

# Brightline Holdings LLC

**Type of Engagement:** Green Bond Pre-Issuance Review

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**Engagement Team:**

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## Introduction

In October 2019, Brightline Holdings LLC (“Brightline” or the “Company”) developed the Brightline Holdings LLC Green Bond Framework<sup>1</sup> (the “Framework”) under which the Company and its subsidiaries intend to issue one or more green bonds aimed at financing or refinancing eligible green projects in the areas of Clean Transportation and Environmental Buildings. Sustainalytics provided a Second-Party Opinion on the Framework in November 2019.<sup>2</sup>

Brightline has previously obtained proceeds through issuance of the Series 2019A, Series 2019A-1 and Series 2019B Green Bonds, the Series 2021A, 2021 A-1 Bonds and the Senior Secured Notes to finance or refinance Clean Transportation projects. In August 2020 and June 2021, Sustainalytics provided pre-issuance reviews of the nominated projects that were funded by Series 2019B Green Bond and 2021 Senior Secured Notes. In July 2022, the Company engaged Sustainalytics to review the project (the “Nominated Project”) that will be funded through Series 2022A of the Florida Development Finance Corporation Green Bonds (the “2022A Green Bond Issuance”) which are expected to be issued in August 2022 and provide an assessment as to whether the Nominated Project complies with the Use of Proceeds, Project Selection, and Management of Proceeds sections of the Framework.

## Evaluation Criteria

Sustainalytics evaluated the underlying projects that will be funded through the 2022A Green Bond Issuance for compliance based on whether:

1. The Nominated Project is aligned with the Use of Proceeds Eligibility Criteria outlined in the Framework; and
2. The commitments to select projects, and manage proceeds in order to ensure that these commitments are aligned with the ones described in the Framework.

The Use of Proceeds Eligibility Criteria is summarized in Appendix 1, the Nominated Project that will be funded by the 2022A Green Bond Issuance are summarized in Appendix 2 and Sustainalytics’ findings are summarized in Appendix 3.

## Issuing Entity’s Responsibility

Brightline is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including a description of the eligible projects within each eligible category. This information was provided to Sustainalytics to support its review. Brightline is also responsible for confirming to Sustainalytics that processes for project selection, and management of proceeds for the 2022A Green Bond Issuance will remain aligned with the commitments described in the Framework.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the 2022A Green Bond Issuance. The work undertaken as part of this engagement included verification of the Nominated Project and confirmation from relevant employees of Brightline that the use of proceeds, processes for project selection, and management of proceeds for the 2022A Green Bond Issuance will remain aligned with the commitments described in the Framework.

<sup>1</sup> The Brightline Holdings LLC Green Bond Framework is available on Brightline Holdings LLC’s website at: [https://www.gobrightline.com/people-culture#social\\_responsibility](https://www.gobrightline.com/people-culture#social_responsibility)

<sup>2</sup> The Brightline Green Bond Framework Second-Party Opinion is available on Sustainalytics’ website at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/brightline-holdings-llc/brightline-green-bond-framework-second-party-opinion/brightline-green-bond-framework-second-party-opinion-pdf>

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Sustainalytics has relied on the information and the facts presented by Brightline with respect to the Nominated Project. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Brightline.

Sustainalytics made 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 pre-issuance review.

### **Conclusion**

Based on the limited assurance procedures conducted,<sup>3</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, Brightline's 2022A Green Bond Issuance is not aligned with their existing Framework.

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<sup>3</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix 1: Brightline Holdings LLC’s Use of Proceeds Eligibility Criteria

In October 2019, the Company developed the Framework under which it may issue one or more green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that meet the eligibility criteria listed under two categories:

Eligible Category	Eligible Project Description
Clean Transportation	<ul style="list-style-type: none"> <li>• Design, development, acquisition, construction, installation, equipping, ownership and operation of intercity passenger rail system and related stations and facilities</li> <li>• Electrification of rail system(s)</li> <li>• Maintenance of rolling stock and infrastructure for clean transportation</li> <li>• Infrastructure for “last mile” transportation options</li> </ul>
Environmental Buildings	<ul style="list-style-type: none"> <li>• New buildings or retrofitted existing buildings that meet regional or national third-party environmental certifications, such as Leadership in Energy and Environmental Design (LEED) at a minimum Gold standard, and/or other equivalent green building standards</li> </ul>

## Appendix 2: Summary of Nominated Project

Brightline Trains Florida LLC, a wholly owned subsidiary of Brightline LLC, expects to raise USD 785 million by issuing the Series 2022A green bonds. The proceeds raised through this issuance will be used to finance or refinance<sup>4</sup> design, development, acquisition, construction, installation, equipping, ownership, operation and maintenance of intercity passenger rail infrastructure (the Orlando extension project). Sustainalytics notes that through the issuance, the Company intends to allocate USD 500 million for financing and USD 285 million for refinancing the capital expenditures associated with the completion of the Orlando extension project. The Company has communicated to Sustainalytics that the Nominated Project is 80% completed and the remaining expenditures will be used for completion of the North Segment of Orlando extension.

<sup>4</sup> Brightline has communicated to Sustainalytics that the Series 2022A green bonds will be issued to refinance assets that were initially financed by Series 2021A-1 bonds and raise additional proceeds for the Nominated Project. The proceeds raised through the Series 2021A-1 Bonds have been used for eligible activities per the criteria defined in the Framework, however they were not labelled as green bonds.

### Appendix 3: Sustainalytics' Findings

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the project funded by the 2022A Green Bond Issuance (Appendix 2) to determine if the project aligned with the Use of Proceeds Eligibility Criteria outlined in the Framework (Appendix 1).	The project reviewed (Appendix 2) complied with the Use of Proceeds Eligibility Criteria.	None
<b>Project Selection and Management of Proceeds Criteria</b>	Verification of the project funded by the 2022A Green Bond Issuance to determine if the commitments under processes for project selection and management of proceeds were consistent with the Framework.	Brightline has also confirmed to Sustainalytics that the processes for project selection and management of proceeds for the 2022A Green Bond Issuance are consistent with the commitments described in the Framework.	None

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