

ALPHA TRAINS GROUP

# SUSTAINABILITY REPORT

2019/2020



## EDITORIAL

# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Welcome to our very first Sustainability Report - this is a sign of the growing importance and relevance of this area to all stakeholders ranging from employees to suppliers, customers and investors. I hope you will find it an interesting and enlightening read.

There is clear evidence that engagement by companies on sustainability issues creates stakeholder value. Our vision at Alpha Trains is to steadily improve our engagement on sustainability; to increase value and to be recognised for "doing the right thing".

Consequently, we have environmental, health & safety, quality, social and governance matters at the core of our business and we have adopted a holistic approach to sustainability in general as outlined overleaf. We achieved some impressive results which have been externally recognised through, for example, our GRESB awards and certificates - more on these topics follows later.

**Shaun Michael Mills**  
Chief Executive Officer





# A HOLISTIC APPROACH



## HOUSE OF SUSTAINABILITY

Acting sustainably means a change in mindset and the way you do business. Back in 2018, we launched the Alpha Trains “House of Sustainability”, a robust and holistic framework to focus and coordinate our efforts in this area.

With the Entity in Charge of Maintenance (“ECM”) certification in both our Locomotive and Passenger Divisions and the recent ISO 14001 and ISO 45001 certifications, we have achieved all the third-party certifications prescribed in our “House of Sustainability”. We are extremely proud of the successful external audits and the resulting certifications, which underline our commitment to sustainability as part of our culture and our daily work.



## GRESB

Alpha Trains was awarded again a GRESB 5 Star rating in 2019. This is the highest GRESB rating and recognition as an industry leader. The Global Real Estate Sustainability Benchmark (GRESB) is a global sustainability platform and evaluates and compares the annual performance of tangible assets worldwide based on environmental, social and governance (ESG) criteria.

Furthermore, we ranked number 1 in our peer group of European railway companies.

The fact that we have achieved the GRESB 5 Star Rating for the third time in a row clearly shows that our sustainability strategy is working.



## CARBON NEUTRAL

To take the next step in sustainability our objective is to achieve climate neutrality for Alpha Trains. This climate neutrality is achieved by calculating Alpha Trains’ carbon footprint and reducing it to zero through a combination of internal efficiency measures and the support of external emission reduction projects.



## 2020 AND BEYOND

Although a report like this one focuses primarily on past activities and achievements, it’s worth taking a brief look at what lies ahead. In the future, we want to continue to live up to and expand our role as a leading group in the field of corporate responsibility and sustainability and become a sector benchmark company for responsible business. We are excited about the incredible potential that modal shift to rail offers as a lever to reduce the overall environmental impact of transport and we will continue to seize the opportunities it offers to improve sustainability in a modern society.



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# VISION, MISSION AND VALUES

Our Vision, Mission, Values statement serves as a compass for our overall orientation and is the basis for our corporate culture to which we align our sustainable actions.



Every employee embraces this philosophy. The awareness of all employees is key for us and is consistently promoted and reinforced through training and information. The Values in particular provide a moral framework for interaction with others.

One of our five Mission statements specifically recognizes the contribution that rail makes to a sustainable and socially responsible means of transport. Our goal is to continuously improve our services and processes by acting sustainably, promoting a sense of responsibility within our employees which we hope spills over into our stakeholder network.

Being a socially responsible business in a sector which requires long term planning and investment decisions means that sustainability plays a significant role - meeting sustainability requirements under environmental, safety, quality, social and governance headings helps us achieve the demanding requirements of our customers. It's a virtuous circle of dependence.

## > OUR VISION



We want to be **THE** outstanding and recognised leasing company for railway vehicles - and promote and further advance the development of the railway market across Europe in this role.

## > OUR MISSION



Our business goes beyond leasing safe rolling stock; we offer an integrated set of technical, commercial and financial competences. The variety of our product offerings presents a unique spectrum of choice for our customers.



We create long-term customer relationships. Our reliability and proven track record underpin this ability.



We are environmentally aware and recognise the contribution that rail makes as a socially and environmentally responsible mode of transport for people and goods.



We select and retain the best staff and create an environment which inspires people. We value individuality and diversity in teamwork, which leads to success.



The underlying stability of our business model gives all parties confidence in the long-term sustainability of the business.

## > OUR VALUES



**RESPECT**



**TRUST**



**INTEGRITY**



**PASSION**



**DIVERSITY**



# LEADERSHIP

Management demonstrates its responsibility for our sustainable development and continuous improvement by:





# HOUSE OF SUSTAINABILITY

We believe that constantly improving our engagement in sustainability issues leads to long term value accretion - and creates a symmetry between business financial goals and social responsibility.



At the Alpha Trains Group, the term "Sustainability" covers:



