RUMO S.A.

Sustainability-Linked Finance Framework

September, 2021

Summary

About Rumo

We are Brazil in motion! We are Rumo S.A., the largest railway operator in Brazil, offering logistic services for rail transportation, port elevation and warehousing. Our operation is essential to the country's development, connecting it from North to South by taking important inputs from producing regions in the Brazilian countryside to the foreign market. Rumo's area of activity extends over the states of Mato Grosso, Mato Grosso do Sul, São Paulo, Goiás, Tocantins and the states of southern Brazil.

To serve our more than 90 clients from various economic sectors, especially agricultural commodities, we maintain a robust infrastructure, which includes 13,600 kilometers of railway lines, 1,500 locomotives, and 35,000 railcars. We operate in the Midwest, South, Southeast and North regions of Brazil, where four of the most active ports are located, through which 26% of the national grain production is shipped overseas. We also operate distribution centers, facilities, and transshipment terminals that add up to a static storage capacity of approximately 900,000 tons. In this context, the Rondonópolis (MT) logistics complex stands out, with a monthly loading capacity of more than 1 million tons. We also control two port terminals and have interest in three others in the Port of Santos (São Paulo State).

We believe that our asset base puts us in a prominent position in the provision of transportation services to clients in several sectors and industries. For agriculture, for example, we serve the three main export routes for agricultural commodities, covering cities that together comprise the majority of the National Gross Domestic Product (GDP). Our railroad concessions connect Brazil's traditional agricultural and industrial production hubs to its main ports, significantly reducing the number of trucks on the road, saving a meaningful amount of CO2.

In Brazil, where trucks account for more than 60% of the transportation matrix, increasing railway capacity is an important component in building sustainable development in the logistics industry. We understand we have a crucial role in the Brazilian economics, and in the country's transition for a low-carbon economy. Therefore, this framework aims to reinforce our responsibility with the society, as the Brazil's largest logistics operator with an independent railway base.

Since 2004 we have been listed on the Novo Mercado segment of the national stock exchange, B3, committed to maintaining high standards of corporate governance. From our operational headquarters, in the capital city of the state of Paraná, as well as from our administrative headquarters in São Paulo (SP), we manage our business with ethics, transparency, and the dedication of our 9,235 employees.

Three main bodies comprise our governance structure: (a) the Board of directors (whose chairman does not hold any other management position); (b) the Fiscal Council and (c) the Board of Executives Officers. We also maintain seven thematic committees that assist management in their strategic decisions. ESG topics must be examined and approved (as determined by our Bylaw) by the Board of Directors or the Board of Executive Officers, according to the responsibilities of each body. The Internal Rules of the Board of Directors establish the procedure to be followed by Directors in case of conflicting situations, and the Directors involved must abstain from expressing any opinion on the matter.

To reinforce our moment of consolidation of future projects, in 2020 we created our DNA, guidelines that should guide our performance, defined from our initials. This DNA is based in four main pillars; (i) resolving with efficiency; (ii) united by safety; (iii) motion towards the future and (iv) oriented towards our clients.

Approach to Sustainability

Rumo's purpose is to reshape Brazilian logistics. Our railway network crosses various biomes and urban centers, thus our mission is to ensure the company's ESG management, implementing good environmental, social, and corporate governance practices, to become a transformational agent wherever we go. We bring development to places distant from major economic and industrial hubs in the country, and for that we continue to renew our operations with a strong focus on safety, and our people – core values of our company.

In compliance with the law and the conditions of the operating licenses, we have social and environmental programs in place in our network, seeking to minimize and mitigate the adverse impacts caused by our operations. These are initiatives involving the preservation and recovery of areas, the reduction of atmospheric emissions, the conscientious use of resources, waste and effluents management and a continued awareness along with our stakeholders.

