



Office National des Chemin de Fer

PRE-ISSUANCE VERIFICATION LETTER

LAND TRANSPORT CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: December 2024

Approved verifier: Sustainalytics

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Scope and Objectives

Office National des Chemin de Fer (the “ONCF”) developed the ONCF Green Bond Framework¹ (the “Framework”) to issue a green bond to refinance projects related to low-carbon rail transport development. In December 2024, ONCF engaged Sustainalytics to review the projects to be refinanced with proceeds from its ONCF Green Bond 2025 (the “Nominated Projects”) and provide an assessment as to whether the Nominated Projects meet the Pre-Issuance Requirements of the Climate Bonds Standard.²

The ONCF is a state-owned enterprise that manages Morocco’s railway network, including passenger and freight services, managed by the Moroccan Ministry of Transport and Logistics.

Pre-Issuance Evaluation Criteria

Pre-Issuance requirements of the Climate Bonds Standard Version 4.2:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria
 - Land Transport Criteria³
- Management of Proceeds
- Reporting

Issuing Entity’s Responsibility

ONCF is responsible for providing information and documents relating to:

- The details concerning the selection process for the Nominated Projects
- The details of the Nominated Projects
- The management systems for internal processes and controls for projects, including: tracking of proceeds, managing unallocated proceeds and earmarking funds to projects

¹ ONCF’s Green Bond Framework was developed in 2022 and subsequently updated in January 2025. ONCF has shared the Framework with Sustainalytics confidentially.

² Climate Bonds Initiative, Climate Bonds Standard Version 4.2, at: https://www.climatebonds.net/files/files/CBI_Standard_V4-2_02D.pdf

³ Climate Bonds Initiative, Land Transport Criteria, at: <https://www.climatebonds.net/files/files/standards/Land%20transport/Sector%20Criteria%20-%20Land%20Transport%20%28April%202023%29.pdf>

- The details of the issuer's commitments prior to issuance for reporting, including: investment areas, management of unallocated proceeds and frequency of periodic assurance engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the ONCF Green Bond 2025 to provide an independent opinion on its conformance with the Pre-Issuance Requirements of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by ONCF with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by ONCF.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 4.2 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant ONCF employees and review of relevant documentation to assess the conformance of the ONCF Green Bond 2025 with the Climate Bonds Certification Pre-Issuance Requirements.

Conclusion

ONCF intends to issue a green bond to refinance projects related to low-carbon rail transport development.

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, the ONCF Green Bond 2025 is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.

Schedule 1: Overview of Nominated Projects and Assets

Table 1: Detailed Description of the Nominated Projects

| Asset category | Asset Name and Sub-category | Asset Description | Overall Assessment |
|----------------|--|---|--|
| Land Transport | Upgrade of Settat-Marrakech: Operation of electrified railway lines | This project involves operation of fully electrified lines dedicated to electric trains powered by wind energy. | All zero direct emissions transport and dedicated supporting infrastructure are automatically eligible. Therefore, the operation of fully electric lines meet the requirements in section 3.2.1 of the Land Transport Criteria. |
| | Rolling Stock Engines: Acquisition and upgrade of electrified rolling stock | This project involves acquisition of electric locomotives, passenger coaches and freight wagons, as well as upgrades to the existing electric train fleet. | All zero-direct-emissions transport and dedicated supporting infrastructure are automatically eligible. Therefore, the acquisition and upgrade of electric rolling stock meet the requirements in section 3.2.1 of the Land Transport Criteria. |
| | Capacity Increase Casablanca and Tangier-Med: Construction of railway transport networks | The project involves doubling and tripling of fully electrified lines for freight and passenger transportation. Additionally, it involves construction of electrified lines that connect the Tangier Med port to the national railway network. | All zero direct emissions transport and dedicated supporting infrastructure are automatically eligible. Therefore, the construction of infrastructure dedicated to electric rail lines meet the requirements in section 3.2.1 of the Land Transport Criteria. |
| | Upgrade of Sisi Kacem-Tangier, Safety Installations and Substations: Development and integration of transport planning systems | This project involves installation of an ERTMS-type Speed Control System, implementation of a GSM-R System and new telecommunications infrastructure, and setup of video surveillance systems. Additionally, it involves implementation of remote-control systems for electrical substations. | The ERTMS Speed Control system improves management of train speeds, which helps conserve energy. The GSM-R System enhances communication between trains and control centres, leading to better scheduling and fewer delays, which also result in energy savings. Video surveillance systems help maintain smooth and safe operations, contributing to preventing delays and minimizing unnecessary energy use. The remote control system optimizes the flow of energy, which helps lower emissions. All the above projects qualify under section 3.9 of the Land Transport Criteria. |

