds

This Sustainability-linked Financing Framework is aligned with the Sustainability-Linked Bond Principles (SLBP) and the Sustainability-Linked Loan Principles (SLLP). The SLBP were published by the International Capital Markets Association (ICMA) in June 2020 and the SLLP by the Loan Market Association (LMA) in July 2021 to increase capital allocation to sustainability, through the achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified ESG objectives, measured by Key Performance Indicators “KPIs” and Sustainability Performance Targets (“SPT”). The following five components are the basis of Concessionária Linha Universidade’s Sustainability-linked Financing Framework:

1. Selection of key performance indicators (KPIs);
2. Calibration of sustainability performance targets (SPTs);
3. Specific bond characteristics;
4. Reporting on the above, and
5. Independent verification of the components listed in points 1-4.

What makes this framework different?

DOUBLE IMPACT APPROACH

Concessionária Linha Universidade intends to use its Sustainability-linked Financing Frameworks as a tool to channel investment towards the low carbon economy and the global sustainability agenda, by linking the funding structure to corporate and local sustainable performance improvements based on the Sustainable Development Goals. This will be possible through the bilateral commitment of Concessionária Linha Universidade and the financial markets, whose contribution through a margin adjustment will translate into a broader direct impact on the communities.

Accordingly, the capital allocated will contribute to sustainability, through the achievement of pre-determined, ambitious and material quantitative ESG objectives, which are monitored regularly and verified externally.

- **Corporate Performance target:** *Based on Materiality.* Direct contribution of the economic activity to the sustainable criteria set on the EU Taxonomy. Target aligned with the corporate strategy and representing a material improvement in the respective KPI trajectory.
- **Additional Local Impact targets:** *Based on Additionality.* Will capture the tangible social needs, contributing to the 2030 Agenda, additionally to Concessionária Linha Universidade’s projects main contribution and maximizing the impact beyond its business.

The commitments established in this framework and their real tangible impact will be guaranteed in any case by Concessionária Linha Universidade. In this sense, if the company fails to deliver the commitment impact as established in this framework, it will rely on third parties that, through penalty mechanisms, will provide the full targeted impact equivalent to the shortfall.

3.1. KEY PERFORMANCE INDICATORS (KPIs)

Corporate Performance target

KPI 1: % CAPEX aligned with EU Taxonomy Regulation

The EU Taxonomy, classifies economic activities into categories that are encompassed in macro sectors, and includes, for the time being, specific technical aspects for 2 of the 6 environmental objectives it pursues: mitigation and adaptation to climate change. In addition, all classifiable activity under the taxonomy must also comply with a minimum set of social safeguards and must not contradict any of the other four goals it pursues (water protection, transition to a circular economy, pollution control and healthy ecosystems).

Concessionária Linha Universidade will assess its activities asset by asset, to determine their eligibility and reviewed whether the economic activities, even when they made a substantial contribution to mitigation and / or adaptation to climate change, did not cause significant damage to the remaining environmental objectives, and complied with social safeguards.

Reporting in accordance to the taxonomy will be mandatory for large European listed corporates in 2022, and will help direct investment flows to those sectors fundamental to achieving the sustainability goals behind the European Green Deal.

Calculation Methodology

The calculation methodology will be based on the exposure of Concessionária Linha Universidade to the technical selection criteria and minimum safeguards established by Regulation (EU) 2020/852 and associated delegated acts⁶. The proportion of CAPEX aligned with the EU Taxonomy, as referred to in Article 8(2), point (b), of Regulation (EU) 2020/852, will be calculated as the numerator divided by the denominator specified in Sections 1.1.2.1. and 1.1.2.2. of the Commission's delegated acts developed under this Regulation.

To meet the definition of an 'environmentally sustainable economic activity' (Article 2 of the Regulation) and thus be considered Taxonomy-eligible, Concessionária Linha Universidade's activities will:

1. **Meet the technical criteria** to one or more of the environmental objectives and to the technical screening criteria.
2. **Do no significant harm** to any other environmental objective (Do No Significant Harm ("DNSH") criteria).
3. **Comply with minimum social safeguards** (these are defined as ILO core labour conventions, the OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.).

Therefore, Concessionária Linha Universidade's economic activities, even when making a substantial contribution to climate change mitigation and/or adaptation, may not be Taxonomy-eligible if they cause significant harm to the remaining environmental objectives or they do not comply with the social safeguards considered to be a prerequisite.

