

ALPHA TRAINS GROUP S.À R.L.

GREEN FINANCE FRAMEWORK

OCTOBER 2022

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INTRODUCTION

INTRODUCTION

1. THE ALPHA TRAINS GROUP

Originally established in 1999, Luxembourg-based Alpha Trains Luxembourg (Holdings) S.à r.l., including its subsidiaries (together “Alpha Trains”, “Alpha Trains Group” or the “Company”), is the largest privately owned operating lessor of rolling stock in Continental Europe by number of owned passenger trains and locomotives. Alpha Trains has a diversified fleet and a leading market share in the two business segments in which it operates:

- Regional passenger train leasing business, based in Cologne: primarily focused on the German regional passenger rail market (which is a consequence of the advanced liberalisation of rail transport services in Germany) and adjacent countries (such as Denmark and Slovakia). The circa 490 modern passenger multiple units are deployed largely under long-term leases.
- Locomotive leasing business, based in Antwerp: leasing circa 440 locomotives for the purpose of hauling goods, containers and to a small extent third party passenger coaches operating in 14 countries in Continental Europe, including cross border, with most of the locomotives being operated in Germany, Italy, Spain, Benelux and France.



LEADING ROLLING STOCK LESSOR IN CONTINENTAL EUROPE

Alpha Trains leases passenger trains and locomotives

2. ALPHA TRAINS' VISION AND MISSION

Alpha Trains is the leading and most broadly recognised leasing company for railway vehicles in Continental Europe. In this role Alpha Trains wants to promote and further advance the development of the railway market across Europe.

Alpha Trains' goal is to continuously improve its services and processes by acting sustainably, promoting a sense of responsibility within employees which will then spill over into its stakeholder network. Alpha Trains is sustainably aware and recognises the contribution that rail makes as a socially and environmentally responsible means of transport for people and goods.



OUR COMMITMENT TO THE FUTURE

We care for Sustainability issues and support the contribution that rail makes as a socially and environmentally responsible means of transport for people and goods.



3. ALPHA TRAINS' SUSTAINABILITY STRATEGY

In line with Alpha Trains' mission and ESG policy, the main ESG objectives are to support the transition to a low-carbon economy, to enhance competition for the benefit of affordable, safe and comfortable passenger transport and affordable and safe freight transport.

Alpha Trains' management believes that sustainable corporate strategies are the future. Being a socially responsible business in a sector which requires long-term planning and investment decisions means that sustainability plays a significant role.

An effective and efficient sustainability strategy implementation is crucial for success. This starts with a clear and stakeholder-oriented strategy: Alpha Trains aims to manage and integrate economic aspects with environmental, safety, quality, social and governance aspects, to achieve the demanding requirements of shareholders, employees, customers, lenders and other stakeholders. It is followed by a proper planning and implementation model, which is supported by the management and communicated into the organization.

A further important implementation task is the sustainability reporting and control. Alpha Trains operates a sustainability reporting system, which is designed to identify, evaluate, manage, report and monitor all key performance indicators in each of the relevant fields of safety, health, quality, environment, social responsibility and governance. This enables Alpha Trains to provide transparent reporting and to support Alpha Trains' external stakeholders in assessing their sustainability performance. A yearly corporate carbon footprint report is also part of Alpha Trains' sustainability reporting system.

The yearly materiality assessment and the regular risk assessments are integral parts of the annual review cycle of Alpha Trains' sustainability strategy. Assessing materiality is an important concept in Alpha Trains' sustainability management. It helps to ensure that Alpha Trains' main economic, environmental and social impacts, as well as those issues most likely to impact the Company's stakeholders, are identified and considered in its sustainability reporting.

Alpha Train's regular externally published [sustainability report](#) describes the Company's holistic approach to sustainability and provides a detailed overview of Alpha Train's broad sustainability work. This report is publicly available for interested parties on Alpha Trains' website.

