



# ESG Report

**LINEAS**



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# Executive summary

Rail freight is, without any doubt, the most sustainable freight transport mode: it emits 6 times less CO<sub>2</sub> and 8 times less fine particles than road transport, consumes 6 times less energy and alleviates road congestion.

## Our vision

By enabling the modal shift from road to rail, Lineas aims to make a positive impact on society and address issues in multiple areas, such as climate change, congestion, air quality, and health and safety.

## Our purpose

Lineas has a clear societal mission for climate, combined with the must of being profitable. It is Lineas's ambition to decarbonise the supply chain of our customers, while building a sustainable business.

## Walking the talk

At Lineas, we also fully embrace our broad societal responsibility towards our main stakeholders: employees, customers, partners, and shareholders. ESG objectives and priorities are integral to how we operate and are taken on board at every stage of managerial decision-making.

## Our mid-term priorities

Our 2023 - 2027 strategy focuses on the return to profitability. This requires :

### 4 PILLARS to transform now



Products simplification & focus



Prices increase  
Focus on margin



Customer centricity & operational excellence



An organisation adapted to our strategy

### Talented and engaged teams

### 4 MOVES for long-term success



Digitalisation



Alliances



Industry consolidations



Environment  
Social Governance

### Capital reinforcement

## Our impacts and material topics

### Economic/Governance

- Economic performance & financial sustainability
- Service quality & safety
- Governance & business conduct / ethics / transparency
- Responsible sourcing & procurement
- Leverage sustainability throughout the supply chain

### Environment

- Climate change
- Biodiversity
- Circular principles & waste management

### Social

- Diversity, inclusion & people development
- Employee safety, health & wellbeing
- Human rights

## Our ESG action plan

In line with Lineas' renewed strategic direction, the ESG action plan is anchored in our long-term strategy and forms an integral part of Lineas' strategic requirements for long-term growth.

The ESG action plan is structured around four ESG pillars:

1. Responding to climate change
2. Valuing Human Capital
3. Building sustainable and resilient supply chains
4. Engaging and making our efforts visible

These four pillars aim to address the sustainability topics that are important to Lineas and they serve as a guide to steer and focus ESG efforts.

## Our achievements

Lineas has taken significant steps forward over the past 18 months with its new strategic direction and leadership. Indeed, Lineas has set Science Based Targets based upon its 2021 footprint, in response to climate change. Carbon reduction plans have been developed and are being implemented where possible.

To support the Lineas objective of "Valuing Human Capital," important requirements for the well-being of our employees are addressed through the implementation of the new labor agreement, which explicitly focuses on improving the work-life balance of our people.

We can also show tangible results in building a sustainable supply chain, such as the silencing of our wagons, a multi-year investment effort that Lineas was able to conclude this year. In addition, the centralization of the procurement function enabled the set-up of a multi-annual ESG program for procurement, which is being rolled out.

Last but not least, Lineas' participation in the EcoVadis and the Rail Sustainability assessments demonstrates that, while there is still much to be done, Lineas has embarked on an ESG journey that is clearly heading in the right direction.



We decarbonize  
your supply chain.

# Message of the Executive Chairman of the Board

Rail transport: one of the solutions to one of our biggest societal problems. A train produces six times less emissions and consumes six times less energy than road transport, even taking into account that our fleet is still partially powered by diesel. In this sense, we must see Lineas as a “decarbonizer of the supply chain of its customers,” not just as a rail company.

For our customers, it is crucial that their supply chain becomes as green as possible. But it is not enough to be the cleanest mode of transport. We have set clear goals for Lineas to meet the requirements of the Paris Accords, with projects to reduce our carbon footprint and bring it to zero one day. We are testing alternative fuels and various technologies, as well as ways to reduce our energy consumption. Still, any company can have carbon emission targets, but are they high or ambitious enough to meet the Paris Accords? This is why the Science Based Target Initiative (SBTI) was created, where hopefully all companies will commit to setting climate targets in line with the Paris Accords. Lineas is one of the signatories and hopes to have those ambitious targets validated by the SBTI later this year. Any company concerned with its indirect supply chain emissions will eventually have to sign up to ‘science-based targets’ themselves, and that may well snowball. And one thing is certain: the environmental impact of climate change will definitely be more expensive if we do nothing, because then we simply won’t have a livable planet. Lineas therefore firmly believes in partnerships, because with the right partners and with the right knowledge projects can be developed.