⁶ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-article-8-draft_en.pdf

Local Impact targets

4 QUALITY EDUCATION



KPI 2: Number of hours of professional training with special focus on local communities⁷.

In Brazil, 39.1% of students drop out secondary school to find a job, and this percentage increases up to 59.1% for women as a result of the necessity to work, care for dependants or due to pregnancy. Furthermore, unemployment in Brazil in the 3Q of 2020 has reached 14.6% but the rate for young people aged 18 to 24 more than doubles to 31.4%, having raised by more than 7% since 2019 (23.8%).

Rational: Through its commitment to generate positive impacts in the communities where it operates and the need to have highly qualified professionals on the Sao Paulo Metro Line 6 project, Concessionária Linha Universidade commits to provide technical certified training to people from local communities.

Applicable scope: Professionals and people from local communities to help them gain qualifications via the corporate university and/or through partnership with the regulated training centres run by the authorities of Sao Paulo.

The professional training actions will be focused on the certification of professionals/workers involved in the project as well as actions that promote employability – skilled and unskilled. (transversal solution to the entire infrastructure project)

Calculation formula: (# of hours of training received). The assistance of a minimum of 75% of the learning program will be necessary to be accountable for the hours of training received.

11 SUSTAINABLE CITIES AND COMMUNITIES



KPI 3: Number of jobs created for unemployed vulnerable people.

São Paulo is the largest city in Brazil and the 4th most populated city in the world. The Urban Mobility Research Network of São Paulo found, some São Paulo residents spend up to 2.4 hours per day in traffic jams.

Rational: LinhaUni wants to impulse net-zero mobility in Sao Paulo. This demonstration project will be based 100% electric (zero-emission) vehicles for social entrepreneurs delivering courier services. This solution will generate quality, and long-lasting employment with the commitment of paying a living wage.

Applicable scope: This enterprise will employ people from local communities⁷ (namely Brasilândia), providing them with the training and tools to carry out their job with the highest security and safety standards. The electric mobility social entrepreneurship program will be located in the city of Sao Paulo. Linha Uni will donate the technology, know-how and the electric vehicles to put together a social enterprise that contributes to reduce São Paulo's carbon footprint and to generate quality and long lasting employment within vulnerable communities in the proximities of the metro line 6.

Calculation methodology: (# of jobs created at the end of the year). Job position could be created by the logistic partner, LinhaUni or a business associating with a local organization.

⁷ "Special focus" stands for over 50% of people belongs to the local communities.

Local communities are defined as those with a Human Development Index (HDI) below prefeitura São Paulo average (0.805), according to the latest census available. Some of the communities considered are: Freguesia do Ó/ Brasilândia Itaquera Cidade Ademar Capela do Socorro, São Miguel Paulista São Mateus Perus Itaim Paulista M'Boi Mirim Guianases Cidade Tiradentes and Parelheiros, among others.

https://www.prefeitura.sp.gov.br/cidade/secretarias/upload/Informes_Urbanos/29_Dimensoes_IDH-M.pdf page 3

10 REDUCED INEQUALITIES



KPI 4: Number of start-ups supported promoting local entrepreneurship.

São Paulo counts with over 12 million inhabitants and around 200 universities. It also concentrates over 60% of startup investments in Brazil. 10 of São Paulo's Universities have a location or campus close to (<2km) the future L6. Potato Valley (located in bairro de Pinheiros), which represents the biggest entrepreneurial ecosystem in the city, is near to southeast L6 stations.

city, is near to southeast L6 stations.

Rational: The company intends to promote local entrepreneurship taking advantage of the capacities of local universities, with a dual purpose: The creation of innovative solutions applicable in the Project itself (during construction and operation and maintenance); and promotion and support of initiatives that contribute to objectives linked to local sustainability.

Applicable Scope: The innovation program will launch some strategic challenges defined by the company and in collaboration with local universities and other local organizations related to the entrepreneur ecosystem to turn the projects into a sustainable reality. The program intends to launch initiatives to develop self-employment through innovation solutions and to promote the creation of Start-ups on sustainable solutions using the commercial spaces enabled in the metro stations.