3.1 Environmental, Social and Governance (ESG) Policy

Alpha Trains' commitment to a green and sustainable business is firmly anchored and is described in the Company's mission statement and in its Environmental, Social and Governance (ESG) Policy.

- In its mission statement, the Company acknowledges its role in sustainable transportation and enabling the transition to a low-carbon economy including modal shift.
- In its ESG Policy, Alpha Trains also recognises the importance of identifying and managing environmental, social and governance risks in its business activities by adhering to principles of sustainable management and by responding appropriately in dealing with its own environmental impacts
- Direction and oversight of the Environmental, Social and Governance Policy is the responsibility of the Board of the top holding company (Alpha Trains Luxembourg Holdings S.à r.l.). Multiple levels within the Group hierarchy are involved in the implementation of the process: Board committees (remuneration and audit) are responsible for overseeing specific ESG issues; the Company's business leaders shape and deliver ESG strategies; the Sustainability Manager, who reports directly to the CEO, unifies the ESG strategy, defines the agenda and is responsible for the day-to-day management of all sustainability issues.



ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICY

Our commitment to green and sustainable business is firmly anchored and described in the Group's mission statement and in our ESG.

On the corporate governance side, the Company is continuously adapting its governance systems in fulfilment of legislation changes, external threats and changes in its structure. To ensure this and to manage climate-related strategies, risks and opportunities appropriately, Alpha Trains has robust governance structures and processes in place as further defined in the Sustainability Reporting of Alpha Trains.

In the rail vehicle sector, where safety plays an important role, the quality of vehicles and services must be high. Processes must be intelligently linked, procedures transparent and technical documentation up to date. To achieve this, it is important that workshops and suppliers work closely together. Alpha Trains has been promoting this exchange for many years through operator workshops and workshop audits. The verification and confirmation of our measures by independent bodies is an important element in the sustainability process and creates a uniform and transparent system, especially with the growing number of employees and suppliers.

3.2 Environmental strategy

Managing environmental impact is an important focus for Alpha Trains. Alpha Trains is committed to reducing its absolute energy consumption and CO₂ emissions. Since July 2019, Alpha Trains reaches carbon neutrality, by both reducing and offsetting its carbon emissions. Thus, the Company became the first private lessor of locomotives and trains in Continental Europe to announce being carbon neutral at the office level, which underlines the lessor's strong commitment to sustainability.

Alpha Trains reports annually on its carbon footprint at the office level.

CARBON FOOTPRINT		
2019	2020	2021
460 t/CO₂e (total emissions)	250 t/CO₂e (total emissions)	273 t/CO₂e (total emissions)
506 t/CO₂e (+10% safety surcharge)	275 t/CO₂e (+10% safety surcharge)	300 t/CO₂e (+10% safety surcharge)
3,898 kg / CO₂e per employee	2,256 kg / CO₂e per employee	2,361 kg / CO₂e per employee

Carbon Footprint changes significantly under the influence of the COVID19 pandemic.

Additionally, Alpha Trains enables its CO₂ emissions reduction by investing in modern office buildings, modern IT, reducing travel emissions and using renewable energy to power Alpha Trains' offices.

On the rolling stock portfolio level, Alpha Trains reports on a best effort and portfolio approach basis the carbon savings of its Eligible Green Assets on an annual basis. Given the nature of its business model, Alpha Trains currently only has direct access to the annual kilometre data of its assets. Exact freight and passenger transport data is proprietary information of Alpha Trains' customers and - in passenger transport - the public transport authorities.

The Company's commitment to environmental responsibility is supported by the fact that c. 81% of the Company's rolling stock is comprised of Electric Multiple Unit (EMU) trains and electric locomotives (the total of c. 930 assets include 31 battery-powered trains under construction).

The Company has relatively young and energy efficient rolling stock (weighted average fleet age is c. 9 years, based on weighted net book value as of 31 December 2021) and consistently achieves a high utilisation rate (100 % for passengers and 94 % for locomotives in 2021).