**Environment**



**Health & safety**



**Social responsibility**



**Quality**



**Operational safety**

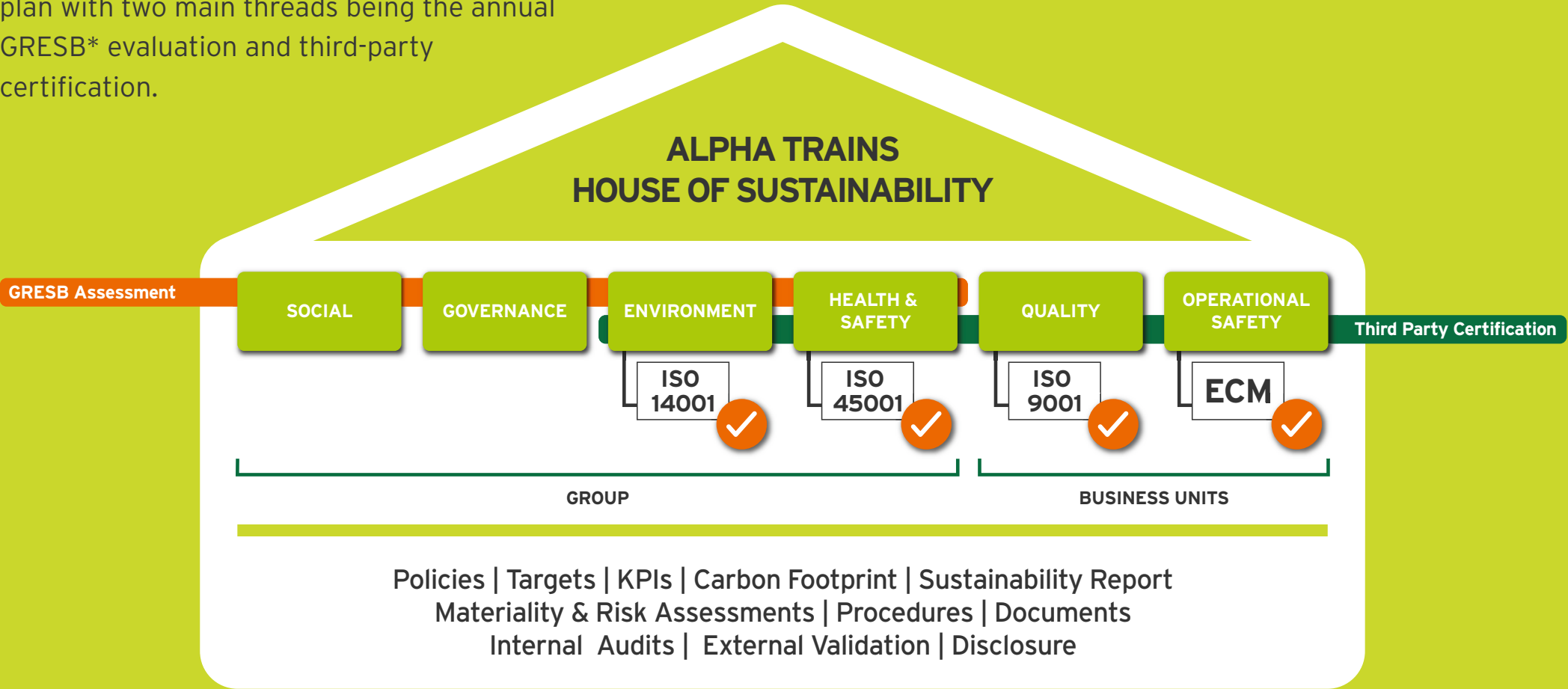


**Governance**



HOUSE OF SUSTAINABILITY

We have adopted a holistic approach - branded as the "House of Sustainability". As you see below the various components are individually part of a cohesive plan with two main threads being the annual GRESB\* evaluation and third-party certification.



ISO14001 - Environmental Management Standard  
ISO 45001 - Occupational Health & Safety Standard  
ISO 9001 - Quality Management Standard  
ECM - EU Regulation 445/2011 (Entity in charge of maintenance)

\*Please find further explanations on GRESB on page 19.



# POLICIES

Alpha Trains has developed a broad set of policies that are aligned with the requirements of the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

Policies are important to help set the direction and establish standards of conduct within an organization. We create policies that offer a “light touch”, are easy to understand and in so doing are more effective. They are not overburdensome but are vital in several key areas as captioned alongside.





# CERTIFICATES

Alpha Trains has recently gained two certificates which serve as external recognition and accreditation in the areas of environment and occupational health and safety. In of themselves the certificates are not the most important aspect - that we have instigated robust policies and procedures to enable our responsibilities and aspirations to be achieved is the most important thing.



The Alpha Trains Group operates an integrated management system ("IMS") from each of its offices in Luxembourg, Cologne, Antwerp, Madrid and Paris based on the requirements of **ISO 14001:2015 (Environmental Management)** and **ISO 45001:2018 (Occupational Health and Safety)** which have been certified by the external accreditation body TÜV Rheinland. By adopting the IMS, the management is fulfilling its organizational and supervisory obligations and is further confirming its dedication to the environment and safety.



**ISO 14001:2015**  
Environmental Management

**ISO 45001:2018**  
Occupational Health and Safety Management





Alpha Trains Europa GmbH has been certified under **DIN EN ISO 9001:2015** (Quality management for the “passenger trains” division by TÜV Rhineland).

In general, the requirements of ISO 9001 ensure that products and services meet the expectations of customers. This covers the fundamental entrepreneurial goals and guidelines as well as the individual processes, procedures and documentation systems in detail. The ISO 9001 process also defines a regular auditing schedule for the future - enabling a continuous improvement in quality.

Particularly in the rolling stock sector, where safety plays an important role, the quality of the vehicles and services must be high: Processes must be interconnected intelligently, procedures must be transparent, and technical documentation must be completely up to date. To achieve this, it is important that workshops and suppliers work together closely - this, too, is an important aspect of quality management. Alpha Trains has been promoting this exchange for many years through operator workshops and workshop audits.

Additionally, both the Passenger and the Locomotives divisions have been audited and received a declaration of conformity for an **Entity in Charge of Maintenance (ECM) following the Commission Regulation (EU) No. 445/2011**.

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.

The certificates confirm that **Alpha Trains meets the highest standards for sustainability and continuous improvement**.







# SUSTAINABILITY TARGETS

One of our main objectives in 2019 was the certification of Alpha Trains Group S.à r.l. according to ISO 14001 (environmental management) and ISO 45001 (occupational health & safety). These Certifications were completed successfully. Now we are focused on the annual recertification.

