



**BEST
HIGHWAYS
OF BRAZIL**
— ABCR —



ABCR in motion

Activity Report

2023



BEST HIGHWAYS OF BRAZIL - ABCR

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HIGHWAY CONCESSIONS IN 2023: A REVIEW

By Marco Aurélio Barcelos, ABCR CEO

Looking back on the accomplishments of the previous cycle and considering the challenges ahead, it's clear that 2023 was a pivotal year for Brazilian highway concessions. With progress made on multiple fronts, it reaffirmed the enduring importance of highway concessions in shaping public investment policies.

The outset of the year marked a significant development with the establishment of Secex Consenso (Secretariat for External Control of Consensual Solution and Conflict Prevention) by the Federal Audit Court (TCU). This entity was tasked with fostering a collaborative approach to addressing complex issues within the Public Administration, particularly concerning concession contracts facing financial challenges since 2016, known as the concessions from the 3rd stage of the federal program of Brazil. Ministry of Transport's Ordinance No. 848/23 solidified the regulations governing the consensus mechanism, leading to the submission of 14 concessionaires to this process by the year's end.

At the federal level, Brazil also saw the launch of its first free-flow project on a highway, facilitated by a regulatory sandbox overseen by the National Land Transport Agency (ANTT). This initiative surpassed expectations, demonstrating significant advancements in user behavior and toll compliance rates. Furthermore, in 2023, ANTT's sandbox initiative paved the way for the implementation of Brazil's inaugural high-speed weigh-in-motion system (HS-WIM).

Throughout 2023, numerous milestones were achieved, marking a year of significant progress and evolution. Substantial efforts were dedicated to enhancing the user experience on concession highways, with a continued focus on advancing new projects. There's a prevailing anticipation that the sector will undergo unprecedented growth, with expectations of doubling its size over the next five years. Notably, 2023 also witnessed a historic milestone in the highway concessions sector: a record-breaking investment of over US\$ 2.5 billion solely in civil works (capex).

These events exemplify the highlights of the year outlined in this report. Both quantitatively and qualitatively, they represent significant progress and foster optimism regarding the trajectory of highway concessions in Brazil.

We are witnessing one of the most promising periods for the sector, reaffirming that highway concession programs offer a sustainable solution for the country's infrastructure. This entails improvements in highway quality, enhanced safety and traffic flow, reduced maintenance costs, attraction of private investments, and the generation of jobs and income, among other benefits.

However, such growth comes with significant challenges. ABCR, representing private companies committed to maintaining Brazil's Best Highways, has consistently endeavored to lead discussions within the sector. Through transparent and principled dialogue with key stakeholders, we aim to showcase in the present document the tireless efforts of ABCR and the sector in advancing contractual, regulatory, and technological innovations on concession highways.

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COMPLIANCE: A NEW LEVEL OF MATURITY

In 2023, the sector reached a new level of integrity actions, with a notable emphasis on the partnership with the UN Global Compact in Brazil

The highway concessions sector is currently experiencing one of its most mature moments. In Brazil. In November 2023, ABCR launched the **Integrity Network** project, in partnership with the UN Global Compact in Brazil. This project aims to consolidate a network of entities representing interests committed to promoting a culture of ethics and integrity in the infrastructure field.

“Part of the project consists of a survey to assess entities' degree of compliance maturity. From there, we want to identify the challenges to be overcome, encourage and plan the adoption of best governance, integrity, and transparency practices in entities representing sectorial interests and in within the respective sectors, and enhance representative entities as actors of change and consolidation of good practices of ethics and integrity in public-private relations”, highlights ABCR Compliance Officer, Flavia Momii, project leader.

The launch event, held at the Museum of Modern Art in São Paulo, saw the participation of authorities from the Federal General Comptroller (CGU), the State of Minas Gerais General Comptroller, and representatives from various sectors including the Brazilian Agribusiness Association (ABAG), the National Association and Union of Private Concessionaires of Public Water and Sewage Services (ABCON SINDCON), CropLife Brazil, and Iguá Saneamento, alongside highway concessionaires.

The sector's maturity level and the effectiveness of the ABCR Compliance Program are evidenced by the score achieved in the **3rd Governance, Transparency, and Compliance Perception Survey**. Scoring a total of 8.98 points, this annual survey gauges members' perception of the efficiency of compliance actions and initiatives implemented by the Association, while also pinpointing areas for enhancement. It evaluates various dimensions, including overall vision and culture, corporate governance, compliance risk management, practices, policies, and procedures, as well as human resources and skills development. Looking ahead to 2024, the goal is to surpass the 9.0 score threshold.

"ABCR Compliance Program operates constantly through the Compliance Forum, an environment for exchanging experiences between its members. It is monitored by the Association's Board of Directors, who continuously evaluate the Program. Furthermore, in 2023, ABCR reinforced compliance communications through monthly newsletters and content on the ABCR website and social media", points out Momii.



Event launched partnership with UN Global Compact in Brazil

In December, ABCR made a significant move by joining the **"Call-to-Action"**, a pivotal initiative urging governments to increase their efforts in combating corruption that affects business communities globally. This step aligns with the commemoration of the 20th anniversary of the United Nations Convention against Corruption (UNCAC). Two other associated concessionaires also pledged their support. It's noteworthy that ABCR is already a signatory to the UN Global Compact in Brazil and the Business Pact for Integrity and against Corruption of the Ethos Institute, both initiatives aimed at fostering a more transparent and ethical market.

Furthermore, in 2023, ABCR started using integrity tests when hiring for important roles to ensure more trust and ethics in the recruitment process. These tests, carried out by a specialized firm, are designed to assess candidates' moral strength when dealing with ethical challenges and pressures in different situations.

Policies, training, and guidelines

On January 28, 2023, International Data Privacy Day, ABCR released the **"Guide of Best Practices for LGPD Compliance in the Highway Concessions sector."** This document compiles technical and legal insights for adhering to the General Data Protection Law (Law No. 13,709/2018), providing concepts and guidelines for its practical implementation among highway concessionaires.

Regularly revisiting compliance policies is crucial to ensure they remain in line with industry regulations and standards. In 2023, the ABCR Board of Directors reviewed and approved seven **new policies**: a compliance policy; an anti-corruption and money laundering prevention policy; an interaction policy with public agents; a policy on donations, sponsorships, partnerships, and events; a conflict of interest policy; a policy on gifts, travel, hospitality, and meals for private agents; and an Integrity Risk Analysis policy.

Also in 2023, ABCR introduced customized online training on its Code of Ethics and Conduct for all employees, committee members, the Board of Directors, and ABCR's Fiscal Council. "We consider this an important step to guide everyone's conduct about ethics and integrity. In an interactive way, the material presents situations in which there may be an ethical dilemma and clarifies how to act. During the training, the internal rules on compliance are reinforced," says the ABCR Compliance Officer.



Flavia Momii spoke about compliance in concessions during the 10th International Compliance Congress

In 2023, ABCR conducted **927 Integrity Risk Analyses**. These analyses are conducted before procurement processes, when admitting new members, considering sponsorships, hiring new executives, and entering into partnerships in general (such as technical cooperation agreements, support, and strategic partnerships, etc.).