CARBON FOOTPRINT



3.3 Alignment with international frameworks

Alpha Trains took the initiative to identify, assess and manage its climate-related (physical and transition) risks and opportunities using the Taskforce on Climate-related Financial Disclosures (TCFD). The TCFD analysis, using different scenarios, concludes that Alpha Trains' average physical climate risk is low compared to other companies in the infrastructure sector and that the transition to a low-carbon economy is an opportunity, not a risk, which is in line with Alpha Trains' business strategy to support the transition to a low-carbon, resilient economy.

Alpha Trains demonstrates its continuing commitment to ESG transparency and improved performance by participating in the 2022 Infrastructure Assessment and achieves its highest ever overall score. Indeed, Alpha Trains achieved excellent results in the GRESB Benchmark in 2022:

- Alpha Trains has been awarded the GRESB 5 Star Rating for the 6th consecutive year. This is the highest GRESB rating and a recognition as an industry leader.
- The score increased to the maximum achievable 100 out of 100 points.
- Alpha Trains achieved 1st place overall in the GRESB result (out of 649 participants worldwide), which also makes it the sector leader in the transport and railway company sectors.

Moreover, in recognition of its sustainability performance, Alpha Trains 2021 was awarded a silver EcoVadis medal and achieved a rank in the 90th percentile of the industry in this assessment.

Alpha Trains has undertaken specific analyses to evaluate how the business will materially contribute to the United Nation Sustainable Development Goals; this assessment is summarised on the following page:



G R E S B
★★★★★ 2022

100/100 points

5★★★★★
STAR RATING
for the 6th time in a row





Ensure healthy lives and promote well-being for all at all ages

- **SDG Target 3.6:** By 2020, halve the number of global deaths and injuries by road traffic incidents



Ensure access to affordable, reliable, sustainable and modern energy for all and investing in and increasing energy efficiency and the proportion renewable energy contributes to the global energy supply.

- **SDG Target 7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix



Promote sustained, inclusive and sustainable economic growth (endeavouring to decouple growth and environmental degradation), full and productive employment and decent work for all.

- **SDG Target 8.2:** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors
- **SDG Target 8.8:** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment



Promote infrastructure and inclusive industrialisation that is reliable, resilient, affordable and sustainable with equitable access for all.

- **SDG Target 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- **SDG Target 9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



Increase the number of cities and human settlements, improving the sustainability, inclusivity, resource efficiency and resilience to extreme events and ensuring adequate, affordable and safe housing and services, transport for all

- **SDG Target 11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
- **SDG Target 11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management



Ensure sustainable management, consumption and production regarding use of natural resources, halving global per capita food waste and encouraging companies and the public to adopt sustainable practices and procurement to reduce, recycle and reuse waste.

- **SDG Target 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- **SDG Target 12.6:** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



Take urgent action to combat climate change and its impacts, increasing every country's resilience and ability to adapt to climate change, improving education and awareness and implementing national measures against climate change and the commitments made to the UN FCCC in assisting developing countries mitigate and adapt.

- **SDG Target 13.2:** Integrate climate change measures into national policies, strategies and planning

Alpha Trains supports the goals of the United Nations Global Compact (“UNGC”) and formally became a signatory in November 2021. Alpha Trains thus aligns itself with the UN Global Compact’s ten principles in the areas of human rights, labour, environment and anti-corruption and reaffirms its commitment to contribute to the implementation of the Sustainable Development Goals.




4. SCOPE OF GREEN FINANCING

Alpha Trains’ Green Finance Framework covers a variety of financing instruments such as: green bonds (green ‘use of proceeds’ bonds), green private placements, green loans and green revolving Capex facilities with funds allocated to the use of proceeds defined in this document. These will be collectively referred to as **“Green Financing(s)”** in this document.

Green Financings includes the previous Green Financings used by Alpha Trains still outstanding, such as its inaugural Green Private Placement issued in 2016, Green Private Placement issued in 2019 and Green Loan raised in 2019.