**Our further goals are** ➤



## SUSTAINABILITY TARGETS



## ENVIRONMENT

1. Switch to 100% renewable energy at all offices by 2021. Our offices in Antwerp and Luxembourg already use 100% renewable energy. The office in Cologne will follow soon.
2. Reduce the relative waste volume and relative water consumption annually. The waste volume and water consumption are part of our new company carbon footprint and therefore now measurable. This helps us to take appropriate measures to reduce waste and water consumption.
3. Reduce the CO<sub>2</sub> emissions of our vehicle fleet by using modern vehicles in conjunction with eco-driving training. With the new car policy, a change from diesel to gasoline or hybrid (electric) cars is possible and we track how the fleet mix will develop.
4. Minimize the consumption of paper. This is a new target to gradually reduce consumption of A4/A3 paper in our offices.
5. Minimize the consumption of electrical energy. By converting to energy-saving lamps and installing motion detectors wherever possible, the consumption of electrical energy is to be reduced gradually by the end of 2021.



## HEALTH &amp; SAFETY

1. Keeping the work-related accident rate at zero. After this target was successfully achieved in 2017 and 2018, it was almost reached again in 2019 with only two out of office accidents. We are focused on constantly improving our work safety with training, alarm exercises, OSH information and several improvement measures to keep the accident rate at zero.
2. Keeping the traffic accident rate at zero. We use modern cars with a defined set of driver assistance systems in conjunction with safety driving training.



## SOCIAL RESPONSIBILITY

1. Alpha Trains is committed to inspiring women for a career in the business. To do this, we want to increase the proportion of female executives.
2. Alpha Trains is committed to expanding its social responsibility for the community. For this we plan to initiate social projects every year in our regional communities.
3. Alpha Trains is developing a new CSR (Corporate Social Responsibility) framework, which will then form the basis for the CSR strategy and measures for the coming years.



## GOVERNANCE

Implementing and constantly improving effective controls to keep the number of Breaches, Defaults and Failures to zero.





Climate  
Bond  
Certified

In 2019, we established our Green Finance Framework, which sets the criteria for our Green Financing objectives. It also positions Alpha Trains as a Green rolling stock lessor focused on sustainability and provides assurance to all stakeholders that any investment in or lending to Alpha Trains will make a positive contribution towards the Paris Agreement long-term climate goals.

We have worked on implementing and developing our sustainability strategy over the last years by increasing our share of electric assets and hiring a full time sustainability manager. The vast majority of our assets are classified as 'Green'

because they support 'pollution prevention and control', as defined in the ICMA Green Bond Principles and the LMA Green Loan Principles. We are the first rolling stock lessor in Continental Europe which published its Green Finance Framework, encompassing the whole business, on its website.

We have raised €590m of Green Financing since 2016, comprising Green Notes and a Green Loan. Our drawn Green Financing commitments represent 31% of our Eligible Assets at the end of 2019. This translates into further Green Financing potential of €1bn in the years to come.


# GREEN FINANCING

Alpha Trains' pioneering Green Financing initiatives, dating back to 2016 and crowned with a Green Bond Award, align to contribute to a healthier environment and better mobility of people and goods in Continental Europe by promoting modal shift in the passenger and freight transport sector.



## GREEN FINANCING

The newly established Alpha Trains' Green Finance Committee will monitor the pre-defined green asset portfolio to ensure that the net book value of the green asset portfolio always exceeds the outstanding principal of all green financings in total.



The Green Finance Framework will apply to any green financing issued or used by Alpha Trains based on a portfolio approach and abides by:

- the Green Bond Principles of the International Capital Markets Association published and last updated in 2018
- the Green Loan Principles of the Loan Market Association published and last updated in 2018

The net proceeds from green financings will be used by Alpha Trains to finance and/or refinance, in whole or in part, existing and/or new "Eligible Green Assets" which are:

- electric passenger trains
- electric locomotives (freight and passenger transport)
- select energy efficient diesel locomotives which meet the gCO<sub>2</sub>/tonne-km thresholds of the International Energy Agency (IEA)





## ALLOCATION REPORTING

The €250M inaugural Green Notes issuance in December 2016 was fully allocated to the purchase of Eligible Green Assets.

The €200M raised in the 2019 Green Private Placement was partially allocated to refinance existing debt, related to Eligible Green Assets, as well as to finance the purchase of Eligible Green Assets. As of 31 December 2019, the €140M Green Loan was drawn in an amount of €19.1M to make stage payments for new-build Eligible Green Assets and €120.9M thereof remained undrawn.



## IMPACT REPORTING - CARBON SAVINGS

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.

Therefore, in its annual environmental impact reporting relating to its Eligible Green Assets, Alpha Trains focuses - on a best effort and portfolio approach basis - on the following impact metric:

Prospective annual carbon dioxide equivalents (carbon dioxide, methane and nitrous oxide) emission reduction by asset employment category using Alpha Trains' Eligible Assets instead of comparable road vehicles:

- Eligible electric passenger trains and electric locomotives in passenger transport (tonnes of carbon dioxide equivalents)
- Eligible electric and diesel locomotives in freight transport (tonnes of carbon dioxide equivalents)