Calculation methodology: (# of start-ups supported). Startups supported will be those which establish memorandum of understanding (MoU) within LINHA UNI project, for the promotion of their pilot project. Examples of challenges that could be proposed in this program: App for a safer use of mobility solutions; Development and management of mobile mini hubs for urban deliveries; Last-mile delivery.

5 GENDER EQUALITY



KPI 5: Percentage of women in workforce (full-time equivalent), employed at equal pay.

In Brazil, even though around 30% of women choose technical studies and the numbers have greatly increased in the last decade, women in civil construction represent only 10% of the total workforce, which mean just over 214.000 women - On top of that, the unemployment rate has reached over 14.6% in the third quarter of 2020, of which 50,9% are women.

Rational: Concessionária Linha Universidade commits to increase the percentage of women employed in the construction sector by promoting preferential recruitment in technical jobs in direct contracts during the construction of the project.

Applicable scope: 100% of LinhaUni workers, including EPC contract employees (Engineering, Procurement and Construction).

Calculation methodology: (# of active female employees / total # of active employees) * 100. Data will be gathered from the Human Resources IT systems.

3.2. SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Corporate Performance target

SPT 1: 95% CAPEX aligned with EU Taxonomy Regulation

Concessionária Linha Universidade commits to keep an average above 95% of its CAPEX aligned with the EU Taxonomy in the period 2022 - 2025, calculated with respect to Concessionária Linha Universidade's exposure to the activities described within the taxonomy. Concessionária Linha Universidade will establish intermediary milestones to reach this target yearly, in any case, the real cumulative progress will be measured after the period.

Intermediary milestones and SPT	2022	2023	2024	2025	TOTAL
% of taxonomy-compliant CAPEX	>95%	>95%	>95%	>95%	>95%

In the event of any updates on the delegated acts associated to the Regulation (EU) 2020/852, and in order to maintain a consistent calculation methodology over time, Concessionária Linha Universidade will consider the baseline calculation methodology as a guideline to allow comparability.

Factors that support the achievement of the Targets:

- ACCIONA and STOA are committed to impulse EU Taxonomy aligned investments in their operations.
- Important activity in the field of innovation that has led to changes in our processes that will allow us to reduce emissions every year.
- Enhanced due diligence and implementation of a human rights respect, protection and remediation programme for all activities and markets.

Factors that risk the achievement of the Targets:

- Taxonomy requirements includes do not significant harm provisions and social safeguards that must be compliant.

Local Impact targets

SPT 2: 120,000h of professional training with special focus on local communities.

Number of hours of technical certified training that the organization's employees have undertaken during the construction phase: measured as 100,000h of certified training (certificates issued by partner institution), and 20,000h of non-certified training.

All employees of the technical construction sites associated to the project and people from communities around the project (with a special focus on vulnerable groups, such as women and young people with no professional training).

Concessionária Linha Universidade will establish intermediary milestones to reach this target yearly, in any case, the real cumulative progress will be measured after the period.

Intermediary milestones and SPT	2022	2023	2024	2025	TOTAL
Number of hours of training provided	55,000	30,000	25,000	10,000	120,000

Factors that support the achievement of the Targets:

- Support from the corporate university in partnership with the regulated training centres run by the authorities of Sao Paulo.
- Establishment of partnership with SENAI (ongoing) and Universities

Factors that risk the achievement of the Targets:

- Covid-19 impact: on-site training programs may face difficulties if the health situation during 2022 present a negative evolution.

SPT 3: 100 new jobs on electric mobility in the city of Sao Paulo

The following criteria will be considered during the employment process: 150 participants from local communities; Training provided on Conduto license; Health and safety, etc; Life wage to meet a family's basic needs; Local communities (namely Brasilândia).

After the training, 100 participants will be employed (employment could be provided by the logistic partner, LinhaUni or a business association with local organization).

Concessionária Linha Universidade will establish intermediary milestones to reach this target yearly, in any case, the real cumulative progress will be measured after the period.

Intermediary milestones and SPT	2022	2023	2024	2025	TOTAL
Number of jobs created	10	20	30	40	100

Factors that support the achievement of the Targets:

- Establishment of partnership with a large company focused on "last-mile" logistic distribution.
- Provision of electric scooters for selected, registered and trained participants.
- Business association with local organization to develop a last-mile delivery service enterprise.

Factors that risk the achievement of the Targets:

- According to the International Energy Agency, the market share of electric cars (BEV and PHEV) in Brazil is approximately 0.1 %.