The Green Finance Framework (referred to as the **“Framework”** in this document) will apply to any Green Financing issued or raised by Alpha Trains.

Alpha Trains can modify the Framework to adapt to future Green Financings and commits in that case to the improvement of the standards it sets (i.e. regarding transparency, reporting, eligible assets, etc.). Any updated Framework will be made publicly available on Alpha Trains’ website. Any update in the eligible categories of this Framework will be submitted to a second-party opinion provider.


**OUR GREEN FINANCE
FRAMEWORK**
 covers all Green
 Financings issued or used
 by Alpha Trains

5. PRINCIPLES AND GENERAL GUIDELINES

Alpha Trains' Green Finance Framework abides by the [Green Bond Principles](#) published and last updated in 2021 by the [International Capital Markets Association](#), and by the [Green Loan Principles](#), published and last updated in 2021 by the [Loan Market Association](#). It follows the recommendations of the principles through their four core components: "Use of Proceeds", "Process Evaluation and Selection", "Management of Proceeds" and "Reporting", adding "External review" throughout the process.

The Eligible Green Assets financed and / or refinanced under this Green Finance Framework, falling integrally under the Clean Transportation eligible category, contribute to the EU environmental objectives and are evaluated and selected - among other criteria - according to the Technical Screening Criteria (TSC), Do No Significant Harm (DNSH) principle, and Minimum Safeguards criteria laid down in the [EU Taxonomy Regulation and Delegated Acts on Climate Change Mitigation and Adaptation](#) that were adopted in June 2021. This alignment with the DNSH and Minimum social Safeguards criteria is described in the Appendices.



OUR GREEN FINANCE FRAMEWORK

follows the international capital market guidelines and complies with the EU taxonomy.





PROCEDURES

PROCEDURES

1. USE OF PROCEEDS

The net proceeds from Green Financings will be used by Alpha Trains to finance and/or refinance, in whole or in part, the acquisition of **"Eligible Green Assets"** as defined by the **"Eligibility Criteria"** below.







USE OF PROCEEDS

To finance and/or refinance the acquisition of Eligible Green Assets.

ELIGIBLE GREEN CATEGORY: CLEAN TRANSPORTATION

EU Environmental Objective: Climate Change Mitigation

Eligible Green Asset categories	Eligibility Criteria	EU Economic Activity	Contribution to UN SDGs
<ul style="list-style-type: none"> ➤ Electric passenger trains ➤ Electric locomotives for passenger transportation ➤ Battery-electric passenger trains ➤ Battery-electric locomotives for passenger transportation ➤ Hydrogen-powered passenger trains ➤ Hydrogen-powered locomotives for passenger transportation ➤ Dual mode (electric with diesel engine for unelectrified routes) locomotives for passenger transport 	<ul style="list-style-type: none"> ➤ The trains and locomotives for passenger transportation have zero direct (tailpipe) CO₂ emissions ➤ The locomotives employed in passenger transportation have zero direct (tailpipe) CO₂ emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (dual mode). 	<ul style="list-style-type: none"> ➤ 6.1. Passenger interurban rail transport 	  
<ul style="list-style-type: none"> ➤ Electric locomotives for freight transport ➤ Battery-electric locomotives for freight transport ➤ Hydrogen-powered locomotives for freight transport ➤ Dual mode (electric with diesel engine for unelectrified routes) locomotives for freight transport 	<ul style="list-style-type: none"> ➤ The locomotives for freight transportation have zero direct tailpipe CO₂ emission; or ➤ The locomotives employed in freight transportation have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (dual mode) <p>and</p> <ul style="list-style-type: none"> ➤ The locomotives are not dedicated to the transport of fossil fuels. 	<ul style="list-style-type: none"> ➤ 6.2 Freight rail transport 	



2. PROJECTS EVALUATION AND SELECTION

2.1 Evaluation and selection process

New investment projects are presented to the relevant Alpha Trains Board of Directors and its ultimate shareholders. They will be approved in the context of Alpha Trains' strategic plans, whilst recognising its commitment to the ESG policy. Only if projects are in line with the ESG policy, will they be approved.