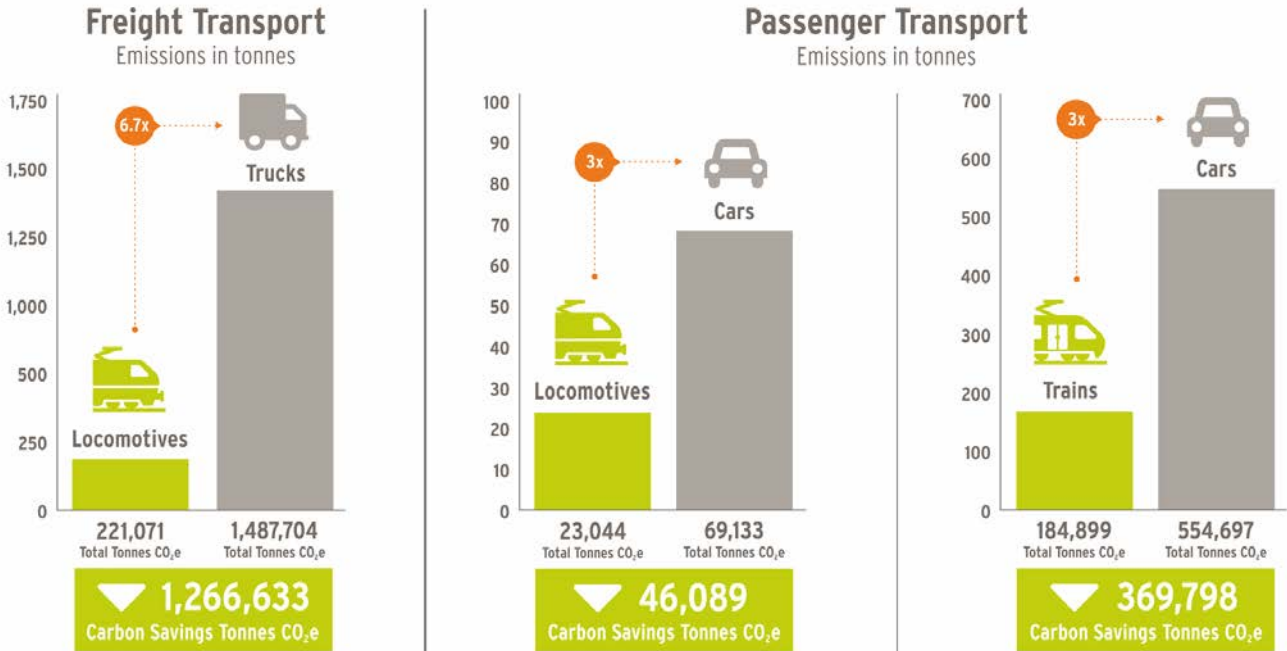


CO<sub>2</sub>

The estimated carbon savings obtained by people travelling by Alpha Trains' green portfolio trains as opposed to by cars, were 416 k tonnes of CO<sub>2</sub>e (thereof electric passenger trains: 370 k tonnes of CO<sub>2</sub> and electric locomotives employed in passenger service: 46 k tonnes of CO<sub>2</sub>e).

As shown in the charts, the estimated carbon savings achieved by freight goods transported by Alpha Trains' green portfolio locomotives as opposed to by trucks, were 1.27m tonnes of CO<sub>2</sub>e in the year 2019.

Carbon Savings in Tonnes CO<sub>2</sub>e in Rail Transport





## GREEN FINANCING



**GRESB, the „Global Real Estate Sustainability Benchmark“** was established in 2009 by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments. By now, GRESB has become a leading ESG (Environmental, Social and Governance) benchmark for real estate and infrastructure investments around the world.

As a global sustainability platform, GRESB evaluates and compares the environmental, social and governance (ESG) performance of companies and provides the capital markets with standardized and validated data that includes \$4.5 trillion in real estate and infrastructure assets and is used by more than 100 institutional and financial investors to make decisions that lead to a more sustainable real estate and infrastructure industry.

GRESB assessments are based on what investors and the industry consider to be key aspects of the sustainability perfor-

mance of tangible assets and are aligned with international reporting frameworks. In 2019, a total of 1005 real estate funds and real estate companies, 107 infrastructure funds and 393 infrastructure investments took part in this assessment.

Alpha Trains has been participating in the benchmark since 2017. For its commitment to sustainability, Alpha Trains has been awarded with a GRESB 5 Star Rating for the third time in a row. This is the highest GRESB Rating and recognition as an industry leader.

Additionally, as in 2018, Alpha Trains is ranked 1st in its peer group of European rolling stock companies.

At Alpha Trains we position environmental, social and governance issues as core business issues and GRESB gives us a clear roadmap with actions we can take to steadily improve our ESG performance.





# SUSTAINABILITY REPORTING

In order to improve our performance, we must be able to measure the ecological, social and governance footprint of our business activities. Therefore, we report on the non-financial indicators we have documented and evaluated.



We have defined a framework of principles and rules to standardize our indicator accounting process so we can publish consistent and comparable data.

These metrics are a valuable tool in systematically planning and steering our Corporate Responsibility (CR) measures on the one hand, and, on the other, enabling a steady flow of relevant and precise information to our stakeholders.

The operation of an effective embedded sustainability reporting system is a part of our general sustainability strategy and good corporate governance. The Alpha Trains sustainability reporting system 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.

The reporting system is a value adding tool for the business and a building block for a sustainable and profitable business. The reporting system helps us to meet our duty to provide transparent reports and support our external stakeholders in assessing our sustainability performance.



## SUSTAINABILITY REPORTING

## SELECTING THE INDICATORS

In selecting indicators, we are guided by international recommendations and guidelines, such as those published by the Global Reporting Initiative (GRI), UN Global Compact, or ISO frameworks like ISO 9001, ISO 14001 or ISO 45001.

We systematically select and develop our CR indicators based on a materiality analysis of our key business issues. This analysis enables us to define the indicators that best describe our ecological and social performance.

Sustainability challenges of importance to our stakeholders and Alpha Trains are given especially high priority. We regularly review our materiality analysis and update our indicator systems accordingly.

## ACCOUNTING FRAMEWORK

Reflecting our corporate structure, our sustainability indicators are disaggregated from the Alpha Trains Group level into the units Passenger, Locomotives and HQ (including Finance).

## LEADING INDICATORS

Leading indicators have predictive value and therefore we use them to improve sustainability management in general, or to intervene in risky situations before safety or health is affected. We generally regard these indicators as essential elements of good sustainability management.