The **ABCR Ethics Channel** is managed by a neutral third-party company, providing users with enhanced transparency and trust. Users can securely communicate, and if preferred, anonymously. In 2023, only one report was filed, and it was not related to any behavior classified as corruption.

REGULATORY ADVANCES IN HIGHWAY CONCESSIONS

Many advancements were recorded across multiple dimensions for the sector, with extensive discussions for regulatory improvement

The Brazilian Association of Highway Concessionaires has been actively engaged in shaping the legal and regulatory environment of the country, especially amid significant and **extraordinary events affecting the sector**. Throughout 2023, ABCR concentrated its efforts on addressing challenges like the considerable price fluctuations of goods and inputs for highway civil works due to COVID-19 and the Russia-Ukraine War. It also tackled the decline in highway traffic resulting from the pandemic, alongside other critical issues.

"Studies carried out in 2022 had already demonstrated that events such as the Covid-19 pandemic and the war in Russia are extraordinary, could not be managed by concessionaires, and would characterize fortuitous events and force majeure, therefore giving rise to economic-financial rebalancing in contracts", explains ABCR's Market and Regulation Studies Manager, Victor Costa.

Throughout the year, ABCR actively engaged in discussions with Government Agencies, particularly the National Land Transport Agency (ANTT), the Transport Agency of the State of São Paulo (Artesp), and the State of Rio Grande do Sul, to address the impacts of such unforeseen occurrences and the methodologies for quantifying it. Notably, in October 2023, the ANTT Federal Attorney's Office issued a statement acknowledging the issue of contract imbalances due to the significant increase in the prices of goods and inputs for civil works resulting from COVID-19.

With the support of technical consultancies, ABCR conducted an in-depth study to quantify the financial consequences experienced by concessionaires. The method for calculating the contractual rebalancing mentioned above will be the focus of discussions in the first half of 2024.



Road costs

In 2023, the topic of road costs evolved with the agenda of prioritizing compositions for review, as well as with the engagement of the Ministry of Transport, DNIT, ANTT, Infra S.A and ANEOR. ABCR has the support of the Brazilian Institute of Cost Engineering (IBEC) for the analysis of the aforementioned compositions, with field notes for the services and works of the associated concessionaires. Given its relevance, the topic motivated a workshop promoted by ABCR in partnership with Infra S.A in November 2023, in which the commitment to seek improvements in the pricing of investments in new extra-PER works and new concession projects was consolidated.

Tax reform

The approval of the Tax Reform in Brazil in 2023 raised concerns within the sector. In response, ABCR has been collaborating with Congress and the Ministry of Finance to ensure that all infrastructure-related matters and long-term contracts are adequately addressed, with a focus on legal certainty.

The exclusion of highway concession contracts from the specific taxation regimes outlined in Article 156-A, § 6º, VI, of the Federal Constitution has made it crucial for complementary laws to regulate the matter in 2024. Thus, a lot of dialogue with multiple stakeholders will be required, in order to address, among other issues, the precautionary rebalancing of concession contracts potentially impacted by changes in tax regulations.

Recent regulatory updates to the federal program

In 2023, it's noteworthy to mention the new regulations consolidated by the Ministry of Transport in Ordinance No. 995/23 (National Road Grants Policy) and Ordinance No. 993/23 (an integrated system for monitoring **environmental licensing** processes). The latter, in particular, aimed to tackle a pressing concern: streamlining the licensing processes for highway projects through the "Midas" strategy, which involves coordinating various branches of government to ensure adherence to construction schedules and mitigate risks in expropriation, relocation, resettlement, and licensing procedures.

The new **National Grants Policy**, published in October, has established new guidelines aimed at modernizing project modeling. "ABCR's initiatives have contributed significantly to optimizing, enhancing, and adapting future contracts. Noteworthy among these are the adoption of the lowest tariff criterion for auctions, the reinforcement of automatic contractual readjustments, and the consolidation of the Direct User Fee (DUF). Moreover, there's an emphasis on promoting tag-based payment methods and gradually incorporating free-flow systems into concession contracts. Finally, the policy underscores the necessity of modernizing risk clauses, including demand sharing, significant fluctuations in input prices, and evasion of free-flow tolls, which have already been adopted in recent contracts", lists the Legal Director of ABCR, Karina Fera.

São Paulo's Program

In São Paulo, one of the pivotal events of 2023 was the acknowledgment of the **economic-financial repercussions stemming from the Covid-19** pandemic, particularly the significant decline in vehicle traffic across the state's highways. Addressing this challenge, the state government implemented a proactive measure—the preliminary restoration of losses—marked by innovative and astute regulatory action. This initiative materialized through Resolution No. 19/23 of the Secretariat of Investment Partnerships (SPI), which introduced the concept of precautionary rebalancing and established criteria for its application. Notably, ABCR spearheaded comprehensive studies aimed at devising a methodology for quantifying the imbalance. With the support of technical consultants, ABCR developed criteria for defining traffic fluctuations, confidence intervals, and counterfactual projections tied to statistically significant economic variables.

Additionally, the São Paulo government has continued its negotiation agenda concerning the TAM (Modifying Additive Terms), focusing on addressing the sector's liabilities, particularly with Arteris and its subsidiaries: Intervias, Vianorte, Centrovias, and Autovias. These negotiations commenced on a preliminary basis and were finalized definitively in January 2024.

Moreover, within São Paulo State, it's important to highlight ABCR's leadership in facilitating the renewal of the agreement between the Military Highway Police (PMRV), ARTESP, and DER-SP, in collaboration with São Paulo's concessionaires. These ongoing negotiations, initiated several years ago, aim to enhance operational services, traffic management, and emergency response along the concession highways. This achievement marks a significant milestone in the evolution of São Paulo's highway concession program.

Re-bidding

ABCR served as an *amicus curiae* before the Federal Audit Court (TCU) during its review of the re-bidding process for the Via 040 Concessionaire. Following input from ABCR and ANTT, TCU endorsed the sector's argument against implementing a compensation ceiling. Furthermore, TCU supported the retention of ANTT Resolution No. 5,860/19's compensation calculation methodology, which considers historical amortized costs, and endorsed the PER conditions and requisites at the time of the early termination of the contract.