Prior to a business relationship, Alpha Trains internally assesses possible suppliers, contractors and service providers and rates their ESG performance. Also, Alpha Trains performs, for example, supplier audits to engage their contractors and services.

Eligible Green Assets of Alpha Trains have to comply with the Eligibility Criteria as detailed in the Use of Proceeds section (see 1. above), as well as Alpha Trains' internal policies on the management of potential material environmental risk associated with the Eligible Green Assets.

The Eligible Green Assets constitute the **"Green Portfolio"** of Alpha Trains when recorded in the Eligible Green Assets Register. The Group Investment Funding department responsible for the Eligible Green Assets Register will ensure that Eligible Green Assets are recorded in the Green Portfolio only when agreed by the Green Finance Committee.

The **"Green Finance Committee"**, composed of the CEO, CFO, Group Investment Funding Director and Sustainability Manager of Alpha Trains, will meet half-yearly in order to select the Eligible Green Assets included in the Green Portfolio and aligned with the Green Finance Framework until the full allocation, and thereafter to confirm allocated Eligible Green Assets remain in accordance with the Framework.

The Green Finance Committee is in charge of the selection of new Eligible Green Assets, the removal of Eligible Green Assets which are no longer compliant with the Eligibility Criteria, the approval of the allocations of Green Financing proceeds to the Green Portfolio, the drafting and validation of the annual Green Finance Reporting within the Investor Report, and the amendment of the Framework accordingly to any substantial changes of market standards and practices.



GREEN FINANCE COMMITTEE

It is in charge of the selection of new Eligible Green Assets and removal of those which are no longer compliant.



2.2 Management of environmental and social risks

Alpha Trains assesses and manages its risks on a regular half-yearly basis. The Alpha Trains Group Risk Management System is designed to identify, assess, evaluate, manage, mitigate, report and monitor all key risks that Alpha Trains faces.

- Any ESG-related misconduct, sanctions, incidents or accidents are reported to the CEO or a member of the Executive Team within 24 hours of the incident.
- All ESG issues are also discussed with our shareholders during our regular Board meetings. Details of any ESG incidents are reported and resulting action plans agreed.

Alpha Trains provides a strategic, structured risk management system (see chapter “Risk Management” in our [sustainability report](#)) that tracks the identification and assessment of material risks and manages and monitors the implementation of appropriate mitigating actions.

The Alpha Trains Group and its divisions maintain sophisticated management systems for its offices in Luxembourg, Cologne, Antwerp, Madrid, Paris and Warsaw, which are based on legal requirements as well as standards such as ISO 9001 (Quality management), ISO 14001 (Environmental management), ISO 45001 (Occupational health and safety) or also the Regulation (EU) No. 445/2011 (Entity in charge of maintenance) and are regularly audited by external accreditation bodies such as TÜV Rheinland, ERC or Sconrail.

The compliance of Alpha Trains with the criteria of “Do No Significant Harm (DNSH) to the other EU environmental objectives” with the “Minimum Social Safeguards” (MSS) criteria, as defined by the [EU Taxonomy](#), is described in the Appendix.



MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS

A structured risk management system is in place in compliance with the DNSH and MSS criteria of the EU Taxonomy



3. MANAGEMENT OF PROCEEDS

An amount equivalent to the net proceeds of any Alpha Trains' Green Financing will be managed by its Group Investment Funding and Treasury department on a portfolio basis.

Until maturity of the Green Financings, Alpha Trains will strive to maintain a net book value of Eligible Green Assets in the Green Portfolio at least equal to the total amount outstanding of the Green Financings.