Examples of leading indicators are:

- Number of workplace inspections or evaluations of workplace inspection systems
- Number of audits performed
- Training hours / training spend per employee

## LAGGING INDICATORS

Even though lagging indicators do not allow a direct assessment of our sustainable level, they are important benchmarks for our long-term development.

Important lagging indicators are for example:

- Lost Time Incident Frequency Rate (LTIFR)
- Near misses (including those with the potential to cause injury, ill health, or loss)
- Employee satisfaction

## REPORTING PERIOD

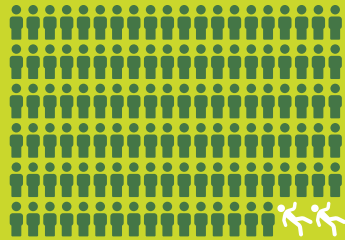
All indicators refer to the financial year from January 1 to December 31. For each indicator, there is a defined reporting frequency, which varies from monthly to quarterly, half-yearly or annually.



## Health &amp; Safety KPIs

118

Average Headcount



Only

2

Lost Time Incidents  
in 2019

62

Number of  
Business Cars

With only

8

vs

26,000

of available  
Working DaysWorking Days  
Lost

Accident Rate is


0\*

\* no severe accidents with personal injuries or damages above 5.000 EUR



# CORPORATE CARBON FOOTPRINT

A carbon footprint is the total greenhouse gas (GHG) emissions caused directly and indirectly by an individual, organisation, event or product, and is expressed as a carbon dioxide equivalent (CO<sub>2</sub>e).



A carbon footprint includes all six Kyoto GHG emissions:

**CO<sub>2</sub>** carbon dioxide

**CH<sub>4</sub>** methane

**N<sub>2</sub>O** nitrous oxide

**HFCs** hydrofluorocarbons

**PFCs** perfluorocarbons

**SF<sub>6</sub>** sulphur hexafluoride



## CORPORATE CARBON FOOTPRINT



As a first step towards managing and reducing our organisation's greenhouse gas emissions, we need to understand what emissions are caused by the group's activities.

Quantifying GHG emissions will help us to understand what our key emission sources are, how our organisation contributes to global emissions, and what opportunities we have to reduce our emissions. We can then develop a carbon reduction plan, identifying ways to reduce our carbon footprint and limit emissions from future activities – and measure what progress we have made. There are two primary reasons to calculate your organisational carbon footprint:

- **To manage GHG emissions and make reductions over time**
- **To report footprint accurately to third parties**

The aim is to identify GHG emissions and their correlations within the defined system boundaries, to assess their extent, to assess their materiality and prioritize them accordingly.

The annual evaluation balance gives us pointers on where the influencing factors for preventing greenhouse gas emissions are. So, we can check whether we are on the right track for meeting our goals to reduce greenhouse gases.

## THE GREENHOUSE GAS PROTOCOL STANDARD

The Greenhouse Gas Protocol is a widely used standard that sets out how to evaluate your GHG emissions. It categorizes emissions into three groups or 'scopes':

### ➤ SCOPE 1

Direct emissions that result from activities within an organisation's control. This might include on-site fuel combustion, manufacturing and process emissions, refrigerant losses and company vehicles.

### ➤ SCOPE 2

Indirect emissions from any electricity, heat or steam a company purchases and uses. Although a company is not directly in control of the emissions, by using the energy the company is indirectly responsible for the release of CO<sub>2</sub>.

### ➤ SCOPE 3

Any other indirect emissions from sources outside a company's direct control. Examples of scope 3 emissions are business travel, waste disposal or water consumption.

Under the GHG Protocol, all organisational footprints must include scope 1 and 2 emissions. There is more flexibility when choosing which scope 3 emissions to measure and report, and a company can tailor these to reflect their environmental and commercial goals.

The best approach depends on what a company intends to use the footprint for, the data available to calculate it, what a company wants to monitor, and which sources a company can influence.



## CORPORATE CARBON FOOTPRINT



## DIFFERENT TYPES OF CARBON FOOTPRINTS

There are two different types of carbon footprints:

### ➤ Organisational carbon footprint

An organisational carbon footprint measures the GHG emissions from all the activities across the organisation, including energy used in buildings, industrial processes and company vehicles.

### ➤ Product carbon footprint

A product carbon footprint measures the GHG emissions over the whole life of a product (goods or services), from the extraction of raw materials and manufacturing right through to its use and final re-use, recycling or disposal.



## SCOPE AND REPORTED INDICATORS

Company Carbon Footprint of the Alpha Trains Group, comprising all its subsidiaries under Alpha Trains (Luxembourg) Holdings S.à r.l. with its offices in Antwerp, Cologne, Luxembourg, Paris and Madrid. The reporting frequency is annually from 01.01. - 31.12.



## CARBON DIOXIDE EQUIVALENT

Carbon dioxide equivalent (CO<sub>2</sub>e) is the unit of measurement which allows different greenhouse gases to be compared on a like for like basis relative to one unit of CO<sub>2</sub>. CO<sub>2</sub>e emissions are calculated by multiplying the emissions of each of the six greenhouse gases by its 100-year global warming potential (GWP).





## CORPORATE CARBON FOOTPRINT

With 3,898 kg/CO<sub>2</sub>e per employee  
in 2019 we have achieved

a reduction of  
**66 kg CO<sub>2</sub>e**  
per employee

compared to 2018.

Total Emissions are 506 t/CO<sub>2</sub>e  
(with 10% safety surcharge) in 2019.