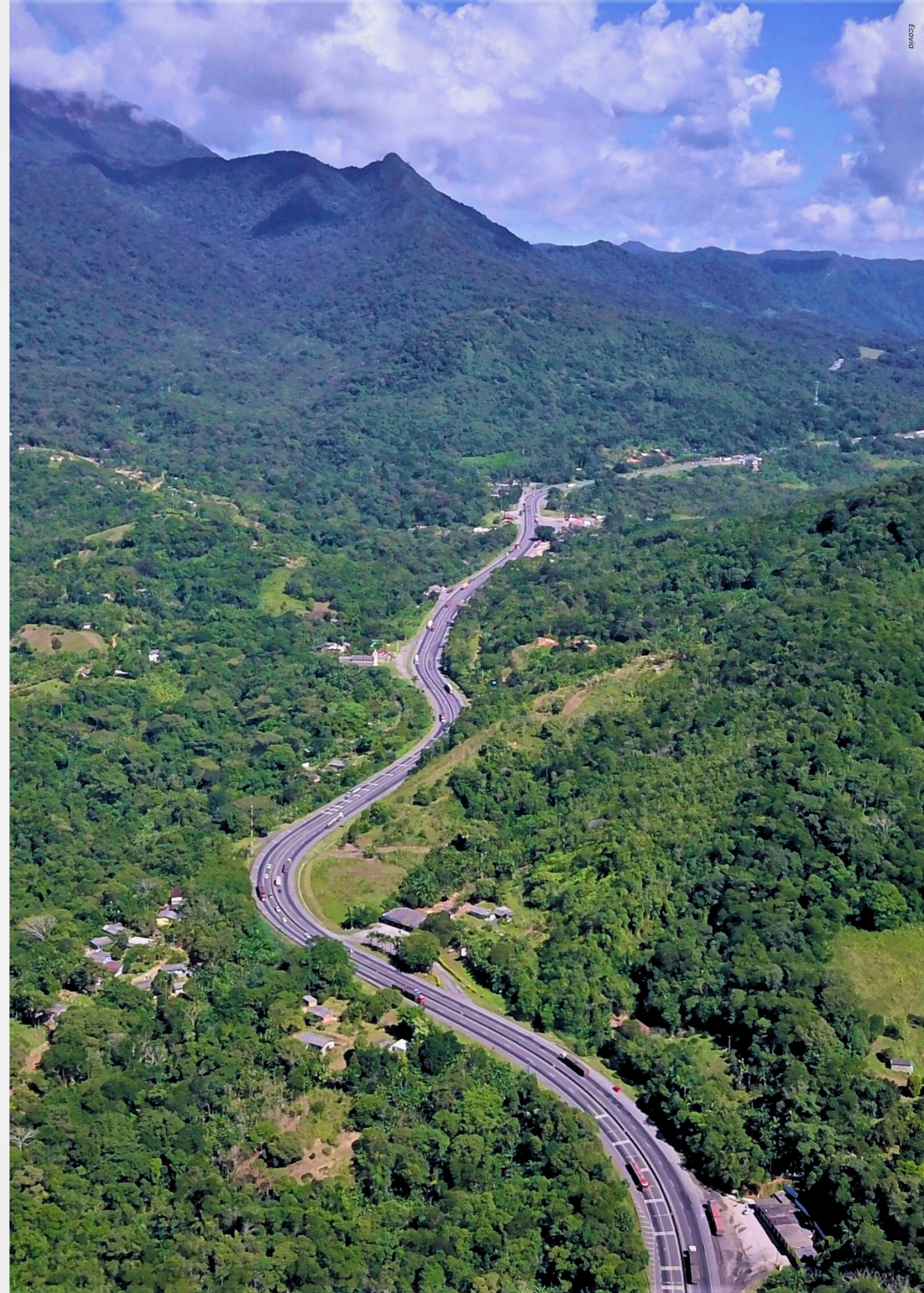
Relevant judicial proceedings

Remuneration to highway concessionaires for providing right-of-way to other public service providers: In 2023, ABCR engaged in multiple legal proceedings before the Superior Courts concerning the remuneration of highway concessionaires for granting right-of-way to other public service providers, such as gas, energy, and sanitation service concessionaires. The objective was to ensure the recognition of such payments. ABCR not only demonstrated to the Supreme Court (STF) that the Superior Court of Justice had previously affirmed the legality of these charges but also conducted meetings and hearings with STF Ministers to advocate for this position. Additionally, ABCR held meetings with the Attorney General's Office, the São Paulo State Government, ANTT, the Attorney General of the Union, and the National Association of Railway Transporters (ANTF) to reinforce institutional collaboration in legal proceedings.

Collection of IPTU on properties used by concessionaires to provide public services: ABCR also continued its efforts on strategic legal matters in the sector aiming to solidify the understanding that the collection of IPTU (Urban Property Tax) on public properties used by public service concessionaires to provide their services is illegitimate. The National Council of Attorneys General of the States (CONPEG), the National Transport Confederation (CNT), and ANTF sought to join the leading case *Barcas x Municipality of Niterói* (RE no. 1.272.751/RJ). Concurrently, significant votes were cast by STF Ministers in other Extraordinary Appeals concerning this issue, indicating a current trend favorable to the sector's position. The matter is set to be judged probably in 2024.

ADI referring to State Law No. 18.168/21 - Santa Catarina: In defense of the sector and the legitimacy of the terms outlined in the concession contracts, ABCR initiated a Direct Unconstitutionality Action against State Law No. 18,168/2. This law mandated that highway concessionaires offer toll payment by card at toll plazas, with gates opening if not complied with. In its ruling, the Court of Justice of Santa Catarina deemed the provision unconstitutional, stating that it exceeded legislative competence and infringed upon the contractual economic and financial balance, as well as the principles of proportionality and equality. Presently, the appeal lodged by the State of Santa Catarina awaits judgment at the STF.

- ADI referring to State Law No. 18.562/22 - Santa Catarina: Similarly, ABCR initiated a Direct Unconstitutionality Action against State Law No. 18,562/22 from Santa Catarina. This law mandated concessionaires to provide toll-free passage for ambulances from public health services and vehicles belonging to various state authorities. The TJ-SC ruled the action valid, declaring the provision unconstitutional due to its disruption of the economic-financial balance of contracts, violation of the principle of proportionality, and exceeding legislative competence. The decision rendered by the TJ-SC is final and not subject to further appeal.



ENGAGEMENT WITH THE NATIONAL CONGRESS

In 2023, ABCR engaged in institutional advocacy concerning significant bills pertinent to the transportation sector, particularly within the framework of the National Congress of Brazil. ABCR successfully garnered favorable positions in both the Chamber of Deputies and the Senate on various topics, notably:

Proposal for Amendment to the Constitution n° 45/2019 - which changes the National Tax System

ABCR emphasized that while the Amendment Proposal was crucial for advancing the country's economy, there was a necessity to refine the text of the Tax Reform. This refinement aimed to ensure, among other things, provisions for immediate economic-financial rebalancing of concession contracts potentially affected by the rise in tax rates. Constitutional Amendment 132, which approved PEC 45/2019, included Article 156-A in the Constitution, allowing for adjustments in public concession contracts to maintain their financial balance.

Bill No. 2.263/2023 - which prohibits regulatory agencies from conducting bidding processes for the concession of public services

ABCR demonstrated that such a Bill would not be advantageous for the highway concessions sector. In collaboration with the Government leadership in the Federal Senate, ABCR engaged directly with the bill's author to ensure that the project did not advance. The author withdrew the bill from further consideration.

Bill No. 3.928/2012 - which proposes the elimination of the requirement for concession contracts to include a tariff adjustment clause

ABCR opposed the measure, citing concerns that it would jeopardize the financial stability of concessions, thereby limiting the capacity of companies to invest in maintenance and improvements in their contracts. Such limitations could also lead to a decline in the quality of services provided to users. In collaboration with CNI and CNT, ABCR actively participated in meetings within the Administration and Public Service Commission (CASP) in Parliament where the bill was discussed. During these meetings, ABCR conveyed its stance to the project rapporteur and commission members, highlighting the drawbacks of the proposal and advocating against its approval.