SPT 4: 15 startups supported (agreements with LINHA UNI project)

Startups supported will be those which establish memorandum of understanding (MoU) within LINHA UNI project. Examples of challenges that could be proposed in this program: App for a safer use of mobility solutions; Development and management of mobile mini hubs for urban deliveries; Last-mile delivery.

Concessionária Linha Universidade will establish intermediary milestones to reach this target yearly, in any case, the real cumulative progress will be measured after the period.

Intermediary milestones and SPT	2022	2023	2024	2025	TOTAL
No. startups supported for their pilot project promotion (MoU signed)	-	6	-	9	15

Factors that support the achievement of the Targets:

- Launch of I'MNOVATION program in São Paulo
- São Paulo concentrates over 60% of startup investments in Brazil.
- Support of local universities and other local organizations related to the entrepreneur ecosystem to turn the projects into a sustainable reality.

Factors that risk the achievement of the Targets:

- Long time implementation & difficulty to structure and develop partnerships with large impact.

SPT 5: Achieve >15% of female employees during the construction phase

Increase the current female employment rate in the construction sector in local country, by achieving >15% of female employment during the construction phase.

Concessionária Linha Universidade will establish intermediary incremental milestones to reach this target. If the real cumulative progress measured after each milestone shows an achievement of the target before 2025, the target will be considered as met.

Intermediary milestones and SPT	2022	2023	2024	2025
Achievement of targeted % active female employees within the year	11%	12%	14%	15%

Factors that support the achievement of the Targets:

- Create a policy for equal gender hiring, including equal work environment conditions and equal salary for similar positions;
- Partnerships with NGOs for the development and training of female labor work;
- Encourage the hiring of women to occupy management and leadership positions;

Factors that risk the achievement of the Targets:

- Low rate of women in civil construction with technical studies;
- Hidden bias in hiring & promotion;

3.3. FINANCIAL CHARACTERISTICS

The details of any margin adjustment or premium payment in any Sustainability-Linked Bond / Loan in the event of a missed or achieved target will be set out in the offering documentation provided at the point of issuance of any Sustainability Linked Bond / Loan. The Framework contemplates two potential structures in relation to the financial characteristics and will consider the following structure:

Type I (applicable to the loan & bond bank guarantees)

Annually:

- If the annual targets are met, the resulting applicable Margin might be reduced (the "Sustainability Discount"). In case the current Margin reflects the benefit from the Sustainability Discount, no additional Margin reduction will be applied; or
- If the annual targets are not met, the applicable Margin will revert to the initial Margin, in the case the current Margin reflects the benefit from the Sustainability Discount. If the current Margin is the same as the initial Margin, no further increase will be applied.

[6] months after the Reference Date (or prepayment/cancellation):

- If Concessionária Linha Universidade has not met any Sustainability Performance Targets by the Reference Date, as specified in the relevant documentation of the specific transaction, the company will make a contribution to a research institute or NGO, of international or local standing, active in the same fields (such as: climate research or climate change mitigation, women empowerment & local entrepreneurship) equivalent to the shortfall for it to deliver the full targeted impact.

Type II (applicable to the bond/debenture)

Redemption Cost Impact:

Redemption Cost Impact: Concessionária Linha Universidade includes two types of SPTs in the framework: (a) Corporate Sustainability Target (SPT 1); (b) Local Impact Targets (SPT 2,3,4 and 5).

Relating to bond redemption, **if the SPTs (a and b) has been achieved** the Company may receive a discount to the early redemption premium should it elect to call its bond before the maturity date, or **if the SPT (a or b) has not been achieved** by the Company by the target observation date(s), Concessionária Linha Universidade will pay a financial penalty in the form of a contribution to a research institute or NGO, of international or local standing, active in the same fields (such as: climate research or climate change mitigation, women empowerment & local entrepreneurship) equivalent to the shortfall for it to deliver the full targeted impact. The Framework, therefore, includes both penalty and discount structures.

- If (a) and (b) achieved: applicable redemption cost step down (floored at par)
- If (a) or (b) are not achieved: applicable financial penalty

For the avoidance of doubt, the final terms will be specified in the offering documentation pertaining to each note tranche, as applicable. If, for any reason, the performance level against each SPT cannot be calculated or observed, or not in a satisfactory manner, the Sustainability Discount will not be applicable.