In practice, Alpha Trains intends to allocate the net proceeds to the Eligible Green Assets at the inception of each financing and, in any event will make its best efforts to allocate the net proceeds in full within two calendar years following the settlement date (bond) or availability date (loan) of each Green Financing. Any temporarily unallocated proceeds will be earmarked through a dedicated account and may temporarily invested in cash or cash equivalents, excluding fossil fuel related investments.

On an annual basis Alpha Trains will check the eligibility and availability of the Eligible Green Assets in the Green Portfolio. Alpha Trains will strive to substitute any redeemed or amortised Eligible Green Assets with new Eligible Green Assets and/or if any such assets cease to be Eligible Green Assets, as soon as practicable.



NET PROCEED ALLOCATION

Managed by Group Investment Funding & Treasury departments.

4. REPORTING

Alpha Trains will publicly provide information to investors, lenders and other stakeholders regarding underlying assets financed or refinanced by the Green Financings, on an annual basis on its website and until the maturity of the Green Financings. The **Green Finance Reporting** section in the "Investor Report", as well as in the annual sustainability report, aim at demonstrating that the allocation of proceeds from Green Financings is in line with the Green Finance Framework and displays key performance indicators (KPIs) regarding the environmental benefits of Eligible Green Assets.

The annual Green Finance Reporting will also include a statement of compliance with the proceeds allocation requirements of the Framework.

The **allocation reporting** will provide the following items:

- Amount of proceeds allocated
- Amount of unallocated proceeds, if any, at the date of reporting
- Size of the Green Portfolio and its composition by Eligible Green Asset categories (electric, battery-electric, hydrogen-powered and dual mode locomotives)
- Share of financing vs. refinancing within allocated Eligible Green Asset categories

The **impact reporting** will provide the following information:

- A qualitative description of the investments allocated towards
- Key impact indicators (KPI), as per the indicative KPI list in the table below
- Information on the methodology and assumptions used in any calculations



GREEN FINANCE REPORTING

We annually report on green fund allocation and carbon savings achieved in passenger and freight transport through the use of our green assets.

Eligible categories	Indicative KPI
Passenger and Freight	<ul style="list-style-type: none"> ➤ Annual GHG emissions reduced / avoided (tCO₂e p.a.) by Eligible Green Asset categories (electric, battery-electric and hydrogen-powered passenger trains and locomotives as well as dual mode locomotives) ➤ Number of electric rolling stock deployed (split by Eligible Green Asset categories)

6. APPENDICES

Do No Significant Harm ("DNSH")

Under this Green Finance Framework, a DNSH assessment is carried out for the economic activities "Passenger interurban rail transport" and "Freight rail transport" of the EU Taxonomy.

Alignment to the DNSH criteria of the EU Taxonomy for categories "Passenger interurban rail transport" and "Freight rail transport"			
EU environmental objective	Do no Significant Harm ('DNSH') criteria	Applicable legislation	Alpha Trains - internal measures
Climate Change Adaptation	The activity complies with the criteria set out in Appendix A of the EU Taxonomy as adopted by the Commission on June 4, 2021 in the Delegated Act for climate change mitigation and climate change adaptation activities	N/A	<p>Alpha Trains has conducted a Climate Change assessment for physical and transition risks using the TCFD methodology by an external independent consultant.</p> <p>For transition risks, the assessment concludes that Alpha Trains has more opportunities than risks.</p> <p>For physical risks, the assessment identifies which physical climate risks may affect the performance of the economic activity during the selected timeframes for Alpha Trains in the case of two scenarios (AR5 RCP 4.5 and AR5 RCP 8.5 for 2030 and 2050).</p> <p>This climate risk assessment has been conducted based on the latest era of climate data (AR6 / CMIP 6). In particular, climate related risks were assessed using the Assessment Reports (AR) released in 2021 (AR6) by the IPCC, and the related climate models and data released by the Coupled Model Intercomparison Project (CMIP) (CMIP6). Data from other recognised institutions is used in the assessment (e.g. American Meteorological Society (AMS)).</p> <p>The timeframe used in the assessments is proportional to expected lifespan of Alpha Trains' assets and activities (2030 and 2050 horizons).</p> <p>This assessment shows that whatever the event type (extreme heat, extreme cold, flooding, coastal and sea level rise, cyclone, storms, wildfires, water stress and drought), the risk for these events to be likely material for Alpha Trains is always below 25%.</p> <p>Physical climate risks are primarily identified and assessed by the rolling stock's manufacturer in the design and testing phase. It takes into account the climate conditions under which the train will operate.</p> <p>As Alpha Trains does not operate the rolling stocks themselves, it is unlikely that it will experience any material impacts to its direct operations.</p> <p>Alpha Trains' rolling stock might be impacted as a result of wildfires, flooding, cyclones and storms. Although, the lessees are responsible for the storage of the trains.</p> <p>All maintenance is performed per the original equipment manufacturers recommendations in third party workshops that are ECM certified, and in compliance with the EU regulation 2019/779. The accuracy and performance of the equipment is continuously monitored, and special attention is given to items of key equipment that contribute to the service's quality characteristics.</p>
Sustainable use and protection of water and marine resources			N/A