Bill No. 6753/2006 (PL 5038/2005 and PL 1023/2007, attached) - which proposes the exemption of toll payments for two or three-wheeled motor vehicles

ABCR underscored that this Bill overlooks significant concerns relating to motorcycles. Given that motorcycles are often involved in accidents, some of which are fatal, they necessitate swift responses and resources from concessionaires, including ambulance services, road clearance, and emergency assistance. These essential services are extended to motorcycle riders, implying that the operational costs are distributed among all road users. In collaboration with CNT, the Association actively opposed the approval of the favorable opinion presented to the Constitution, Justice, and Citizenship Commission of the Federal Senate.

Bill No. 916/2023 - which proposes exempting toll fees for vehicles registered in neighboring municipalities

ABCR argued that this Bill violates the Constitutional Principle of equality, as exempting toll fees for a specific group of users inevitably transfers these costs to other users. In collaboration with CNT, the Association worked with the rapporteur in the Road and Transport Commission (CVT), opposing the Bill.

Bill No. 181/2021 - which regulates the minimum distance between the installation of toll plazas

ABCR highlighted that this Bill ignored significant and potentially counterproductive consequences. Currently, toll plaza fees are calculated based on the Toll Plaza Coverage Section (TCP), meaning that the farther the distance, the higher the fee charged at each plaza. By imposing a minimum spacing requirement, the fee could become disproportionate, particularly affecting users traveling long distances. In collaboration with the CNT, ABCR worked with the rapporteur to oppose the approval of the opinion by the Road and Transport Commission (CVT) in Parliament.

ABCR's participation in public hearings

Transparency and ongoing dialogue with Public Authorities are fundamental pillars of the Association's activities. In 2023, ABCR played an active role in **22 participation and social control processes**, encompassing public hearings, consultations, subsidy submissions, and participatory meetings. Throughout these engagements, ABCR submitted **over 700 technical contributions** to federal and subnational bodies and entities, addressing a wide range of topics including:

Entity	Topic
ARTESP	Free Automatic System
SPI	Mitigating factors for non-litigious discharge of fines
ANTT	Changes to ANTT Resolution n. 5,083/2016
ANTT	Negotiation and Dispute Resolution Chamber – CNS-ANTT
ANTT	Stopping and Rest Points – PPDs
ANTT	Complaint receiving process
ANTT	Review of ANTT 2020-2030 Strategic Map
ANTT	Ordinary review of the ANTT Regulatory Agenda for the 2023/2024 biennium
ARTESP	Amendment of ARTESP Ordinance n. 13/2014
CETESB	Fauna Run Over Mitigation Plan on State Highways – PMAF
DNIT	Expropriation and Resettlement Cost Manuals
ANTT	Dispute Prevention and Resolution Committee (Dispute Board)
ANTT	Manual for terminating highway concession contracts
DER/SP	Socio-environmental Management System
AGU	Use of court orders for payment of grants in concessions
DER/SP	Expropriation Project Instruction and DUP
MinTrans	National Plan to Reduce Traffic Deaths and Injuries (PNATRANS)
ANTT	TR HS-WIM - Weigh in Motion System
ANTT	Third rule of the Road Concessions Regulation (RCR3)
ANTT	BR-163/MS (Re-concession)
ANTT	Toll Voucher (ANTT Resolution No. 2,885/2008)
ANTT	Fourth rule of the Road Concessions Regulation (RCR4)

REVITALIZED SECTORAL NARRATIVE

Advances in communication with society and building a solid communication strategy were strong points in 2023

Communication plays a pivotal role in fostering transparency, credibility, and sustainability within the sector. Consequently, the 2021-23 Communication Plan, guided by the principles of 'visibility, recognition, and influence,' achieved notable progress throughout the year. A standout event was the **Highways of the Future: Building Bridges between Technology, the Market, and the User**, held in August in São Paulo, which garnered significant participation from stakeholders in the highway concessions ecosystem, with nearly 1,900 attendees.



Highways of the Future: a milestone for the sector

Organized by ABCR, the event was conducted in collaboration with two of the nation's foremost transport regulatory agencies, the National Land Transport Agency (ANTT) and the Transport Agency of the State of São Paulo (ARTESP). Distinguished attendees included Minister of Transport Renan Filho, ANTT's General Director Rafael Vitale, ARTESP's General Director Milton Persoli, Governor of São Paulo State Tarcísio de Freitas, among others.

Throughout 2023, the Association hosted other 20 events covering a wide range of topics including regulation, road safety, integrity, diversity, and inclusion. These events solidified its position as a key driver for addressing strategic and priority issues within the sector nationwide.

The diversity and inclusion/ESG theme, identified as one of the priority areas for the year, took center stage with the establishment of the **ABCR Diversity and Inclusion Forum** in March 2023, featuring participation from affiliated concessionaires. This forum aims to enhance best practices within the sector and operates according to a structured work plan with monthly meetings and defined deliverables. In June, the forum hosted the event "Why focus on diversity in organizations?" which saw extensive participation from members and featured a lecture by consultant Guilherme Bara.

Another important agenda conducted in 2023 involved the Action Plan resulting from the User Satisfaction Survey applied in 2022. "Several stages were taken in this project, including holding face-to-face workshops with concessionaires to collect insights and good practices to improve the sector's image. In an unprecedented initiative built based on these workshops and meetings, we launched the Sector Action Plan in July 2023, which sought to connect and structure the actions that were prioritized and the messages and dialogue with the respective stakeholders", highlights the Manager of Communication and Image at ABCR, Gabriela Vilaça.

The document was meticulously designed to initiate a series of actions aimed at addressing the challenge of repositioning the image of highway concessions. The Plan is constantly monitored by the Sector Image Committee and regular reports to the ABCR Board of Directors.

"Additionally, to boost how people see our sector and spread the word about the perks of highway concessions, we kept up our efforts on social media. We teamed up with five influencers who shared various content about the benefits of concession highways. Their posts got over 1.8 million views, nearly 30 thousand likes, and tons of positive engagement," notes Vilaça. "We also made sure to shine a light on road safety campaigns and teamed up with the Ministry of Transport and ANTT for some important projects throughout the year".

ABCR+ Panel

In May, **ABCR+** was introduced, a data intelligence project that complements the **ABCR Index** by offering additional relevant data from the highway concessions sector. Updated monthly, ABCR+ features 11 indicators that provide insights into various aspects such as the number of services offered by concessionaires, job creation and infrastructure and road safety data. Each month, a bulletin is published, highlighting and analyzing one of the indicators. ABCR+ is made possible through collaboration with consultancy firm Macroplan Analytics, which helps develop the panel and ensures monthly data updates. The panel can be accessed at: www.melhoresrodovias.org.br/panel-abcr/.

ANTT 2023 Highlights Award

In November 2023, the National Land Transport Agency (ANTT) hosted the ANTT Highlights 2023 Award, celebrating Brazil's top practices, projects, and initiatives in road and railway infrastructures under concession. Held at the ANTT headquarters in Brasília and supported by ABCR and ANTF, the event gathered representatives from federal concessionaires.