3.4. REPORTING

Sustainability accountability practices

Concessionária Linha Universidade will report its sustainability performance in accordance with international reporting frameworks. The company publishes this information on annual basis, and it is available to all its stakeholders through the company's website.

The Annual Report is the main document in this regard, containing ample relevant non-financial information for all stakeholders; it reports on the progress made with respect to the sustainability strategy and the challenges faced.

This report includes a specific appendix on accountability for sustainable finance transactions.

ACCIONA interacts regularly with research firms, ratings agencies and investors interested in understanding the company's environmental, social and corporate governance (ESG) performance and its business model.

Annual reporting

Concessionária Linha Universidade intends to provide aggregated reporting for all of its sustainable financing instruments and any other outstanding sustainable financing. This reporting will be published pre- and post-issuance and the transparency measures will be specified as follows:

Pre-issuance

- Definition of KPI(s) and SPT(s) (including calculation methodologies);
- Detailed description of the potential variation of the SLB financial and/or structural characteristics of the bond;
- Explanation of the planned back-up mechanisms for the event that the SPTs cannot be calculated or observed, or that calculation or observation is unsatisfactory;
- Exceptional events (such as significant change in consolidation scope as a result of material M&A activities or drastic changes in regulatory environment or extreme events) that might substantially impact the calculation of the KPI, restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

After one year has elapsed from the issuance of the applicable sustainable financing instruments, Concessionária Linha Universidade will draw up and keep readily available information on its corporate website.

Post-issuance

- Up-to-date information on the performance of the selected KPI(s), including baselines;

- Any information enabling investors to monitor the level of ambition of the SPTs (e.g., any update in the issuer’s sustainability strategy or on the related KPI/ESG governance and, more generally, any information relevant to the analysis of the KPIs and SPTs).
- Illustration of the positive sustainability impacts of the performance improvement
- Verification / Assurance report: Reports on verified SPTs will be made publicly available, outlining the performance vs. SPTs and the related impact, and timing of such impact, on the bond’s financial and/or structural characteristics

The Sustainability-Linked Financing Framework and the transparency report will be published on Concessionária Linha Universidade website, and will remain available until the maturity of such sustainable financing instruments, unless replaced by further reports in the event of material changes of allocation. They will also be available in a specific appendix of the Integrated Report focused on accountability for sustainable finance transactions.

3.5. EXTERNAL REVIEW

Second-Party Opinion (pre-issuance)

Concessionária Linha Universidade’s Sustainability-Linked Financing Framework has been reviewed by Vigeo Eiris, which issued a Second-Party Opinion confirming the alignment of the Framework with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles. The Second-Party Opinion and the Sustainability-Linked Financing Framework will be made available to investors in sustainability-linked financing instruments in the Sustainable Finance and Debt Issuances sections of Concessionária Linha Universidade website.

Verification (post-issuance)

One year after issuance or after full allocation, Concessionária Linha Universidade intends to request verification by its external auditor of a management statement on the performance level against each SPT for each KPI. It will also be externally verified each year by an audit firm using accountancy procedures for assurance engagements other than audits or reviews of historical financial information (ISAE 3000).

The report and the assurance statement will be part of Concessionária Linha Universidade’s Annual Report, available at the corporate website.

ANNEX I: SUSTAINABLE PRACTICES



ACCIONA's experience

Main partner of the Linha Universidade Concessionaire and construction company responsible for the works of Line 6-Orange, the ACCIONA Group is a leader in sustainable infrastructure solutions and renewable energy projects in the world.

Its services cover the entire value chain, from design to construction, operation and maintenance. With revenues of 6.472 billion euros in 2020, the company is in more than 40 countries, brings together more than 39 thousand employees and carries out its activities with a commitment to contribute to the economic and social development of the communities in which it operates. ACCIONA's objective is to lead the transition to a low carbon economy by applying quality criteria and innovation processes to all projects, aiming at achieving efficient use of resources and respecting the environment.

ACCIONA has the technical credentials and experience in developing urban mobility solutions. In recent years, the company has developed 44 projects in seven countries. With regard to railways and subway lines, ACCIONA has built 3,000 kilometers of track, of which 1,200 kilometers are high-speed.