Alpha Trains uses the following scopes  
and reported indicators:

- 460 t/CO<sub>2</sub>e (Total emissions)
- 506 t/CO<sub>2</sub>e (incl. 10% safety surcharge)
- 305.8 t/CO<sub>2</sub>e (Scope 1)
- 43.7 t/CO<sub>2</sub>e (Scope 2)
- 184.4 t/CO<sub>2</sub>e (Scope 3)



## CORPORATE CARBON FOOTPRINT

SCOPES	REPORTED INDICATORS
<b>SCOPE 1 - Direct emissions</b>	Supply of fuels for internal combustion: Fossil fuels such as Gas, oil, diesel, gasoline for heating, business and private trips with company vehicles.
<b>SCOPE 2 - Indirect emissions</b>	Purchase of energy, such as electricity and district heating.
<b>SCOPE 3 - Indirect emissions</b>	Purchase of services and products by third parties, such as raw materials and supplies or business travel.

REPORTED INDICATORS	EXPLANATION AND DEFINITIONS
<b>SCOPE 1 - Direct emissions</b>	
<b>Company Cars</b>	Fleet consumption in litres <i>Sum of all company cars - with average consumption of each company car multiplied by its annual mileage</i>
<b>Natural Gas</b>	Consumption in kWh <i>(from the service charge invoice)</i>
<b>SCOPE 2 - Indirect emissions</b>	
<b>Electricity</b>	Consumption in kWh <i>(from the service charge invoice)</i>
<b>District heating</b>	Consumption in kWh <i>(from the service charge invoice)</i>
<b>SCOPE 3 - Indirect emissions</b>	
<b>Flights</b>	Flight distance in kilometers (km) <i>(from travel agency report and bookkeeping)</i>
<b>Rail</b>	Rail travel distance in kilometers (km) <i>(from travel agency report and bookkeeping)</i>
<b>Rental Cars and Taxi</b>	Rental car and taxi consumption in litres (L) <i>(from bookkeeping)</i> <i>Rental Cars: Total costs in EUR divided by 100 EUR (Costs per rent) multiplied by 200 km (travel distance) multiplied by 4.8L/100km (average fleet consumption)</i> <i>Taxi: Total costs divided by 2 EUR = distance per kilometer multiplied by 4.8L (average fleet consumption)</i>
<b>Paper</b>	Paper weight in kilogram (kg) <i>(from office management)</i> <i>1 pkg DIN A4 paper (500 sheets) = 2.5 kg / 1 pkg DIN A3 paper (500 sheets) = 5 kg</i>
<b>Waste</b>	Waste in m <sup>3</sup> <i>(from the service charge settlement)</i>
<b>Water</b>	Consumption Drinking water in m <sup>3</sup> <i>(from the service charge settlement)</i>





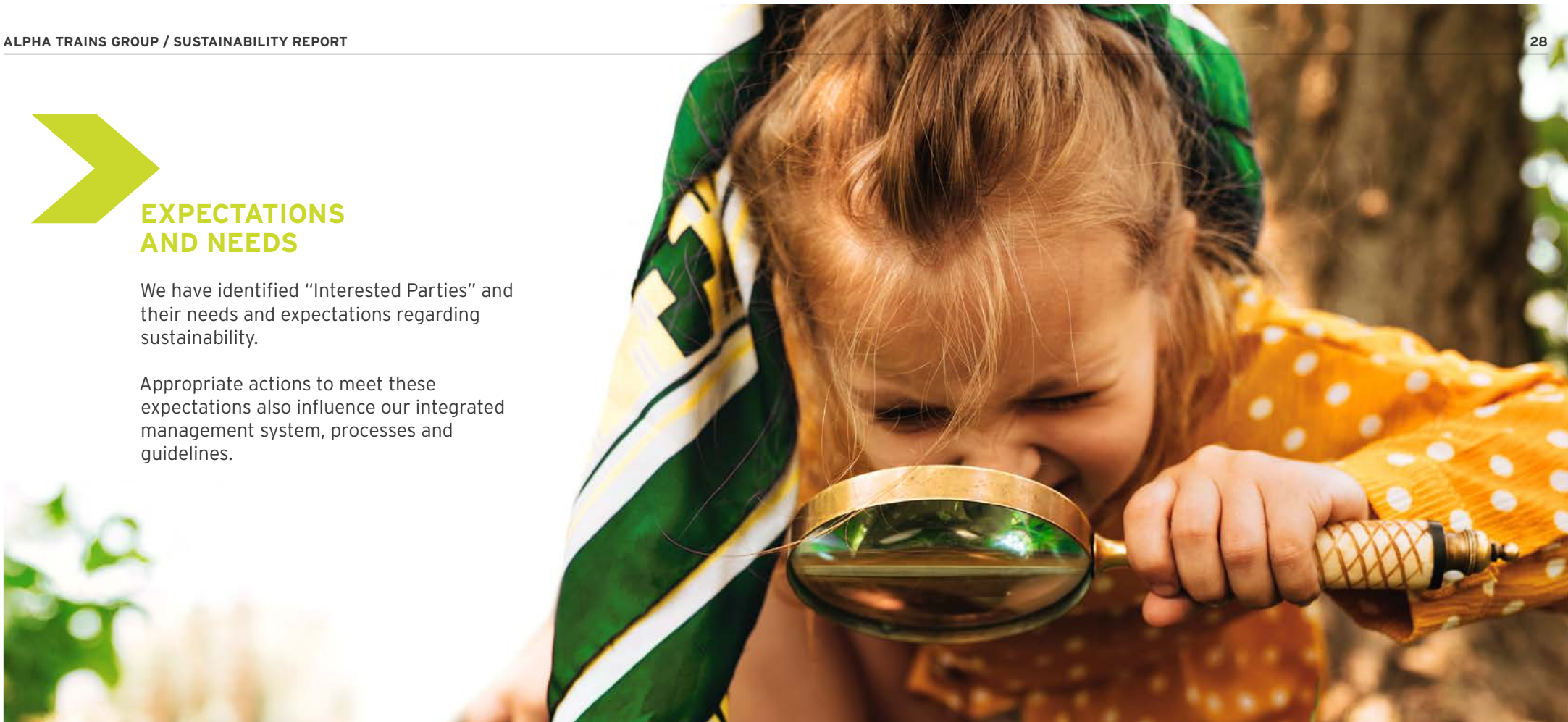
## EXPECTATIONS AND NEEDS

We have identified “Interested Parties” and their needs and expectations regarding sustainability.