This initiative underscores the positive developments and commendable efforts undertaken by highway concessionaires. Below are the winning concessionaires in each category:



Sustainable Development

Autopista Fernão Dias – In Situ Cold Pavement Recycling with Asphalt Emulsion



Internal Management and People Development

EcoSul – Radio Vivaeco



Interaction with Society

MSVIA – Humanization of care for walkers



Innovation and Technology

CCR RioSP – Free Flow – Your trip goes as it goes



Engineering

CCR ViaCosteira - Structural restoration of Anita Garibaldi bridge



Road Safety

Ecovias do Cerrado – Reduction in Fatalities Caused by Accidents



Construction and Investment Management

Eco050 – Charge for suspended axles of non-empty cargo vehicles with MDF-e



User Attention

Ecovias do Cerrado – HS-WIM - Weighing Vehicles in Movement

Furthermore, Ecovias do Araguaia and Nova Rota do Oeste were awarded in the 2023 Regulatory Highlight category.



ANTT 2023 Highlights Award recognized good initiatives in the sector

FIRST TRIENNIUM COMPLETED WITH ADVANCES

Significant results were achieved in the Association's Strategic Planning, which completed its first three-year cycle

ABCR's Strategic Planning 2021-2023/2030 concluded its first three-year period in December 2023, marking a period of essential advances and achievements for the Association and the highway concession sector. Through interviews with key stakeholders from the public sector, concessionaires, and other entities in the ecosystem, along with an assessment of planned objectives and guidelines, the outcome of this cycle underscored the **crucial role** of ABCR as a representative of concessionaires. It demonstrated ABCR's capacity to foster effective communication, forge strong partnerships, and uphold a commitment to corporate governance and stringent compliance practices.

"In addition, interviewees indicated ABCR's ability to consolidate sector demands, promote quality technical events and discussion forums, contribute to regulatory improvements, provide relevant information about the sector, and strengthen sector communication. These points not only strengthened the image and credibility of the private highway segment but highlighted ABCR as an influential and active voice on the national scene", highlights ABCR Executive Manager Luana Azevedo.

Continuing into 2023, the **reassessment of the strategy** and guidelines for the upcoming three years, 2024-2026, commenced in response to the latest sectoral challenges identified. These include enhancing legal certainty, addressing regulatory obligations, aligning with ESG standards, attracting fresh investments and financing ventures, and adjusting human and physical resources to accommodate the project pipeline, among others.

Partnerships

ABCR persistently pursued collaboration with organizations relevant to the sector. These partnerships and cooperative efforts adhered to the management principles and practices of the ABCR Project Office, involving stages of planning, goal setting, monitoring, and evaluation of outcomes, conducted in conjunction with the partners engaged in each initiative.

Substantial progress was made through the establishment of 7 technical cooperation agreements and partnerships with government agencies and other entities, addressing various topics, as follows:

Permanent Agenda for Road Safety: joint action to promote coordinated actions that contribute to road safety, prevention of traffic accidents and fatalities on Brazilian highways, in addition to stimulating public policies focused on the subject. Signatories to the document included ABCR, the Ministry of Transport, Infra S.A, the Brazilian Association of Traffic Engineering Companies (Abeetrans), the Brazilian Road Safety Association (Absev), the International Road Assessment Program (IRAP), the National Institute of Traffic and Safety Projects (Inprotran), and the National Road Safety Observatory (ONSV). Among the achievements of the year, particular emphasis was placed on the establishment of the Pact for Road Safety, a sector-wide communication campaign involving all signatories and concessionaires associated with ABCR. Additionally, progress was made in the formulation of a regulatory proposal for the utilization of safety funds stipulated in federal concession contracts.

Infrastructure Alliance: A collaborative effort among associations representing the four modes of transportation - ABCR, the National Association of Rail Transporters (ANTF), the Brazilian Association of Port Terminals (ABTP), and the Brazilian Airports Association (ABR) - aimed at advancing a common agenda, particularly in advocating for legal certainty. In 2023, much of the focus was directed toward the topic of Tax Reform.

Brazilian Association of Automatic Payment Companies for Mobility (ABEPAM): joint action to build sectoral proposals to improve aspects of toll payment methods on highways, minimizing and mitigating the risk of evasion and default in Brazil's free-flow systems, and initiatives to expand the number of tag users.

Ministry of Transport: Technical Cooperation Agreement with the objective of improving regulatory topics such as re-bidding, road costs, sustainability and ESG, free-flow mechanisms and dynamic weighing (HS-WIM).

PUC Minas (Pontifical Catholic University of Minas Gerais): ABCR support in structuring course schedules and postgraduate studies, as well as assistance in student research development.

FGV EAESP (Getulio Vargas Foundation): discounts for employees of associated dealerships to complete a professional master's degree.

ANTT Coopera: cooperation to develop joint initiatives, aiming to debate and incorporate ESG principles into the processes and regulations of the highway concession sector.

ABCR's new Bylaws

In 2023, the ABCR Internal Regulations were approved by the Board of Directors, a document that sets forth specific rules, standards, and procedures for the Association. These regulations complement the Bylaws, detailing practical and operational aspects such as organizational structure, responsibilities of administrative bodies, meeting protocols, and the functioning of thematic committees, among other relevant elements for the entity's management and governance. The Internal Regulations are crucial to ensure transparency, efficiency, and compliance within ABCR.



ADVANCING WITH TECHNOLOGY IN MOBILITY

The implementation of free-flow and HS-WIM in 2023 showcases the sector's commitment to embracing cutting-edge technologies

Concessed highways are evolving into true roads of the future, driven by technology and innovation.

In January 2023, Brazil's first free-flow toll system was introduced on the BR-101 stretch managed by CCR RioSP, between Ubatuba (SP) and Rio de Janeiro (RJ). This milestone, resulting from an innovative experimental regulation process (sandbox) led by ANTT, confirmed the technical feasibility of the equipment and methods for measuring vehicle passage, surpassing expectations regarding user behavior and compliance with toll fees. CCR RioSP also invested in communication efforts to raise awareness among drivers and promote automatic payment devices (tags), contributing to the reduction of toll evasion.

In August, Ecovias do Cerrado, a concessionaire of the EcoRodovias Group, unveiled Brazil's first high-speed weighing scale for vehicles (HS-WIM, or high-speed weigh-in-motion), installed at kilometer 640 of BR-365, in Uberlândia (MG). This innovative scale operates without requiring vehicles to stop, enhancing the efficiency of load transportation while ensuring pavement quality and user safety.

"The results of this experiment will be condensed throughout 2024, and both certainly weighing in motion and free-flow signal the growing trend of incorporating new technologies into concession highways. These initiatives will take shape at the subnational level in 2024", emphasizes the CEO of ABCR, Marco Aurélio Barcelos.

Additional progress observed in 2023 regards the advancement of the Road Concessions Regulation (RCR), aimed at modernizing and standardizing the regulations governing federal highway concession contracts. Notably, ANTT conducted a participatory meeting and public hearing on RCR3, focused on the economic and financial management of road concessions. This event addressed significant topics, including the process of revisions and contractual economic and financial rebalancing of concessions. In 2024, the publication of the remaining two parts of the new Regulation, RCR4 and RCR5, is anticipated, thereby finalizing the Agency's regulatory overhaul proposal.