The company also has extensive experience in underground construction, with more than 600 kilometers of tunnels executed. Currently, he is building the longest railway tunnels in the Nordic countries in Norway (22 kilometers) and was responsible for the Legacy Way tunnels in Brisbane (Australia), a work that has received numerous awards both for its technical execution and for its measurements. of environmental protection.

ACCIONA has participated in the construction of metro lines in cities around the world such as Madrid, Barcelona, Bilbao, Malaga, Seville, Valencia, Caracas, Medellín, Hong Kong, Lisbon and Dubai, where it is working on the design and expansion of the Line Red of the Dubai Metro on the occasion of Expo 2020.

In Latin America, ACCIONA is already working in Brazil on the development of two blocks of line 2 of the São Paulo Metro. In addition, it has executed Line 3 of the Santiago de Chile Metro and is close to completing the construction of Line 1 of the Quito Metro, the largest mobility project in the capital of Ecuador that will alleviate urban congestion and reduce polluting emissions.

Global corporate sustainability performance

ACCIONA's sustainability strategy is outlined in its Sustainability Master Plan (SMP), which sets out objectives and commitments that will be achieved on a rolling basis over a five-year period.

The Management Committee coordinates and promotes the SMP initiatives and commitments, which are translated into specific targets to be achieved by ACCIONA's various corporate areas and business lines. Each division has designated people responsible for promoting and monitoring the initiatives established within the SMP framework.

The current plan – SMP 2025 – is structured around strategic and operational objectives in the following areas, which apply to the entire organization:

- PEOPLE CENTRIC: Unique employee value proposition - based on leadership by purpose.
- PLANET POSITIVE: Beyond the net-zero focus - creating positive footprints.

- EXPONENTIAL LEADERSHIP: Genuine advocates of the sustainable transformation of the economy.
- INTEGRATING TO TRANSFORM: Unlocking ACCIONA's differential regenerative value proposition.

With this approach, ACCIONA has reached the highest standards of environmental and social management, and its sustainability leadership is recognized by key sustainability indices, including the S&P Global/RobecoSAM "Sustainability Yearbook 2021 Gold Class 2021".

The EU's new low-carbon Taxonomy is one of the main drivers of ACCIONA's strategy.

The company's main investments are, and will continue to be, focused on low-carbon activities that comply with social standards.

During 2020, ACCIONA carried out an exercise to classify its activities using the criteria of the EU classification of economic activities that contributes to the low carbon economy (EU Taxonomy).

The result of this analysis, which has been reviewed externally by the company's auditor, shows that it fits into six macro-sectors established by the EU Taxonomy, confirming ACCIONA's lead in sustainability as 85% of CAPEX, 84% of EBITDA and 47% of its revenues are within the established requirements.

STOA experience

Who we are

STOA, an impact fund established in 2017, finances infrastructure in emerging and developing countries. It is a subsidiary of Caisse des Dépôts et Consignations (CDC), and Agence Française de Développement (AFD).

CDC is a French public-sector financial institution, and AFD is France’s national development bank and agency. STOA was created in 2017 as a impact fund, as part of the growing relationship between the two institutions. STOA’s ambition is to establish long-term partnership in strategic sectors in order to meet people’s needs in critical infrastructure in emerging markets. By doing so, we promote the development of sustainable and resilient economies.

Investment in infrastructure

After investing in renewable energy projects in India and Cameroon during our first year of operation, we expanded our scope of action to include the telecommunications and transport sectors. By signing four new projects in 2019, we demonstrated our expertise and ability to fund high-impact initiatives in emerging and developing countries- particularly in Africa, which was the focus of most of our investments during the year.

Rigorous ESG risk management

For STOA, assessment of environmental social, and governance (ESG) risks has the same importance as analysis of the financial performance of an investment opportunity. We believe it is crucial to take these issues into account in order to contribute to balanced and sustainable development in the countries in which we invest.