In 2020, this commitment was further endorsed by the issue of the first green bond in the history of freight railways in Latin America, through which we raised US$500 million, to be invested in eligible green projects to make rail travel cleaner and more efficient. The operation was certified by the Climate Bonds Initiative (CBI), an international organization that works to engage the securities market in climate change solutions. The main requirement is to emit less than 21 grams of CO_2 per ton and kilometer transported. Currently, our operations average 14.34 grams of CO_2 per ton and kilometer transported. Railway expansion helps to reduce the circulation of hundreds of trucks on the roads, thereby reducing carbon emissions and the number of accidents, improving traffic in cities, and increasing the safety of inhabitants. As such, on our sustainability-geared path to railway expansion, we prioritize inclusion and diversity, adopting eco-efficient technology, and seeking close relationships with our local communities.

To identify the most relevant issues for our main stakeholders, we conducted a review and restructuring process of the Materiality Matrix[1] and assumed three main commitments; (1) ensure 100% traceability of agricultural commodities transported by 2025; (2) reduce freight loss in the logistics process (avoiding waste of natural process) and (3) promote actions with customers to reduce GHG emissions in the production chain. Our complete Materiality Matrix is presented below:

[1] The review process was composed of four phases: (1) Identification, (2) Prioritization, (3) Analysis and (4) Results Validation. In the first phase, the contents of 18 internal documents were studied and considered, including policies, strategic guidelines, diagnostics, and communication materials, and 13 external documents (peer and competitor strategies, papers, ranking and index questionnaires, and sector studies). The Prioritization phase involved 154 consultations/ interviews, with nine leaders and five external stakeholders, in addition to responses to online questionnaires filled out by 140 stakeholders, including 127 employees and 7 clients. From the analysis of all the results and the definition of weights for the interviews, eight material themes were identified, validated by the Investor Relations and Sustainability departments, as well as senior management.

Originally, our Sustainability Strategy was based on three pillars; (i) partnering with Brazil's agribusiness and global supply; (ii) transitioning to a low-carbon economy and (iii) developing the local economy. In 2019 we listened to our main stakeholders and this strategy was expanded further based on their feedback, and we launched our nine commitments to sustainable development which were correlated to the United Nations (UN) Sustainable Development Goals (SDG)[2]. In 2021, we revised our commitments (in line with our Materiality Matrix) and, aware of the relevance of clients and suppliers as stakeholders to our business, we added one more commitment for each of the themes, with its respective target, related to the traceability of the transported product, particularly agricultural commodities - a topic also considered as material by our stakeholders.

	1.	2.	3.	4.	5.
COMMITMENT	• Ensure the safety of the teams, processes and operations, reflected in our LTIF index, which must be 0.15 on average, in the period up to 2025	• Promote and encourage energy efficiency, seeking to mitigate the impacts on climate change • Reduce emissions by 15% per RTK by 2023	• Promote gender diversity in the selection processes and succession map, as well as develop people continuously. In this regard, we commit to increasing our employee satisfaction level from 78% in 2019 to 82% by 2025	• Disseminate ethical values to the entire team and in the value chain	• Search for forms of financing linked to sustainability criteria (Green/Social/ Transition/ ESG-related)
2020 ACTIONS	• Implementation of the 7 rules of life • Virtual reality training • Integration of information systems and security processes	• Issue of a green bond • Remote monitoring of trains • 100% semi-automated locomotives • Annual verification and publication of the Emissions Inventory	• Implementation of inclusive recruiting for various positions • Respeito Importa Campaign	• Training programs and compliance pills available in the internal e-learning system • Training in person and by videoconference to managers from several locations • Instructive communications on the Code of Conduct and internal policies	• Issue of a green bond
2020 RESULT	• LTIF ended the year at 0.14	• 5% reduction in fuel consumption • Quantification and auditing of scope 3 emissions • First company in Brazil to be verified by the largest certifier in 2021 • Clima Paraná Ouro Plus Seal received • 9.4% reduction in specific emissions • 6% reduction in absolute emissions	• Increase of 12% in the number of women • PraVC Program	• Over 90% reach of employees trained in the Code of Conduct • More than 100 managers trained on conduct and anti-corruption rules • Greater reach of employees with the disclosure of compliance pills via internal communication	• US$500 million raised, which will be allocated to eligible green projects to make railway transport cleaner and more efficient