First free-flow operation in Brazil started on BR-101

HIGHWAYS FOR LIFE

Initiatives led by highway concessionaires affiliated with ABCR, like "Afaste-se", contribute to enhancing road safety nationwide

Saving and preserving lives stands as one of the foremost challenges encountered by highway concessionaires, yielding remarkable results in recent decades. Highways under private management offer numerous advantages in terms of user service, surpassing what is occasionally seen in roads managed by public authorities. These benefits notably elevate safety standards on concession-operated stretches, leading to a 56% decrease in fatalities on privately managed highways over the last two decades, alongside a 51% reduction in accidents.

"Move Over – Slow Down" aims to raise driver awareness nationwide. When encountering any assistance situation on the highways, particularly on the shoulder, drivers are encouraged to change lanes whenever possible and safely. Alternatively, if lane change is not feasible, they should reduce their speed to at least 40 km per hour, where permitted. The goal is for this behavior to become as instinctive for drivers as making way for an ambulance when seeing its flashing lights in the rear-view mirror.

In this context, the standout initiative of 2023 was the "Afaste-se" campaign, a significant endeavor spearheaded by CCR and supported in an unprecedented manner by the concessionaires of Arteris and EcoRodovias groups. Inspired by the "Move Over—Slow Down" campaign originating in the United States of America, this initiative aims to safeguard professionals responding to highway incidents.

IN 2023, A VEHICLE RECEIVED ASSISTANCE EVERY 20 SECONDS ON THE CONCESSION HIGHWAYS, WITH PRE-HOSPITAL CARE ADMINISTERED EVERY 1 MINUTE AND 50 SECONDS.

During National Traffic Week 2023, over 500 initiatives were recorded on highways affiliated with ABCR. In collaboration with ANTT, ABCR organized the webinar "Highways for Life: Advancements in Road Safety," showcasing numerous road safety initiatives implemented by the Agency and highway concessionaires. The event saw participation from sector authorities and affiliated concessionaires.



"Afaste-se" was launched by CCR and was joined by Arteris and EcoRodovias

CONCESSIONS ON THE PUBLIC POLICY AGENDA

In 2023, highway concessionaires shattered historical investment records, with expectations of the sector doubling in size over the next five years

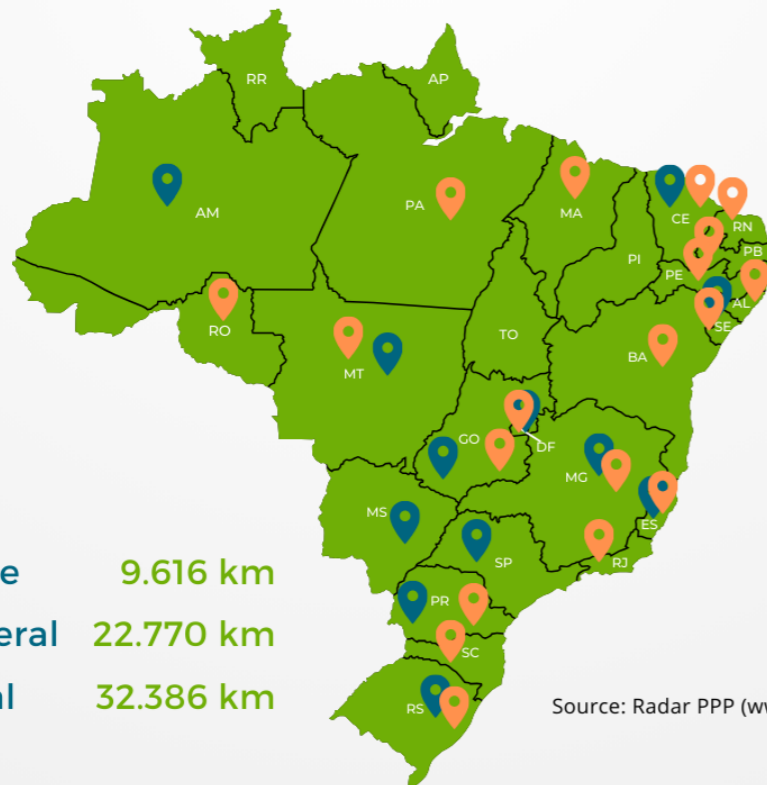
The events of 2023 mark significant progress and inspire optimism and enthusiasm regarding the trajectory of highway concessions in Brazil. In a historic achievement, concessionaires surpassed investment records, with expenditures exceeding US\$ 2.5 billion solely on infrastructure projects and civil works. Moreover, projections indicate that the total length of granted sections in the country, currently around 28 thousand kilometers, is set to nearly double over the next five years. This expansion positions the Brazilian concession program among the largest globally, reaffirming the steadfast commitment to highway concessions within public investment policies.

"The Ministry of Transport alone plans to hold up to 13 auctions in 2024, with investments of around US\$ 24 billion, with another US\$ 22 billion that would come from the processes of optimizing contracts in crisis, within the scope of Secex Consenso of Federal Court of Auditors. Few markets in the country will be able to boost the volume of resources related to Brazilian highways, and Brazil is on its way to becoming a world leader in highway concessions", highlights ABCR's CEO, Marco Aurélio Barcelos.

Seven new concessions began in 2023, totaling more than 1,900 km of highways, with planned investments exceeding US\$ 4.8 billion. Since 1998, highway concessionaires have invested more than US\$ 51.6 billion in the modernization and operation of the sections under their responsibility.

Approximately 32 thousand kilometers are projected to be added to the granted road network through new tenders by both the Federal Government and the states (see map below).

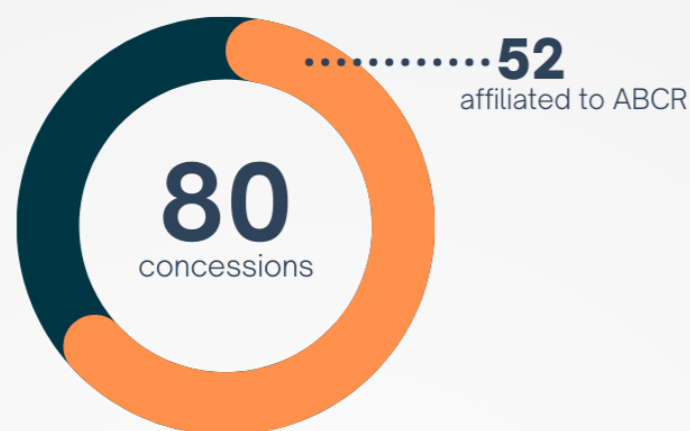
This growth marks one of the most promising moments for the sector, reaffirming that road concession programs represent the sustainable path for the country's infrastructure. They bring about improvements in highway quality, enhance safety, ensure smooth traffic flow, reduce network maintenance and operation costs, attract private investments, and generate employment and income.