If Lineas wants to realize its ESG ambitions, it is important that proper ESG governance is put in place. For this reason, we have strengthened the Board of Directors with an ESG Committee. This advisory panel consists of ESG experts and is chaired by Marie Delvaux, an independent board member. Marie, the previous CEO of the Shift, has more than 15 years of experience in sustainability in retail and nonprofit network organizations. Her role within the board is to work with teams to identify sustainability opportunities and challenges and put them on the agenda so we can create a paradigm shift.

We believe that an open and clearly articulated position on ESG can be a competitive advantage for Lineas, and therefore we want to embark on this ‘journey’ without compromise. The big challenge is to get all links in the supply chain on board. In the future, Lineas will have to join forces in an ‘alliance’ like in aviation. We must count on partners who follow our principles and think along with us. The ESG aspect will be an important element in this. The day we can create such an ‘alliance’, it will really make a difference.

If we want to take climate change seriously, the authorities must dare to tackle the competition with road transport. Road transport dominates total freight land transport within the EU-27, with a share consistently higher than 70% between 2015 and 2020. During the same period, the share of rail freight decreased from 18,9% to 16,7%, despite the ton-km volume increase. The external costs saved by rail amount to more than 500 million euros per year, as road freight transport clearly has a detrimental impact compared to rail. In addition, road freight is still subsidized with 2.7 billion euros a year. However, subsidies for rail freight have been almost completely eliminated in the last 2 years. This is a situation that is not sustainable.

Next year will be an election year, and let’s hope that the authorities do not miss that opportunity.

**Bernard Gustin**  
Executive Chairman of the Board



# Introduction

## About this report

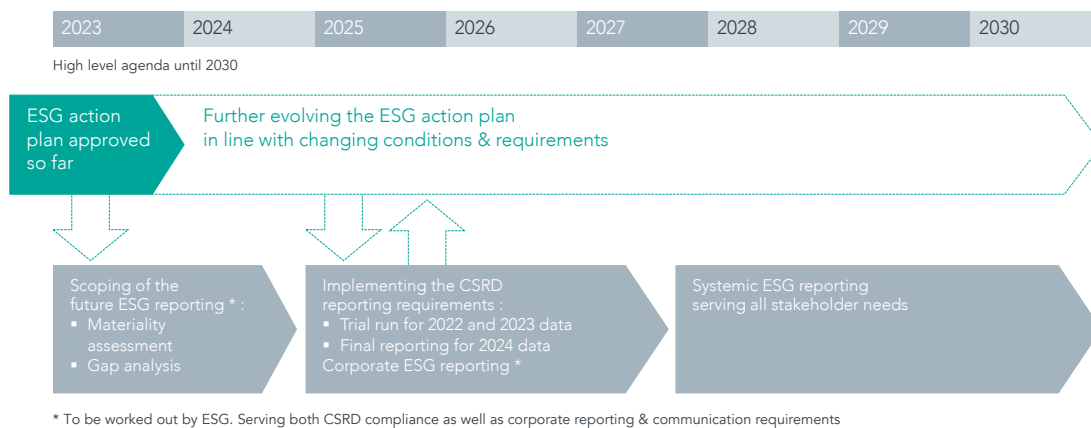
With this report, Lineas is embarking on a learning process and going forward, we will further improve this ESG reporting. Our goal is to have a fully compliant reporting on our non-financial impacts and progress, which will eventually be integrated into our financial performance.

This would demonstrate our commitment to further embed an integration of financial and non-financial thinking in our business, to maximize the short- and long-term value we create for all our stakeholders. This ambition is the direct result of our decision to put sustainability at the core of our business.

In addition, Lineas plans to prepare well for upcoming regulatory reporting requirements. The European Corporate Sustainability Reporting Directive (CSRD) was adopted in July 2022 and officially came into force on 5 January 2023. Lineas will be legally required to report in accordance with this new directive for the first time as of 1 January 2026 (covering its 2025 operations).