	6.	7.	8.
COMMITMENT	• Contribute to the sustainable development of Brazil, protecting natural resources, with attitudes that seek the perpetuity of the business and the generation of a positive impact on the communities surrounding the operations	Promote transparency regarding business management and in alignment with sustainability aspects	Encourage innovation in the business and its stakeholders
2020 ACTIONS	• Prioritization in hiring local labor • Support to actions that fight the effects of Covid-19 • Incentive to social projects in all of Brazil	• Publication in the GHG Protocol • Responses to CDP Reporte in the Clima Paraná Seal • Integrating the ICO2 portfolio	• Adhesion to the Global Compact • Adhesion to CEBDS (Brazilian Corporate Council for Sustainable Development) • Adhesion to the Brazil Coalition • Adhesion to UN Women
2020 RESULT	• 75% local labor in the construction of the railway and terminal of the Central Network • 70% of local labor in the operation of the railway and terminal of the Central Network • 57 institutions supported in the fight against the effects of Covid-19 in 2020 • 18 institutions served, totaling 2.4 million allocated for social projects in 2020 • Early renewal of the Paulista Network	• GHG Protocol Gold Standard Seal • B- Rating on CDP (D in 2019) • First proactive response to DJSI • Response to IAF (Railway Environmental Index) of ANTT	

	9.	10.
NEW COMMITMENTS	• Boost the supply chain to promote Sustainability	• Promote sustainability actions together with clients
MAIN FOCUS OF OPERATION	• Monitor the supply chain with a focus on sustainable actions • Encourage suppliers to perform the assessment aiming at sustainability criteria	• Ensure 100% traceability of agricultural commodities transported by 2025; • Reduce cargo loss along the logistics chain; • Reduction of the Brazil Cost, enabling the arrival of goods in various regions of Brazil and the world.

In 2020, we also created working groups with coordinating leaders, to propose and monitor the implementation of initiatives and the respective indicators for achieving each of the commitments. For these teams, we set individual and collective goals and objectives for the short and medium terms.

[2] Sustainability - Rumo (rumolog.com)

These sustainable goals align closely with the quest to expand the country's railway transportation capacity in an efficient way. Considering our capacity of avoiding emissions, we understand that we need to take part on climate mitigation. We have been acting preventively, with investments of more than BRL 3 billion in initiatives that help control, prevent, and mitigate risks, and results in gains in operational efficiency, considering revitalization of the tracks, expansion works, expansion of yards, technologies such as semi-autonomous trains, use of artificial intelligence, derailment detectors, etc.

In fact, climate change can affect our business in many ways. We identified the following risks, opportunities and impacts associated with excessive rainfall, temperature range and landslides and work tirelessly to reduce and mitigate those risks.

Risks and opportunities arising from climate change with the potential to create substantial changes in operations, revenues or expenses

Classification	Excess or lack of rainfall	Temperature range	Landslides	Global food distribution
Description of the risk or opportunity and its classification	Physical risk	Physical risk	Physical risk	Opportunity
Description of the impact associated with the risk or opportunity	The excess or lack of rainfall can directly impact the production of grains, which represents 80% of the cargo we transport	Exceptionally high temperatures can cause buckling of the rails, which causes deformation of the structure, and exceptionally low temperatures can cause the rails to break. These events, associated with the track components, can cause the derailing of trainsets, negatively impacting the operation	Intense rainfall can cause landslides on the sides of the tracks, as well as rockfalls	Despite the possible impacts on grain production, global supply is necessary when it comes to the food supply chain
Financial implications of the risk or opportunity before action is taken	Changes in grain productivity directly impact rail transportation, which in addition to large volumes represents 80% of the total volume transported	After an accident occurs, there is an interruption of train circulation on the stretches, directly impacting productivity	These events cause interruption of the tracks, in addition to damages to the rolling stock and risk to the driver's physical integrity	For this, a market analysis was carried out to understand the demand and the need for investments to expand the transportation capacity
Methods used to manage the risk or opportunity	We seek to expand transportation capacity and diversify the cargoes transported, such as fuel, sugar, cement, pulp, etc.	We constantly invest in technologies that help prevent occurrences, such as derailment detectors and track inspections to evaluate the condition of the components	We invest in technologies such as landslide detectors, interconnected to the Operational Control system	The construction of new hoppers, warehouses, and tumblers allows for faster receipt of cargo and increased shipping capacity, with the possibility of loading three trains simultaneously
Financial costs of managing the risk or opportunity	We have no control over climate change, but we invest in technologies that help us act preventively, such as weather stations	In the last few years, we invested more than R$10,000,000 in derailment detectors, which send out a warning in the event of an accident, thus avoiding greater losses	We invested in landslide detectors that allow preventive actions to be taken, allowing teams to be called for maintenance and correction of the locations with risks	R$230 million have been invested in the expansion of the Rondonópolis terminal, with a considerable increase in idle capacity