Source: Radar PPP (www.radarppp.com)



THE SECTOR IN NUMBERS 2023



27.919 km of concessioned highways

US\$ 3.78 billion invested in 2023 (capex + opex)

55.8 thousand employees

US\$ 2.4 billion invested in highway improvements (capex)

US\$ 1.38 billion invested in road maintenance and operation (opex)

US\$ 660 million generated in federal taxes

US\$ 260 million generated in municipal taxes

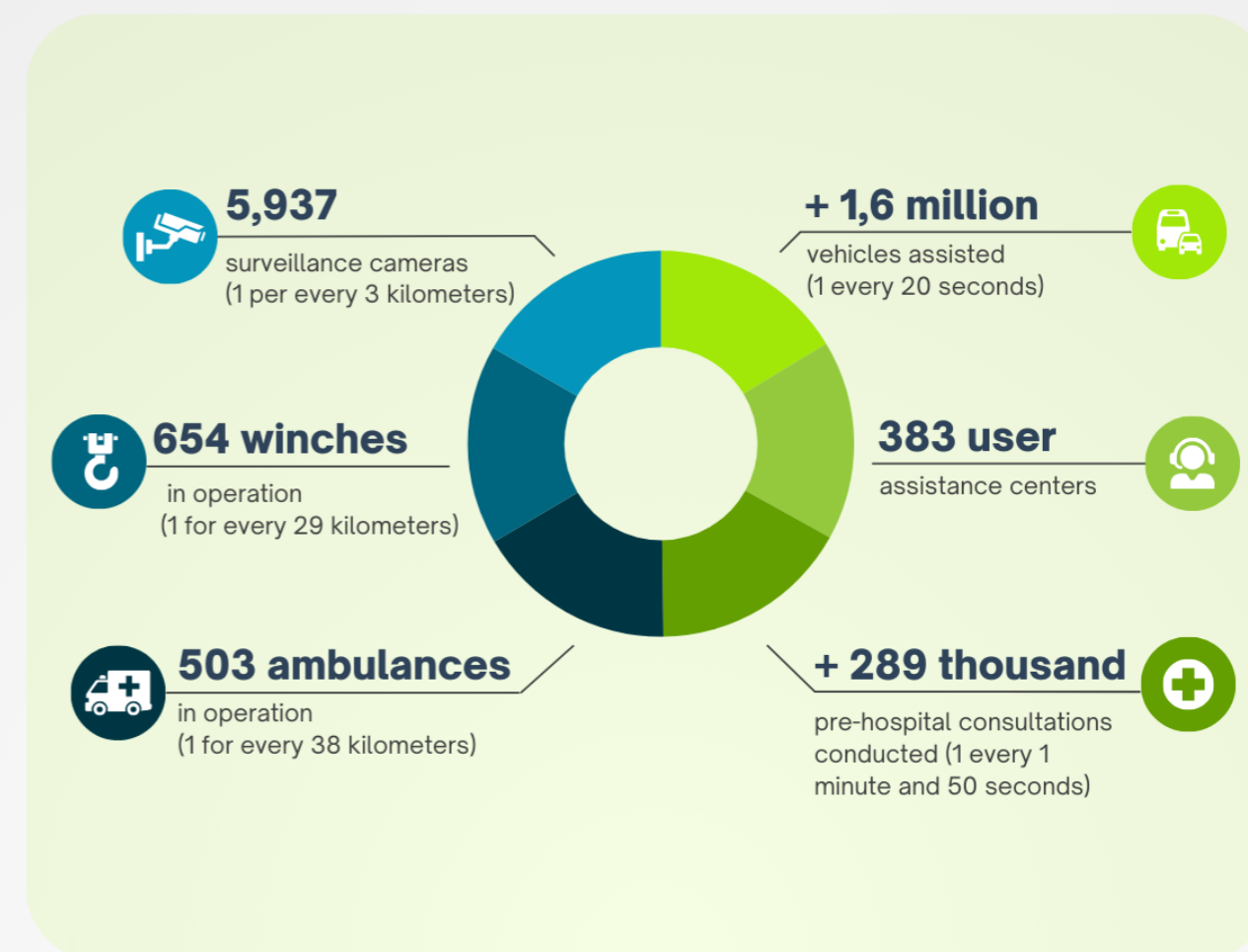
1,96 billion
total traffic¹

1,90 billion
tolled traffic²

1. Total traffic encompasses tolled traffic and exempt traffic. Exempt traffic includes official vehicles not required by law to pay tolls, accredited vehicles licensed in neighboring municipalities exempt from toll payments, and exempt motorcycles following defined standards set by the respective granting authority.

2. Tolled traffic comprises light vehicles, tolled motorcycles, and commercial vehicles passing through toll plazas, obligated to pay the corresponding fare charges.

Data reported by affiliated companies up to 03/31/2024



TECHNICAL TEAM



Marco Aurélio Barcelos

CEO of ABCR. PhD in State Law from the University of São Paulo (USP), Master in Administrative Law from Federal University of Minas Gerais (UFMG), and LL.M in Law from the University of London. Bachelor's degree in Law from UFMG. Marco was Secretary of Infrastructure and Mobility of Minas Gerais and Secretary of Articulation for Investments and Partnerships in the Investment Partnership Program - PPI of the Presidency of the Republic.

Marco Antonio Giusti

Executive Director of ABCR. Electronic Engineer graduated from the Aeronautical Technological Institute (ITA), graduated in Law from the University of São Paulo (USP), and Master in administration from the University of Michigan – Ann Arbor. Worked for about 4 years at Arteris S.A, where he held the role of Engineering Director. He was also an executive at Pöyry Tecnologia, consultant at McKinsey&Co, and a product/project engineer at General Motors do Brasil and Rhodia S.A.



Guilherme Bianco

Institutional Relations Director of ABCR. Master's degree in Transport Planning from the University of Brasília (UnB) and postgraduate degree in Public Management and Traffic and Transport Standardization. CP3P certification. Civil engineer graduated from the State University of Ponta Grossa (UEPG). Worked as Legislative Advisor in the Federal Senate, Director of Road Transport and Director of Planning at the Ministry of Infrastructure, and sub-chief in the Presidency of the Republic.

Beatriz Camara

Technical Design Assistant at ABCR. Marketing undergraduate student. Specialist in Design and Advertising, focusing on graphic projects and visual identity creation. Certified in UI/UX and in Google For Education. Started her career in 2017 as a Junior Graphic Designer. She was an Instructional Designer for the SEE Learning Brazil project at Emory University.



Flávia Momii

Compliance Officer and DPO (Data Protection Officer) at ABCR. Graduated in Business Administration from the Mackenzie Presbyterian University of São Paulo with SCCE (Society of Corporate Compliance and Ethics) course completed in 2019. Worked as a risk and compliance manager at a consulting company, with experience in various segments (infrastructure, health, industry, food, retail, financial), and worked in fraud prevention in the main retail banks.

Gabriela Vilaça

Communication and Image Manager at ABCR. Currently a special postgraduate student at the USP School of Communications and Arts. Specialist in Strategic Communication Management from the Pontifical Catholic University of Minas Gerais (PUC-MG) and graduated in Journalism from the University Center of Belo Horizonte (UniBH). She was a special communications advisor for the Investment Partnership Program (PPI), at the Federal Government, and chief communications advisor for the Secretariat of Infrastructure and Mobility of Minas Gerais.