However, it is well known that preparing for CSRD compliance is a demanding task. It is by far the most ambitious attempt to date to put non-financial information on an equal footing with financial information, by requiring companies to report in detail on their environmental and social impacts. Lineas has developed a high-level plan to prepare for this:

## Short-, medium- & long-term development of ESG



## Lineas in context

- Lineas is a leading EU rail freight operator, generating € 481 million revenues in 2022
- Rail freight is expected to be resilient to a potential recession as it relies on strong fundamentals (e.g. robust end markets). Its services are essential for countries and companies to meet their CO<sub>2</sub> objectives
- Lineas has important assets and capabilities that can enable it to win in a rail freight market with large presence of state-owned incumbents
  - Leading and defensible position in our attractive home region (largest port area, densest industrial region in the EU, starting point of many international corridors)
- From there, strong capacity to serve international volumes (fleet, drivers, terminals)
- Unique flexibility to balance risks and serve the most attractive market segments, both as a railway undertaking and as an operator, in intermodal and conventional transport
- Lineas has evolved from a loss-making public entity to almost breakeven (15-19) despite less favorable market conditions. Since then, results have been impacted by a mix of unsuited strategic directions, all focusing on growth at any cost (e.g. complex products, geographic expansion, overhead additions pre-empting growth) and unprecedented external one-offs events (e.g. COVID, strikes, floods, infrastructure works)



- Today, Lineas has put in place a transformation plan aimed at simplifying the business in order to achieve profitable growth in the coming years
- **Offering:**  
Simplify offering on fewer routes where Lineas has a clear advantage, and that can be 'massified' to increase productivity and profitable growth; products that are more complex and unprofitable (GXN, SWL) are stopped or carved out to reduce risk and optimize for public support
- **Organization:**  
Streamline the organization to reflect simplified offering / scope, shift decision power to local entities to be closer to customers, focus on talent retention
- **Pricing:**  
Professionalize margin management playing on existing pricing power (due to unique assets, resource scarcity, general push towards profitability in the rail market)
- **Operations and customers:**  
Goal to lead on customer centricity and operational excellence, with the right set of initiatives in place (E2E control tower, digital and IT)

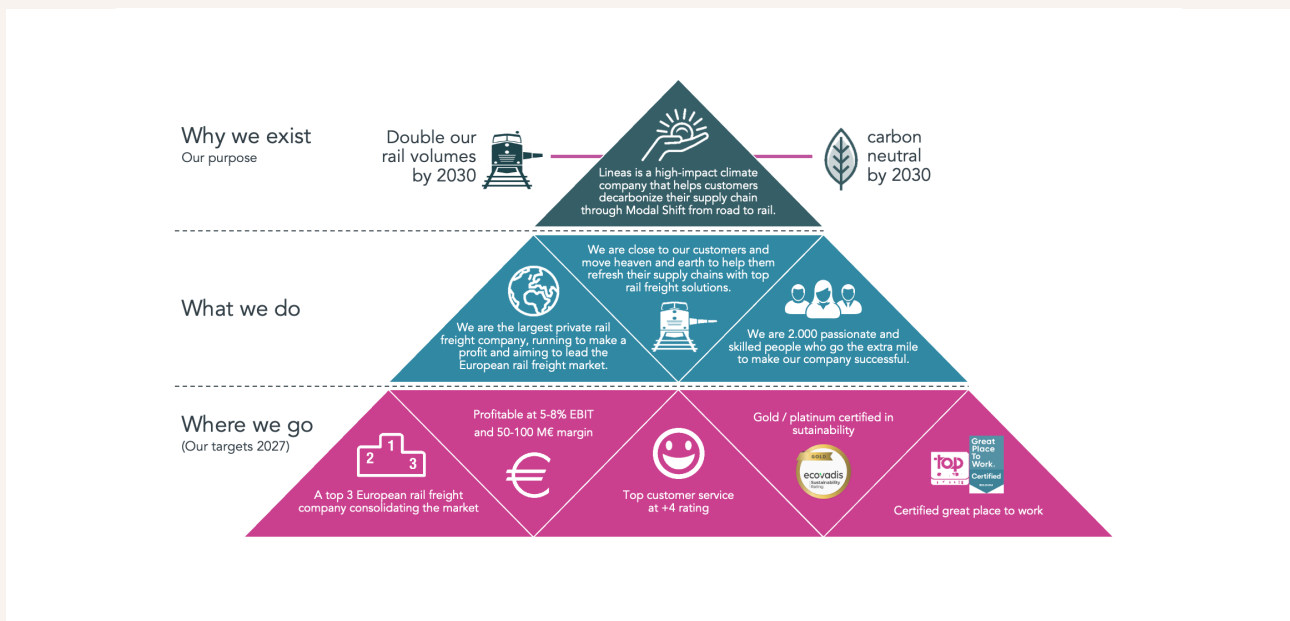
- Lineas is also making important strategic moves to ensure long-term success:
  - Institutionalized network approach to capitalize on unique assets: target attractive routes, build mass/ profitability, and repeat - with still ample room for growth
  - Development of alliances/ joint ventures in order to create a true pan-EU offering, further massifying and complementing the corridors and terminals presence where needed
  - Looking to drive industry consolidation (track record in NL with IRP in 21), as we are the sole private competitor with critical mass and multinational presence
  - Building ESG path to reach Paris' COP 21 objective with commitment to Science Based Targets initiative (SBTi).