We work intensively to improve energy efficiency in our operations, investing to reduce diesel consumption, which directly impacts the reduction of greenhouse gas emissions, thus contributing to a cleaner transportation matrix. Increased efficiency results in increased transport capacity, showing robustness when compared to other modes that have higher emissions and pollutant indicators.

Aware and concerned with the advance of climate change risks, we defined in 2020 (and published) our first goal related to Green House Gas (GHG) emissions and our CEO signed the Climate Neutrality letter, together with 32 other business leaders, encouraging Brazil to commit to more ambitious emissions neutrality targets by 2050.

Since 2015 we had a reduction of 33% in specific emissions, which is equivalent to 1,2 million tons of CO_2 avoided. Emphasizing this mission, our goal is to reduce specific emissions (gCO2eq/TKU) by 15% before 2023[3], helping Brazil fulfill the commitment undertaken in the 21st Conference of Parties (COP21)[4]. Analyzing the ever-changing internal scenario, we established a new challenge with the purpose of further reducing emissions, considering a long-term horizon. Therefore, we have set a goal to reduce specific emissions by 17.6% by 2026 and 21.6% by 2030, based on our 2020 baseline. This means that in 2030 we expect to reach emissions of 11.24 gCO2eq/TKU, making railway an even cleaner, more efficient, and sustainable transportation mode.

[3] As announced in 2020, using the 2019 baseline
[4] To reduce GHG emissions by 37% until 2025, below 2005 levels

Also considering our responsibility to guarantee access to clean energy sources, as well as to slow down the causes of climate change, we have set ourselves the goal of reducing Scope 2 emissions. To this end, we have committed to constantly increase the purchase of energy from certified renewable sources, in search of a more sustainable energy matrix, and to plan the implementation of projects with the use of solar energy in the operation. Aligned with the need to foster a sustainable supply chain and aiming to contribute to the eradication of the use and deforestation of illegal areas, we have determined to ensure the traceability of 100% of the agricultural commodities transported by our networks by 2025.

Rationale for the Issuance

By transporting mainly agricultural commodities, we play a relevant role in the development of the local economy, positioning us as an ally in the transition to a low-carbon economy, in view of our effective logistics solution, seeking to minimize the environmental impacts caused. Over the years, we have evolved to integrate our financing strategy with the company's sustainable goals. We were the first transportation company out of Brazil to issue green bonds and were amongst the largest corporate issuers of green bonds at the time.

In 2020, we released our Green Finance Framework associated to our USD 500 million issuance of Green Bonds. The Framework was created to enable the financing of our capital expenditures in projects associated to clean transportation and pollution prevention and control. This issuance (that was verified by Sustainalytics and certified by the Climate Bond Initiative) was very successful and met continuous growing investor demand for this type of financing.

This Sustainability-Linked Finance Framework ("Framework") acts as a complementary document to the existing Green Financing Framework. The inclusion of Sustainability-Linked financing to Rumo's toolbox of sustainable finance instruments is a natural step in the company's constant and growing commitment to environmental and sustainability issues.