Alignment to the DNSH criteria of the EU Taxonomy for categories "Passenger interurban rail transport" and "Freight rail transport"			
EU environmental objective	Do no Significant Harm ('DNSH') criteria	Applicable legislation	Alpha Trains - internal measures
Transition to a circular economy	Measures are in place to manage waste in accordance with the waste hierarchy, in particular during maintenance.	The Waste Framework Directive 2008/98/EC of 19 November 2008 imposes the observance of a waste hierarchy which gives priority to prevention, so as to guide Member States towards increased efficiency in the use of raw materials, water and energy. The Article 14a of the EU Directive 2008/110/EC, imposes, before going into operation, that every vehicle must be assigned to an agency with responsibility for the maintenance.	<p>Alpha Trains puts a five-stage waste hierarchy into practice, as required by the EU. The five levels of the waste hierarchy are prevention, reuse, recycling, recovery and disposal. As far as possible, the highest level of this hierarchy is always aimed for. The company also implemented a waste process for non-hazardous and hazardous waste disposal, for toner cartridge, paper, computer and accessories and batteries.</p> <p>These measures have been rewarded by obtaining the ISO 14001 certification for the scope entitled "Procurement, leasing and fleet management of rail vehicles".</p> <p>Moreover, Alpha Trains is doing an audit on annual basis to be aligned with the Belgian, German and Luxemburgish law. Indeed, as part of the ISO 14001 certification, Alpha Trains identifies, monitors and controls obligations to comply with the relevant regulations. This process is externally certified. It is based on the Control of Compliance Obligation process and the Applicable Legislation Register and Compliance Obligation Register. These are reviewed as part of an annual internal audit.</p>
Pollution prevention and control	Engines for the propulsion of railway locomotives (RLL) and engines for the propulsion of railcars (RLR) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628 of the European Parliament and of the Council.	<p>Regulation (EU) 2016/1628 of the European Parliament and of the Council of 14 September 2016 on requirements relating to gaseous and particulate pollutant emission limits and type-approval for internal combustion engines for non-road mobile machinery, amending Regulations (EU) No 1024/2012 and (EU) No 167/2013, and amending and repealing Directive 97/68/EC (OJ L 252, 16.9.2016, p. 53).</p> <p>This Regulation shall be binding in its entirety and directly applicable in all Member States. This Regulation shall apply from 1 January 2017, with the exception of Article 61, which shall apply from 6 October 2016. More information here.</p>	<p>Eligible assets that are either fully electric, battery-electric, hydrogen-powered comply by definition with emissions limits set out in Annex 2 Regulation (EU) 2016/1628 of the European Parliament and of the Council.</p> <p>Any dual mode rolling stock entering the Eligible Green Asset Portfolio would need to be manufactured in accordance with the Regulation (EU) 2016/1628 to get homologation and registration for operation on the EU market.</p>
Protection and restoration of biodiversity and ecosystems	N/A		

Minimum Social Safeguards

The minimum safeguards in the EU Taxonomy require that eligible activities be conducted in accordance with key international standards of responsible business conduct. Alpha Trains meets such standards as it is absolutely committed to conduct its business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations.