Jacqueline Rodrigues

Project Analyst at ABCR. MBA student at USP/ESALQ in ESG & Management. Specialist in Strategic People Management, has an MBA in Business Management and a degree in Business Administration. She worked as Project Director at the Secretariat of Economic Development, Tourism and Income of the city of Bauru/SP and as a consultant for social impact projects in the third sector.

Karina Fera

Legal Director at ABCR. Graduated in Law from the Pontifical Catholic University of São Paulo and postgraduate in Civil Procedural Law also from PUC-SP. She is a member of the OAB-SP Infrastructure Commission and Infra Women Brazil. Atou worked as a legal manager at Cemip Saúde and in law firms.



Ligia Almeida

Institutional Relations Advisor at ABCR. Graduated in computer science from the Planalto Central Aparecido dos Santos University Center (UNICEPLAC). Worked at the Ministry of Transport from 2000 to 2015, acting as a legislative advisor to the Ministry in the National Congress from 2007 to 2015.



Luana Azevedo

Executive Manager at ABCR. MBA Executive International student at Insper, certified in economic-financial modeling of PPPs and concessions by FIPE, post-graduated in business administration by IBMEC and graduated in Public Administration by João Pinheiro Foundation. Worked as director of monitoring and evaluation at the Secretariat of Infrastructure and Mobility of Minas Gerais and as a specialist in public policies and government management in the Government of Minas Gerais in the areas of environmental licensing and urban planning.



Pamela Barbosa

Data Intelligence Coordinator at ABCR. Graduated in Civil Engineering from the University Paulista and post-graduated by USP/ESALQ in Project Management. At ABCR, Pamela started as an engineering intern in 2016. Previously, she worked in the quality control and budgeting sector in civil construction technology laboratories.



Pedro Sayeg

Junior Lawyer at ABCR. Graduated in Law from the Pontifical Catholic University of São Paulo (PUC-SP) and postgraduate student in Administrative Law at Getúlio Vargas Foundation (FGV).



Raymundo Quadros

Administrative Financial Manager at ABCR. Graduated in Business Administration from the Salvador University and post-graduated from FGV in People Management with an emphasis on Strategies from FGV. Previously, he worked as an administrative manager of construction works.



Victor Hugo Costa

Market Studies and Regulation Manager at ABCR. MBA in Management and Product and Services Engineering from the Polytechnic School of USP and in Business Intelligence from XP. Graduated in Public Administration from João Pinheiro Foundation. Victor has worked in the public, private and third sector in modeling and implementation of concessions and public-private partnerships.



Throughout 2023, 80 road concessions operated in Brazil, managing 27,919 km.

	Concessionaire	Affiliated	Location	Extension (meters)
FEDERAL	CCR MSVIA	●	MS	845.400
	CCR VIA COSTEIRA	●	SC	220.420
	CCR VIASUL	●	RS	473.400
	CONCEBRA	●	GO	1176.500
	CONCER	●	RJ	180.400
	ECO 050	●	MG	436.600
	ECO 101	●	ES	478.700
	ECOPONTE	●	RJ	28.700
	ECORIOMINAS	●	RJ	726.900
	ECOSUL	●	RS	457.300
	ECOVIAS DO ARAGUAIA	●	GO	850.700
	ECOVIAS DO CERRADO	●	MG	437.000
	FERNÃO DIAS	●	MG	562.100
	FLUMINENSE	●	RJ	322.000
	LITORAL SUL	●	PR	405.900
	PLANALTO SUL	●	SC	412.700
	RÉGIS BITTENCOURT	●	SP	401.600
	RIOSP	●	SP	625.800
	RODOVIA DO AÇO	●	RJ	200.400
	ROTA DO OESTE	●	MT	850.900
TRANSBRASILIANA	●	SP	321.600	
VIA 040	●	MG	936.900	
VIA BRASIL - BR - 163 MT/PA	●	MT	1009.500	
VIABAHIA	●	BA	680.600	
STATE	AB COLINAS	●	SP	306.896
	AB NASCENTE DAS GERAIS	●	MG	371.350
	AB TRIÂNGULO DO SOL	●	SP	442.196
	APASI	●	MT	89.780
	AUTOBAN	●	SP	319.800
	BAHIA NORTE	●	BA	121.450
	CAMINHOS DA SERRA GAÚCHA	●	RS	271.500
	CART	●	SP	834.000
	CLN	●	BA	217.170
	CONCEF - ESTRADA DO FEIJÃO	●	BA	548.000
	ECO 135	●	MG	364.000

	Concessionaire	Affiliated	Location	Extension (meters)
STATE	ECONOROESTE	●	SP	442.100
	TAS	●	SP	143.700
	ECOVIAS	●	SP	176.900
	EIXO SP	●	SP	1273.000
	ENTREVIAS	●	SP	570.854
	GRÃOS DO PIAUÍ	●	PI	276.800
	INTERVIAS	●	SP	375.696
	INTERVIAS - RODOVIA MT	●	MT	141.600
	MORRO DA MESA	●	MT	111.600
	PONTE SALVADOR - ITAPARICA	●	BA	12.400
	RENOVIAS	●	SP	345.660
	RODOANEL BH	●	MG	61.000
	RODOANEL NORTE SP	●	SP	43.000
	RODOANEL OESTE	●	SP	30.000
	RODOSOL	●	ES	67.500
	RODOVIA DA MUDANÇA	●	MT	148.330
	RODOVIAS DO CAFÉ	●	MG	433.000
	RODOVIAS DO SUL DE MINAS	●	MG	466.000
	RODOVIAS DO TIETÊ	●	SP	616.906
	RODOVIAS DO TRIÂNGULO	●	MG	627.000
	ROTA 116	●	RJ	140.400
	ROTA DAS BANDEIRAS	●	SP	297.000
	ROTA DE SANTA MARIA	●	RS	204.500
	ROTA DO ATLÂNTICO	●	PE	35.200
	ROTA DO PARÁ S.A.	●	PA	526.000
	ROTA DOS COQUEIROS	●	PE	6.520
	ROTA DOS GRÃOS	●	MT	140.600
	SPMAR	●	SP	154.305
	SPS - RODOVIA 235	●	MT	113.000
	SPVIAS	●	SP	505.734
	TAMOIOS	●	SP	85.000
	TEBE	●	SP	155.982
	VIA BRASIL- MT 100	●	MT	111.900
VIA BRASIL- MT 246	●	MT	233.200	
VIA BRASIL- MT 320	●	MT	188.200	
VIA NORTE SUL	●	MT	138.400	

	Concessionaire	Affiliated	Location	Extension (meters)
STATE	VIALAGOS	●	RJ	57.000
	VIAOESTE	●	SP	168.620
	VIA PAULISTA	●	SP	720.000
	VIARONDON	●	SP	413.370
	WAY BRASIL- MS 112	●	MS	412.400
	WAY 306	●	MS	219.500
MUNICIPAL	CRP	●	MG	5.000
	LAMSA	●	RJ	17.430
	VIARIO	●	RJ	20.700



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