It is important to mention that this Sustainability-Linked Financing only comes to formalize something that we have already been doing, as sustainability-linked instruments are already in our DNA. In May 2021, we issued BRL 1,500 million in sustainability-linked debentures in the Brazilian local market, anticipating our GHG emission goal that was originally to reduce our direct emission by 15% by 2025 to reach the same percentage by 2023. This issuance was the largest of its type and received Bureau Veritas' second party opinion. Based on the emission reduction target, we estimate that approximately 30% of our financing facilities are associated with ESG goals, and our goal is to reach up to 50% of our financing lines.

This example demonstrates that we are committed to create financial incentives for the company to fulfil its sustainable business to progress the evolution of sustainable capital markets. In that sense, this Sustainability-Linked Finance Framework will enable us to: (i) align our financing strategy with its mission, objectives and sustainability targets; (ii) ensure that the proceeds from institutional investors and customers are channeled into investments that contribute to a transition to an economy that has a lower environmental impact; and (iii) contribute to the development of the sustainable finance market, underlining the importance of the railroad sector in the implementation and achievement of the UN's SDGs.

We intend to use this Sustainability-Linked Finance Framework as an umbrella to issue and/or do Sustainability-Linked Instruments ("SLIs"), which may include, but are not limited to Sustainability-Linked Bonds ("SLBs"), Sustainability-Linked Debentures ("SLDs") and other financial instruments that include but are not limited to loans and securities.

Our objective with this Framework and any eventual issuance of SLIs, is to inspire other companies to follow the same sustainable path, integrating finance alternative with sustainable goals. In addition to that, we would also like to incentivize investors to take their part in incentivizing financial instruments linked to ESG goals. For that, we will commit to specific ESG outcomes, setting ambitious timelines for achieving sustainability performance targets that are relevant, core and material to our business. Our Framework provides a high-level approach to our Sustainability-Linked Securities and investors should refer to the relevant documentation for any specific new issuance.

Alignment with the Sustainability-Linked Principles

This Framework has been established in accordance with the (i) Sustainability-Linked Bond Principles 2020[5] ("SLBP"), as administered by the International Capital Market Association ("ICMA") aiming to encompass future issuances in the capital markets and (ii) Sustainability-Linked Loan Principles 2020 ("SLLP"), as administered by the Loan Markets Association ("LMA") aiming to encompass bilateral or syndicated loans with financial institutions and/or multilateral agencies.

The SLBP and the SLLP, or the Sustainability-Linked Principles ("SLP") are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked financing by clarifying the approach for issuance of a SLIs. Our Sustainability-Linked Finance Framework is in alignment with the five core components of the SLBP:

1. Selection of Targets and Key Performance Indicator (KPI)
2. Calibration of Sustainability Performance Targets (SPT)
3. Financial Characteristics
4. Reporting
5. Independent Verification of the components listed in points 1-4

It is worth pointing out that SLIs can be any type of instrument in which the financial and/or structural characteristics may vary according to the achievement (or not) of predefined sustainability goals. In this sense, we are explicitly committing to future improvements in the targets of sustainability performance that are relevant, essential, and material to our business, within a predetermined schedule. As a result, SLIs are a forward-looking performance-based instrument. The proceeds of SLIs are intended to be used for general purposes; hence, the use of proceeds is not a determinant in our categorization. However, Rumo reserves its right to pursue SLIs that additionally to the target and KPI presented also have a green and/or climate use of proceeds. For that, the company may use the guidelines of our Green Framework[6] and pursue projects related to vehicle technologies[1], transport infrastructure[1] and system improvements[1] that would be eligible to be certified by CBI.

Rumo is committed to the Sustainable Development Goals (SDGs) as it understands that private sector engagement is essential to accelerate the fulfillment of the 2030 Agenda. In 2019 we assumed nine commitments to a sustainable development, in line with the UN SDGs. Among these commitments, we had three quantitative targets related to occupational safety, employee satisfaction and GHG reduction. In 2021, we revisited the process and revised our commitments, expanding it to include targets involving customers and suppliers, understanding the relevance of these stakeholders in our businesses.