- Alpha Trains is domiciled in Luxembourg, a country that adheres to the OECD Guidelines. Alpha Trains is applying the Luxembourgish laws and guidelines with regards to labour laws (Luxembourg Labour Code) and anticorruption law (Luxembourg Criminal Code). Luxembourg is a member of the International Labour Organisation (ILO) and has ratified the conventions from the ILO.
- Alpha Trains is a signatory member of the United Nations Global Compact (UNGC)
- Alpha Trains' ESG Policy aims at ensuring that ESG issues are considered at all levels of the company's business activities, and in accordance with International and National Codes and Principles by:
 - ensuring that key decisions are only taken after full consideration of all environmental, social and governance issues and risks
 - supporting compliance with regulations governing the protection of human rights, operational and occupational health and safety, environmental, social and business practices in the jurisdictions in which it operates
 - supporting compliance with rights and regulations enshrined in the shareholders' agreement.
 - promoting a culture of diversity, where it expects the highest ethical standards, respect human rights, promote gender equality and act against grievances like discrimination or child and forced labour
- Alpha Trains has a Group Policy for Ethics in Business which is binding to all its employees, and which is designed to promote:
 - Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
 - Full, fair, accurate, timely and understandable disclosure in reports and documents that Alpha Trains files with, or submits to, our regulators and in other public communications made by Alpha Trains
 - Compliance with applicable governmental laws, rules and regulations
- Alpha Trains is committed in its Health and Safety Policy to high standards of health and safety for the employees of the total Alpha Trains group, including all its subsidiaries, and of third parties with whom it interacts; in particular Alpha Trains undertakes to:
 - integrate health and safety into the business strategies
 - manage health and safety effectively by developing, implementing and maintaining a best practice, process oriented, integrated management system
 - audit and review the companies' health and safety performance with a view to achieving continuous improvements
 - verify compliance with all the companies' safety obligations in the jurisdictions in which it operates and strive for compliance with international standards such as ISO 45001

LINKS / REFERENCE LIST

Alpha Trains Sustainability Website	https://www.alphatrains.eu/en/alphatrains/sustainability/
Green Bond Principles	https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
International Capital Markets Association	https://www.icmagroup.org/
Green Loan Principles	https://www.lma.eu.com/documents-guidelines/documents?itemid=502&search_str=Green%20Loan%20Principles#item-502
Loan Market Association	https://www.lma.eu.com/
EU Taxonomy Regulation and Delegated Acts on Climate Change Mitigation and Adaptation	https://finance.ec.europa.eu/publications/eu-taxonomy-complementary-climate-delegated-act-accelerate-decarbonisation_en
EU Taxonomy	https://eur-lex.europa.eu/eli/reg/2020/852/oj
Entry Letter to UN Global Compact	Can be downloaded on Alpha Trains Group's sustainability website: https://www.alphatrains.eu/en/alphatrains/sustainability/
Alpha Trains Group's Environmental Social and Governance Policy	Can be downloaded on Alpha Trains Group's sustainability website: https://www.alphatrains.eu/en/alphatrains/sustainability/
Alpha Trains Group's Ethics in Business Policy	Can be downloaded on Alpha Trains Group's sustainability website: https://www.alphatrains.eu/en/alphatrains/sustainability/
Alpha Trains Group's Health & Safety Policy	Can be downloaded on Alpha Trains Group's sustainability website: https://www.alphatrains.eu/en/alphatrains/sustainability/



FOR A CLEAN FUTURE

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