Appropriate actions to meet these expectations also influence our integrated management system, processes and guidelines.

# MATERIALITY ASSESSMENT

We have determined the relevant external and internal issues that affect our ability to achieve the intended outcome of our sustainability efforts. We have considered the full business environment, the key drivers and trends having an impact on the objectives of the organization and the relationship and values of external stakeholders in our context analysis.





MATERIALITY ASSESSMENT



SUSTAINABILITY ASPECTS - MATERIALITY ASSESSMENT

Alpha Trains Group identifies its sustainability aspects through a materiality assessment. Materiality is an important concept in our sustainability management. It helps ensure that Alpha Trains' main economic, environmental, social, governance, health and safety aspects and impacts, as well as those issues most likely to impact the company's stakeholders are identified and considered in reporting.

The materiality assessment is an integral part of the Alpha Trains strategy review cycle. Once identified, aspects and impacts are reviewed annually. They may also be reviewed as a result of any significant changes to the activities or services of the Alpha Trains Group.

In **2019**, our major focus for Alpha Trains was on data protection and IT security.

In **2020**, the materiality assessment clearly shows the influence of COVID-19 on business, the economy and our society. In addition to data protection and IT security, which continues to be a key issue for us, the topics of resilience to catastrophe/disaster, health & safety for employees, customers, community and our supply chain, and safety standards & work conditions are now coming to the fore and have also been rated by us as highly relevant.

Materiality Matrix



Example for the Alpha Trains Group Materiality Assessment



# RISK MANAGEMENT

Alpha Trains provides risk assessment, analysis, identification, and mitigation through its structured risk management system.

A photograph of a man and a young child wearing bright yellow raincoats, hugging each other in the rain. The background is a blurred green forest. The man is wearing glasses and has his arms around the child, who is smiling.

## ALPHA TRAINS GROUP RISK MANAGEMENT SYSTEM (RMS)

### AIM

Identifying, evaluating, managing, reporting and monitoring all of the key risks Alpha Trains faces

### BACKGROUND

The risk management system is understood as an important part of "Good Corporate Governance" and seen as a valuable, complementary component of day-to-day business

### RESPONSIBILITIES

Overall: CEO

For the Passenger and Locomotives business units the managing directors of the respective division



## RISK MANAGEMENT

1.

**Risk Identification**

Recording of all relevant risks in the Alpha Trains Group and its business units at all levels with the aim of fully recording and documenting the risks (in the respective risk matrix) and being able to take measures and mitigation actions at an early stage.

**Headquarters:**

- Exogenous / Other
- Funding / Treasury
- Finance / Tax / IT / Staff / HR
- Sustainability with ESG and Health & Safety

**BU Passenger /  
BU Locomotives:**

- Exogenous / Other
- Competition / Competitiveness
- Assets incl. Operational safety
- Commercial / Business

2.

**Determination of gross risk (without risk reduction / mitigation measures)**

The gross risk is determined by using the factors probability of occurrence and impact

3.

**Risk management / determination of measures**

*Basically, four options are possible:*

- Risk avoidance (e.g. through business avoidance)
- Risk reduction (most common case, reducing the risk to an acceptable level by defining and implementing appropriate measures)
- Risk transfer (transfer of risk to third parties, e.g. insurance)
- Risk acceptance (accepting the risk at the determined level)

4.

**Determination of net risk (after risk reduction / mitigation measures)**

The net risk is the gross risk mathematically determined by the factor's probability of occurrence and impact - after implementation of the defined measures.