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[5] Please check the SLBP Principles at https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf

[6] In fact, the targets and indicators selected by the company, as outlined below, were designed having in mind the Climate Bonds Standard and the Transport Criteria, as reported by the Climate Bond Initiative (CBI)[6] and have an underlying climate commitment.

Selection of the Key Performance Indicator

We believe railway transportation plays an important role in the sustainable development, when compared to other transport modes. Since 99.15% of our emissions come from diesel consumption by the locomotives, tracking our GHG emissions is crucial. For that, we are continuously developing strategies to reduce consumption and investing in fleet renewal, track revitalization, technology equipment, and expansion of terminal capacity.

The indicator selected, that encompasses GHG reductions, is core, material and relevant for us. The railway can transport large quantities with lower emissions in relation to other modes. An example are agricultural commodities, which account for about 80% of our total transported cargo, whose production increases every year, but with lower emissions. In 2020, even with production 4% higher, there was a 6% drop in absolute emissions. So, if we manage to obtain business growth and at the same time achieve GHG emissions reduction, we will be serving as a catalyst for a climate transition in Brazil.

As a result, we decided to create this Framework based on our carbon emission sustainable target, to be measured by a key-performance indicator ("KPI"), that will enable us to track our company's organic growth and commit to reduce emissions from our operations in a broader sense.

Description
Sustainability Performance Target ("SPT"): Reduce GHG Emissions Intensity to 11,24 gtCO_2e/TKU[7] or less by the end of 2030 (scopes 1 & 2)[8] **Short-term goal**: Achieve a 17.6% reduction by the end of 2026, to 11,82 gtCO_2e/TKU **Medium-term goal:** Achieve a 21.6% reduction by the end of 2030, to 11,24 gtCO_2e/TKU **Baseline**: December 2020, with an emissions intensity of 14,34gCO_2e/TKU **KPI Selected:** gCO_2e/TKU (gases Co2 equivalent, per net ton-kilometer), which is a freight-activity based metric. **Rationale for the KPI Selection:** Reducing GHG emissions intensity is vital to combat climate change. Thus, measuring our carbon footprint is key to our path towards decarbonization. In the search for the efficiency of our processes, we have already managed to considerably reduce the emissions associated with our production by making changes to our way of doing business, going beyond business as usual. However, we know that we can do more. With investments in energy efficiency, process management and planning, we achieved great results in GHG reduction; specific GHG emissions (CO_2eq/TKU) have already fallen 33% compared to 2015 and 9,4% compared to 2019, which shows a growing improvement in the efficiency of emissions management[9]. We have also constantly evolved in the aspect of emissions management and reporting, establishing targets, reporting on relevant indexes, internal and external communication of the railway's competitive advantage in relation to other modes and, mainly, demonstrating the advance in relation to energy efficiency[10]. In the future, we may consider also implementing carbon compensation projects, provided they are not used as the main source for carbon reductions.

[7] Carbon dioxide equivalent is a way of expressing all the different greenhouse gases as a single number.
[8] Scope 1 emissions include emissions from direct operations and Scope 2 emissions include electricity purchased.
[9] According to our Sustainability Report 2020
[10] In 2020, we expanded the disclosure of emissions, with quantitative reporting of relevant indexes, such as the first report of 2019 in the GHG Protocol, in the Gold Category; response to the CDP questionnaire; reporting and composition of the ICO2 portfolio; and reporting for the second consecutive year in the Paraná Climate Seal, with the achievement of the Gold Plus category, applied to companies that have their inventories validated by a third party, with proven emission reductions.

KPI Boundary: The KPI selected comprise scope 1 and 2 emissions, which covers 99% of the Company's GHG emissions inventory and includes all relevant subsidiary emissions. The company choose to focus on scope 1 and 2 emissions for this Framework as Rumo is still in the early stages of validating strategies and timelines for reducing emissions associated with scope 3 emissions. The company holds regular roundtables with key clients and suppliers to discuss and agree on measures for decarbonization along its value chain, to get more visibility in this front and incorporate those metrics (in the future) in its targets.