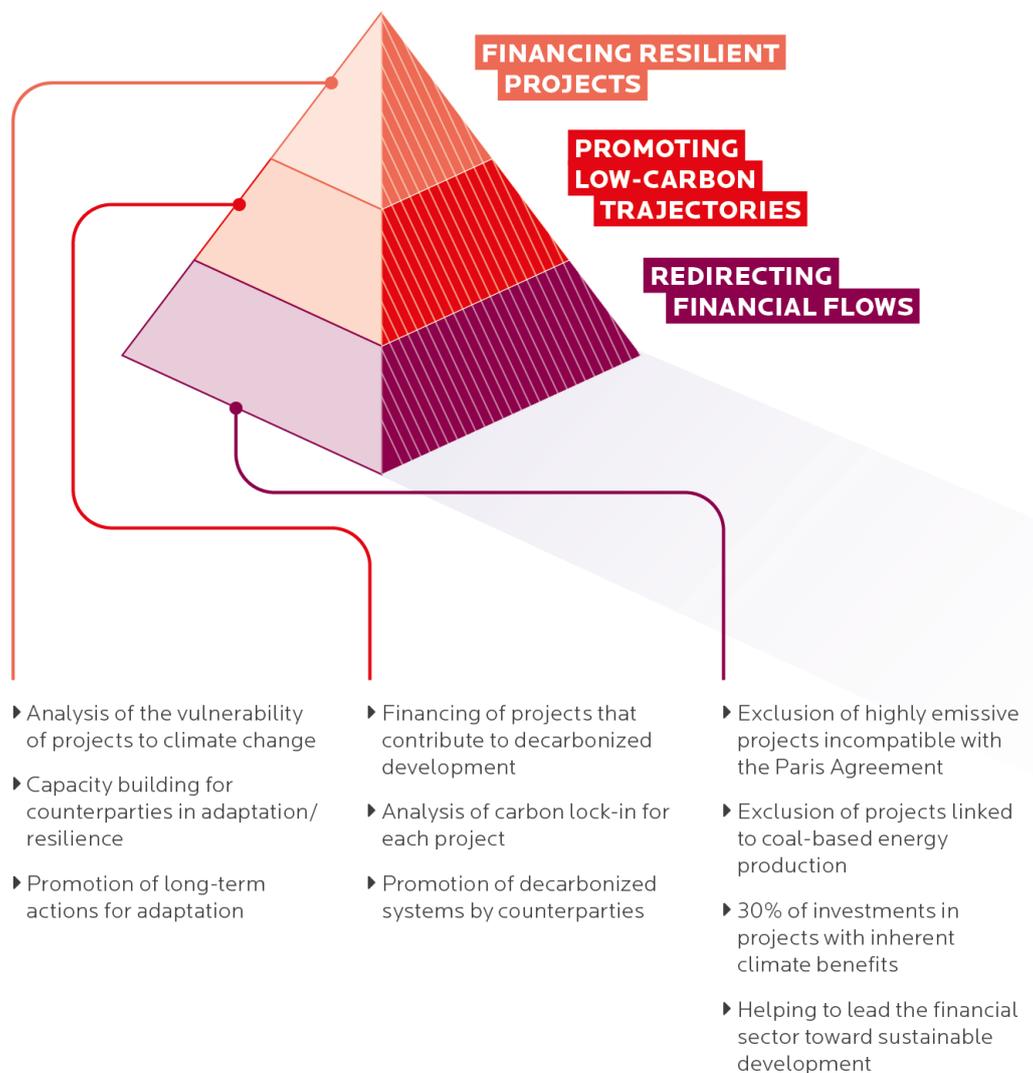
A LEADER IN INFRASTRUCTURE INVESTMENT AND ENERGY

“Since 2017, we have committed over 232 million euros to infrastructure projects, 60% of which are climate co-benefit related. The companies we support operate in various sectors, such as energy, transport, and telecommunication. All contribute to the achievement of our target Sustainable Development Goals (SDGs)”.



OUR CLIMATE STRATEGY

Taking an innovative approach, STOA goes further than a simple risk assessment and also identifies the positive impacts of the projects it supports, notably through a reinforced climate strategy. Mitigating the effects of climate change and adapting to its impacts is at the heart of everything we do. All our investment opportunities are therefore studied in the light of the commitments made by the countries where the projects are implemented, within the framework of the Paris Agreement. This strategy is based on three pillars:



A management system aligned with the IFC Principles

STOA adopted the Operating Principles for Impact Management of the International Finance Corporation (IFC) in April 2019. As a signatory, SOTA had an independent qualified company verify its compliance with the nine reference principles.



INVESTING FOR IMPACT:
Operating Principles for Impact Management



- Our disclosure statement is available at: <https://www.impactprinciples.org/signatories-reporting>
- The third-party verification report is available at: <https://www.stoainfraenergy.com/en>