## Strategic framework

A new strategy is being defined and implemented in line with the following principles, set by our new Executive Chairman: (1) simplification and focus; (2) focus on survival first, no financial complacency; (3) a comprehensive approach towards our stakeholders and (4) ESG as a priority.

This was translated into a conceptual framework as to provide direction and focus :

This is the big challenge: ensure that growth can occur without compromising the emission reduction targets set in the Paris Agreement. Lineas can contribute tangibly to decouple economic growth from its greenhouse gas emissions. Not only does rail freight emit 6 times less CO<sub>2</sub> than road freight, and should therefore play an important role in the decarbonization of the freight transportation sector, but Lineas as a company, should also strive to even further reduce its own emissions whilst doubling its volume by 2030.



## Material topics

Other relevant contributions to the company goals set for 2027, that are directly being supported by the ESG management and actions are:

- Various initiatives such as the Rail Sustainability Index (SDG-based benchmark with other RUs), development of a carbon neutral label, etc. in direct support of a top 3 European rail freight company consolidating the market.
- Strong ESG performance as evidenced by the EcoVadis gold / platinum certification in sustainability and effective implementation of the code of conduct / ethics, to directly support the ambition to become the best employer and certified great place to work.

A first high level materiality assessment is based on the SASB Rail Transportation Sustainability accounting standard.<sup>1</sup>

SASB standards are designed to identify a minimum set of sustainability issues that are most likely to impact the operating performance or financial condition of the typical company in an industry, regardless of location. SASB standards are designed to enable communications on corporate performance on industry-level sustainability issues in a cost-effective and decision-useful manner using existing disclosure and reporting mechanisms.

The standard identifies 5 out of 26 Sustainability Disclosure Topics that inform this materiality assessment:

Environment	Social Capital	Human Capital	Business Model and Innovation	Leadership and Governance
<b>GHG Emissions</b>	Human Rights & Community Relations	Labor Practices	Product Design & Lifecycle Management	Business Ethics
<b>Air Quality</b>	Customer Privacy	<b>Employee Health &amp; Safety</b>	Business Model Resilience	<b>Competitive Behavior</b>
Energy Management	Data Security	Employee Engagement, Diversity & Inclusion	Supply Chain Management	Management of the Legal & Regulatory Environment
Water & Wastewater Management	Access & Affordability		Materials Sourcing & Efficiency	<b>Critical Incident Risk Management</b>
Waste & Hazardous Materials Management	Product Quality & Safety		Physical Impacts of Climate Change	Systemic Risk Management
Ecological Impacts	Customer Welfare			
	Selling Practices & Product Labeling			

In addition, further assessment for Lineas is based on the SDGs. This is justified by Lineas' strategic ESG focus, as described above, but it is also evident in view of the societal role and responsibility of rail freight as the most sustainable freight transport mode on land.

On sector level, the prioritization assessment was conducted by the UIC<sup>2</sup> as part of the Rail Sustainability Index<sup>3</sup> (see infra) initiative. This has resulted in the following SDGs being assessed most relevant for the rail transportation sector:

- 5 Gender Equality,
- 7 Affordable and Clean Energy,
- 8 Decent work and Economic Growth,
- 9 Industry Innovation and infrastructure,
- 11 Sustainable Cities and communities,
- 12 Responsible Consumption and production, and
- 13 Climate Action.

<sup>1</sup> [https://www.sasb.org/standards/materiality-finder/find/?industry\[\]=TR-RA&lang=en-us](https://www.sasb.org/standards/materiality-finder/find/?industry[]=TR-RA&lang=en-us)

And Sustainability Accounting Standards Board, October 2018, Industry Standard, Version 2018-10.

<sup>2</sup> <https://uic.org/> - the worldwide professional association representing the railway sector and promoting rail transport

<sup>3</sup> <https://rsindex.uic.org/>

## SDG alignment

Lineas is participating in the Rail Sustainability Index initiative that was rolled out by the UIC in the second half of 2022. This index provides UIC members with:

- a reporting system on the contribution of each individual company and of the whole sector contribution to the achievement of SDGs, featuring benchmarks
- improved access to green bonds and sustainable finance instruments

To illustrate the relevance for Lineas as a company, we have grouped the SDGs into four pillars of focused engagement. These form the basis for the future sustainability management of the company and focus the annual ESG action plans.