SDG Alignment: The target and KPI selected are aligned with two sustainable development goals, as defined by the United Nations ("UN"), namely: (i) SDG 7: Affordable and Clean Energy and (ii) SDG 9: Industry, Innovation, and Infrastructure.

Examples of projects in operational efficiency: We already have some specific projects in course that could reduce our specific emissions, and our objective is to expand them and use it with more accuracy. Thus, our investments and efforts will be focusing on:

- **Operating Efficiency:** Investments on lower diesel consumption, reducing costs and Greenhouse Gas (GHG) emissions. For that, we as the largest operator of semi-automatic trains, our system secures smooth transport, prevents overtaking at certain speeds, and provides other safety controls, allowing trains to travel with at least 10% less diesel compared to non-automatic, with a 3% decrease in transit time (the time it takes to load, go from point A to point B, and unload); and
- **Capacity increasing:** The investments we make to increase capacity allow us to replace the volume transported by trucks by our railways, qualifying the Brazilian transportation grid. As such, over the last four years we avoided the emission of 7.2 million tons of CO_2, reaching a total of approximately 8.4 million tons of CO_2 avoided since 2015, considering our efficiency gains and the replacement of volumes transported by less efficient modes of transportation. By investing in additional capacity to increase railway volume, we mainly reduce the amount of cargo transported by trucks, which are responsible for at least almost seven times more fuel consumption than railways.

In addition to that, the company may also consider projects to electrify its fleet. Given Brazilian structural challenges imposed for such an endeavor, the Company is still in discussion with several stakeholders (regulators, government and etc) to evaluate the best course of action in that regard.

Calibration of the Sustainability Performance Target (SPT)

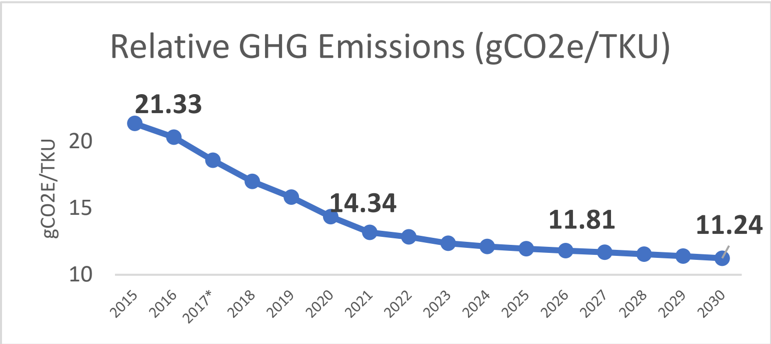
Aware of the significance of our commitments and the challenges we face to meet them, we have included the rationale for the calibration of our proposed target, as follows:

Description
Sustainability Performance Target ("SPT"): Reduce GHG Emissions Intensity to 11,24 gtCO2e/TKU[11] or less by the end of 2030 (scopes 1 & 2)[12] **Short-term goal**: Achieve a 17.6% reduction by the end of 2026, to 11,82 gtCO2e/TKU **Long-term goal:** Achieve a 21.6% reduction by the end of 2030, to 11,24 gtCO2e/TKU **Baseline**: December 2020, with an emissions intensity of 14,34gCO2e/TKU
SPT Trigger: Achieve a 17.6% reduction in emissions intensity by the end of 2026 and a 21.6% reduction in absolute emissions by the end of 2030 (using the 2020 Baseline).
SPT Observation Dates: December 31, 2026 and December 31, 2030.
SPT calculation methodology: Scope 1 and 2 emissions are calculated in line with the GHG Protocol Corporate Standard. The calculation uses a blend of market-based and location-based approaches (depending on data availability in certain geographies) to account for scope 2 emissions.

[11] Carbon dioxide equivalent, is a way of expressing all the different greenhouse gases as a single number.
[12] Scope 1 emissions include emissions from direct operations and Scope 2 emissions include electricity purchased.