Schedule 2: Conformance to the Exclusion Requirements of the Climate Bonds Standard

Table 2: Exclusion of Dedicated Fossil Fuel Transport

| Exclusion Criteria | Overall Assessment |
|--|---|
| Infrastructure and rolling stock for railway lines that are built with the overriding objective of transporting fossil fuels do not qualify under the Land Transport Criteria. | ONCF has confirmed that the infrastructure and rolling stock for railway lines built with the overriding objective of transporting fossil fuels are excluded from the Nominated Projects. |

Table 3: Exclusion of Biofuel Vehicles

| Exclusion Criteria | Overall Assessment |
|--|--|
| Road vehicles or rolling stock designated as using biofuels, even partially, do not qualify under the Land Transport Criteria, even if meeting the relevant threshold for passenger or freight transport. The same exclusion rule holds for railway lines or networks that are being financed on which biofuel rolling stock will run. | ONCF has confirmed that the rolling stock that will be powered by biofuels and the railway lines or networks being financed for the operation of biofuel-powered rolling stock are excluded from the Nominated Projects. |

Schedule 3: Conformance to the Pre-Issuance Requirements of the Climate Bonds Standard^{4,5}

| Procedure Performed | Factual Findings | Error or Exceptions Identified |
|--|--|--------------------------------|
| A.2.1. Use of Proceeds | <p>2.1.1 ONCF has developed a list of proposed Nominated Projects which comply with the Land Transport Criteria of the Climate Bonds Standard. ONCF intends to keep this list updated. The proposed Nominated Projects include:</p> <ul style="list-style-type: none"> • Operation of electrified railway lines • Acquisition and upgrade of electrified railways • Construction of railway transport networks • Construction of infrastructure for railway lines and networks • Development and integration of transport planning systems • Construction of logistic platforms <p>2.1.2 ONCF confirms that the net proceeds of the debt instrument will not be greater than the total investment exposure to the proposed Nominated Projects or the relevant proportion of the total market value of the proposed Nominated Projects owned or funded by ONCF.</p> <p>2.1.3 ONCF's management confirms that the Nominated Projects will not be nominated to other certified debt Instruments unless ONCF demonstrates that distinct portions of the Nominated Projects are being funded by different certified debt instruments or, the present certified debt instrument is being refinanced via another certified debt instrument.</p> | None |
| A.2.2. Process for Evaluation and Selection of Projects and Assets | <p>2.2.1 ONCF established and documented a decision-making process to determine the eligibility of the Nominated Projects.</p> <p>2.2.2 ONCF's decision-making process mentioned in 2.2.1 above includes the following:</p> <ul style="list-style-type: none"> i. The climate-related objectives of the debt instrument. ii. How the climate-related objectives of the debt instrument are positioned | None |

⁴ Climate Bonds Initiative, Climate Bonds Standard Version 4.2, at: https://www.climatebonds.net/files/files/CBI_Standard_V4-2_02D.pdf

⁵ For ease of reference, the numbering in this section follows the numbering of the Climate Bonds Standard Version 4.2.