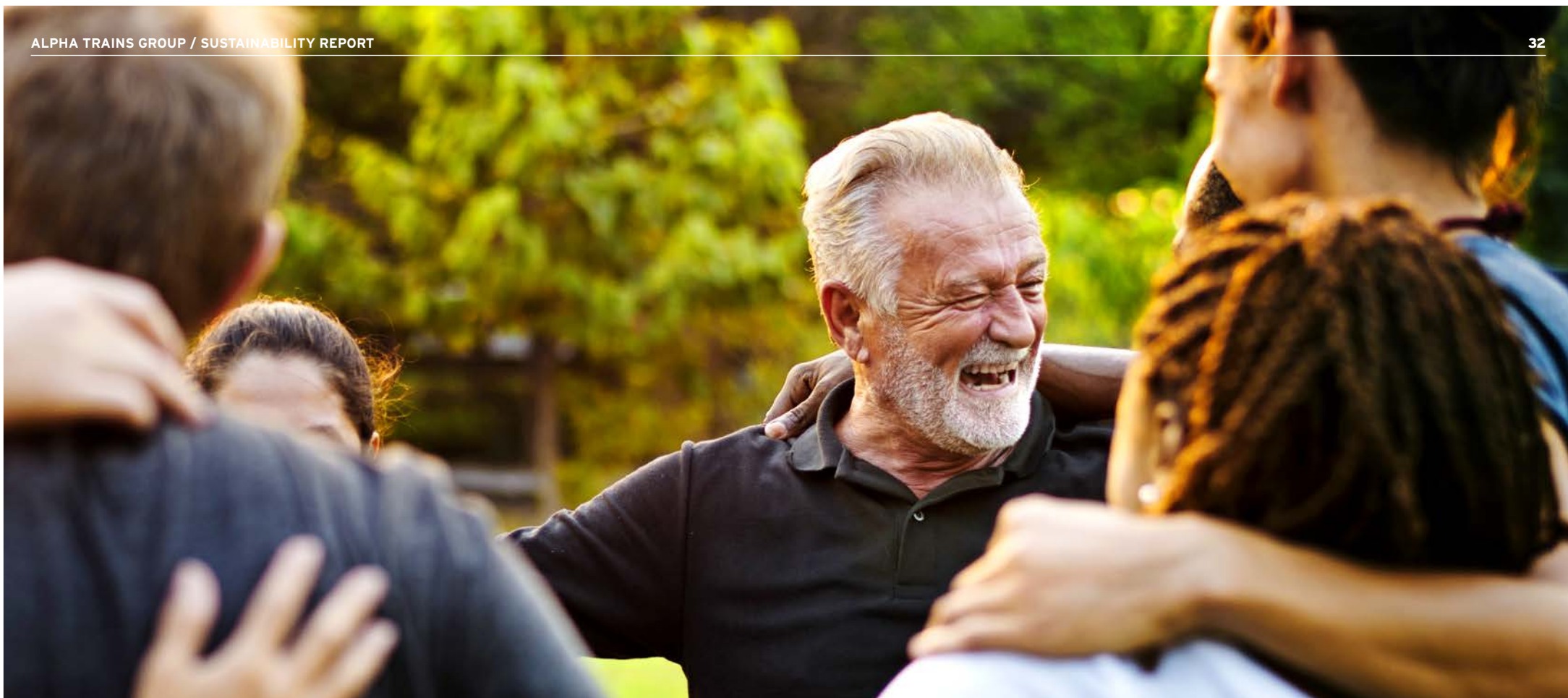
5.

**Risk-Reporting**

The risk registers are updated every six months and reported to the Board.







# CORPORATE SOCIAL RESPONSIBILITY

At Alpha Trains we are committed to behaving ethically and contributing to economic development whilst improving the quality of life of our employees and their families, the local community and society at large.





## EMPLOYEE BENEFITS - HEALTH & PERFORMANCE & WORKING CONDITIONS

### Influenza vaccination

All employees can receive a flu vaccination which provides extensive protection against influenza free of charge from the occupational health service.

### Burnout Prevention Survey

We are aware of the need to monitor emotional, physical, and mental stress amongst our employees. In order to help them to deal with these issues and to support them, we regularly undertake burnout prevention surveys.

Overall our results - in particular the social climate scores - are very positive. The following actions and measures have been derived so far:

- Improved guidance and examples with regards to ergonomics in the workplace. We make sure that our employees are protected against physical injury by appropriately designing their workplace and to understand what elements and practices can help create a good, working environment such as:
  - appropriate positioning of monitors, keyboards and adjustable chairs, use of a mouse mat, use of a monitor filter, provision of adequate lighting and ventilation, frequent breaks away from the computer.
- A voluntary workshop has been arranged on topics such as sleep hygiene, relaxation techniques, how to detach from the job after work etc.



## TRAINING / PROFESSIONAL DEVELOPMENT

A wide range of professional training opportunities enables employees to develop further while at the same time keeping up to date.

We invest around € 120,000 per year in vocational and professional training for our employees. In 2019, the average number of training days per employee was 3.4 days.



## MINI-SABBATICAL & UNPAID LEAVE

In addition to a generous amount of days of holiday, we also offer our employees the opportunity to take up to 5 days of unpaid leave.

Employees also can take a "Mini-Sabbatical" for up to maximum of 5 weeks of unpaid leave.



## FOOD & BEVERAGES

We care about our employees and their daily efforts and contributions are truly appreciated. We provide free beverages, snacks, sweets and organic fruit for all our employees. Furthermore we have regular cake days and company lunches, which also embraces social responsibility and fosters connections between our employees.



## CORPORATE SOCIAL RESPONSIBILITY



## BIKE LEASING

To support our employees' health and to contribute to climate protection Alpha Trains offers a bike leasing scheme to all permanent employees.



## COMMUTING ALLOWANCE

To encourage employees to use the most environmentally friendly and safe method, Alpha Trains offers tram "job tickets" for all German employees. This fast and safe means of transport for example helps to reduce personal stress, avoid traffic jams and solves parking problems. The job ticket subscription is tax-free and is financed by Alpha Trains.



## WORKING FROM HOME

Modern IT systems and the widespread use of the Internet have made it easy to communicate and exchange documents with colleagues or customers. This paves the way for working from home.

Working from home means saving cost and saving time. No nerve-racking traffic jams, subway delays or other incidents. The working day starts much more relaxed and at the end of the day there is more free time.

The elimination of commuting to work also saves costs: having your own car means costs - in terms of purchase and maintenance. Under certain circumstances, employees can also save on bus or train tickets if they work from home.

Alpha Trains offers modern and appropriate arrangements for working from home.



## SOCIAL INITIATIVES &amp; CHARITABLE GIVING

Community involvement and volunteering can create better, happier employees and more effective workplaces.

This includes taking part in charitable as well as community-improving initiatives as well as making monetary donations.

In our initiative "Croque Monsieur" for example, our employees make and sell delicious "Croque Monsieurs". Every year the donations go to a local charitable foundation.

Our employees also compete in company races, such as the B2RUN which is held every year in 17 cities across Germany or the Antwerp 10 Miles & Marathon or the "Race for the Cure" - the world's largest event for the fight against breast cancer.





## IMPRINT

We warmly invite all stakeholders to provide feedback and comments and welcome your feedback and thoughts: [sustainability@alphatrains.eu](mailto:sustainability@alphatrains.eu)

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**We would like to thank all of our colleagues and partners who have helped us to create this report.**

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