The calculation also considers our estimates and projections of future productivity until 2030 and the associated fuel consumption. In addition to that, we also did a benchmark exercise using Science Based Targets defined by the Science Based targets Initiative, whereby we committed to a 3% annual linear reduction in our emissions, resulting in a 15% reduction of emission in the first 5 years.

Factors that support the achievement of the target: Among the factors that may facilitate our achievement of the SPT, we highlight: (i) purchase and renewal of locomotive fleet, with more technologies regarding to capacity and system; (ii) purchase of renewable energies and self-generated renewable energies; (iii) energy efficiency measures and energy source change; (iii) efficiency programs (iv) regular sustainability training for internal and external stakeholders; (v) sustainability assessment and engagement programs for suppliers and clients; (vi) new sustainability criteria for new investment projects; and (vii) management buy-in with strong commitment of the Board of Directors to the Sustainability Strategy.



Factors that pose risks to the achievement of the target: Among the factors that may make the achievement of the SPT more difficult, we highlight: (i) complications caused by extreme climate phenomena, such as landslides near hills that may cover part of the tracks, shutting down operations; (ii) extreme events, such as pandemics and natural disasters; (iii) equipment failure, unexpected shutdown, among other operational factors; (iv) market constraints in availability and pricing of energy efficient equipment and renewable Energy; (v) regulatory uncertainty; and (vi) high demand caused by external factors, occurring on more cargo and capacity decreasing.

Financial Characteristics

The proceeds of our SLIs will be used for general corporate purposes but may also be allocated for specific purposes, as it will be described in the appropriate SLI documentation. In addition to that, our SLIs will have a sustainability-linked feature that can result in a coupon adjustment, that can be represented by, but is not limited to, coupon step-ups and/or step-downs if:

- KPI has not achieved the SPT on the target observation date;
- the verification (as per the verification section of this Framework) of the SPTs has not been provided and made public by the time of the notification date, as defined in the instrument documentation; or
- Rumo fails to provide satisfaction notice as of the notification date related to achieving the SPT, each as defined in the bond documentation

The step-up and/or step-down adjustment, as applicable, will be specified in the relevant documentation of the specific transaction.

Our calculation of the relevant KPI or SPT, may exclude the effects of certain material acquisitions and/or material changes in laws or regulations applicable or relating to our production activities, in each case to be set forth, if applicable, in further detail in the terms and conditions of each our Sustainability-Linked Securities.

Reporting

Annually, and in any case for any date/period relevant for assessing the trigger of the SPT performance leading to a potential coupon adjustment, we will publish and keep readily available and easily accessible on our website an update report including:

i. Up-to-date information on the performance of the selected KPI, including the baseline used where relevant;
ii. A verification assurance report relative to the SPT outlining the (i) performance against the SPT, (ii) the related impact, (iii) timing of such impact, and (iv) impact on the instrument's characteristics (if any); and
iii. Any relevant information enabling investors to monitor the progress of the SPT.

Information may also include, when feasible and possible:

iv. Qualitative or quantitative explanation of the contribution of the main factors, behind the evolution of the performance/KPI on an annual basis;
v. Illustration of the positive sustainability impacts of the performance improvement; and/or
vi. Any re-assessments of the KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

Rumo may also opt to disclose additional information in relation to the use of proceeds (like allocation and eligibility criteria), although this will not be mandatory fir the SLI purpose.

Verification

Annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential coupon adjustment, we will seek independent and external verification of our performance level against the SPT for the stated KPI by a qualified external reviewer with relevant expertise. The verification of the performance against the SPT will be made publicly available on our website.

We will also obtain and make publicly available a Second Party Opinion (SPO) and/or other external review from consultants with recognized environmental and social expertise to provide an opinion on the sustainability benefit of this Sustainability-Linked Finance Framework as well as the alignment to the SLPs. The SPO will also be available on our investor relations website, as well as the SPO provider's website.

Review

Rumo will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Rumo will also review this Framework in case of material changes in the perimeter, methodology, KPIs and/or the SPT's calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of a qualified provider of second party opinion.

Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external verifier. The updated Framework, if any, will be published on Rumo's website and will replace this Framework.

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