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| | <p>within the context of ONCF's overarching objectives, strategy, policy and processes relating to environmental sustainability.</p> <ul style="list-style-type: none"> iii. ONCF's rationale for issuing the debt instrument is to refinance projects that support the development and operation of low-carbon rail transport. These projects focus primarily on rail lines, the majority of which are electrified. iv. A process to determine how the proposed Nominated Projects meet the eligibility requirements of the Climate Bonds Standard, including the relevant Sector Criteria. ONCF's Green Bond Committee is responsible for evaluating the eligible projects, approving the allocation of proceeds and ensuring compliance with all the aspects of the framework. v. ONCF has sufficient measures in place to manage and mitigate environmental and social risks that are commonly associated with the Nominated Projects. vi. The debt instrument's underlying framework references Climate Bonds Standards version 4.2. | |
| A.2.3. Management of Proceeds | <p>2.3.1 ONCF has documented and disclosed to Sustainalytics the systems, policies and processes it will use to manage the net proceeds.</p> <ul style="list-style-type: none"> a. Tracking of proceeds: ONCF has a process in place to track and monitor the proceeds. b. Managing unallocated proceeds: ONCF will invest any unallocated proceeds in money market instruments, cash or cash equivalents, bank deposits, and treasury bills. c. Earmarking funds to Nominated Projects: ONCF details the process it will use to allocate and manage proceeds of the debt instrument. This will enable the estimation of the share of the net proceeds being used for financing and refinancing. | None |
| A.2.4. Pre-Issuance Reporting | <p>2.4.1 ONCF has prepared a framework and has made or will make it publicly available prior to or at the time of issuance.</p> <p>2.4.2 The framework mentioned in 2.4.1 includes:</p> <ul style="list-style-type: none"> i. A statement of compliance with the Climate Bonds Standard and other | None |

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| | <p>applicable standards, such as the Green Bond Principles or the United Nations Sustainability Development Goals.</p> <ul style="list-style-type: none"> ii. A summary of the expected use of proceeds. iii. A description of ONCF's decision-making process iv. A description of ONCF's processes for managing the proceeds v. A description of ONCF's processes for reporting and external review or verification. <p>2.4.3 ONCF has confirmed the following:</p> <ul style="list-style-type: none"> i. ONCF's Nominated Projects conform with the Land Transport Criteria. ONCF may report on the following impact metrics: <ul style="list-style-type: none"> i) estimated energy savings (GWh), ii) estimated avoided emissions (tCO₂eq), iii) number of passengers per year, iv) tonnes of goods transported, v) kilometers of new lines built or renovated, vi) number of new electric trains (locomotives and coaches) put into service, vii) number of people employed. ii. ONCF will manage unallocated net proceeds in accordance with Clause A.3.3.3 of the Climate Bonds Standard. iii. ONCF has confirmed that it will publish an ESG report on its website annually. The report will include a description of conformance with the Climate Bonds Standards criteria. iv. ONCF's Nominated Projects meet the Land Transport Criteria. ONCF will report on the investment areas in which the Nominated Projects qualify by reporting on the annual basis under its Green Bond Report on the allocation and impact of the of the net proceeds of the green debt instruments. v. ONCF has estimated that all the proceeds will be used for refinancing of the Nominated Projects. Additionally, ONCF has defined a lookback period of three years for refinancing of expenditures. | |
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| | <p>2.4.5 ONCF has confirmed that its disclosure documentation will include:</p> <ul style="list-style-type: none">i. Nominated Projects will conform with the land Transport criteria.ii. The intended types of temporary investment instruments for the management of unallocated net proceeds are in accordance with Clause A.3.3.3 of the Climate Bonds Standard.iii. The name of the approved third-party verifier engaged by ONCF to obtain the Climate Bonds Standard certification.iv. ONCF will report on the allocation and impact of the net proceeds of the green bond instrument on annual basis under its ESG Report. The report will be publicly available on its website.v. The CBI Disclaimer provided in the Certification Agreement. | |
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