In line with the Sustainable Development Goals (SDGs) framework and our own strategic vision, our ESG efforts revolve around four essential sustainability pillars:

### 1. Responding to climate change:

We are actively working to combat climate change, reducing our environmental footprint to protect our planet.

### 2. Valuing human capital:

Our people are our greatest asset. We invest in their well-being, growth, and development, creating a workplace that values and supports every individual.

### 3. Building sustainable and resilient supply chains:

We are committed to developing supply chains that are not only sustainable but also resilient in the face of challenges, ensuring the continuity of our services.

### 4. Engage and make our efforts visible:

We believe in transparency and actively engage with our stakeholders to create positive change. We want our efforts to be visible and inspiring to others.

These four pillars link to both the SDG as well as the ESG frameworks as follows:

## Our ESG Framework



In the following chapters, each pillar will be discussed with regards to our ambitions, action plan and goals, the achievements and further steps.

But first, an important note on the ESG governance within Lineas.

# ESG governance

In 2022, the ESG governance was significantly improved by a number of initiatives:

- Implementation of the ESG Committee
- Launch of the ESG Steerco

This will ensure that the focus on ESG management is maintained and that decisions are being implemented more efficiently.

## Implementation of the ESG Committee

This is the advisory panel to the company's Board of Directors, focusing on ESG matters and its governance. It consists of board members who are also ESG experts and that represent both shareholders. The Committee is chaired by an independent board member with at least 15 years of sustainability experience in a private retail company and non-profit network organizations.

The Committee's role is to identify sustainability opportunities and challenges and to ensure that these are high enough on the Board's agenda. The Committee meets every quarter.

## Launch of the ESG Steerco

The ESG Steerco is an internal governance body that ensures that ESG plans and decisions are implemented in the company. The ESG Steerco is chaired by the CEO and is composed of the members of the executive leadership of the company and experts from the various functional areas that are important for the implementation of the ESG action plan.

The role of the Steering Committee is also to identify ESG-related needs within the company and provide input for the further development of the ESG strategy and actions, as well as the prioritization of these ESG initiatives.

# Responding to climate change

## Our ambitions

### Towards a zero-emission business model

While enabling other companies to make a positive impact on climate, mobility, environment, and their own sustainable supply chain

#### Why?

Climate change requires setting targets towards zero-emission business conduct in line with the Paris Agreement and the Green Deal. This is a clear necessity one cannot ignore. Moreover, most of our key customers are planning or implementing zero emission operations at some point in time.

#### How?

This represents both a necessity as well as an opportunity.

- Our customers are looking for solutions to reduce their carbon footprint and Lineas can be an important lever through modal shift
- Lineas sets targets & plans for the reduction of its own emissions, encompassing all aspects of its operations.

#### What?

- Start the emission reduction target setting & planning for Lineas through our submission of Science Based Targets (SBT)
- Explore the potential & opportunities of the 'Rail Insight' concept (CO<sub>2</sub>-free certified traction)
- Plan and implement energy efficiency improvement actions in the short, medium and long run

## Action plan 22-24

Pillar	Action	Coordinating	Cooperating	Goal
Responding to climate change	CO <sub>2</sub> Reduction targets (SBTi) • Validation of the targets • Translating these into an actionable CO <sub>2</sub> reduction plan	HR	• Asset Mgt. • Procurement • Operations • IT Dep.	-50%
	Carbon footprint management & reporting • SBT - Monitoring tool	Public Affairs	• IT Department • Data Team • Finance Dep. • BI Team	
	Eco driving • Reduce energy consumption on traction and idle time	Asset Mgt	• PA Department • Communications Dep.	-5%
	Lineas forest • Plant an additional 1 Ha	Public Affairs	• Communications Dep. • HR Dep. • Management Board (advocacy)	2 Ha
	Environmental Mgt System • Policy definition, actionable KPI monitoring & reporting to ensure due management	SH&C Dep	• PA & Com. Dep. • Country Management	EcoVadis Gold

## Achievements

### Science based targets and the CO<sub>2</sub> reduction plan

The carbon footprint of the whole organization was established mid-2022. This exercise encompasses the largest possible scope:

- All countries are included
- All 3 scopes have been calculated

2021 is the baseline for the footprint and it is established as follows:

Our CO <sub>2</sub> footprint		In Ton CO <sub>2</sub> Eq.
Scope 1	emissions from sources that an organization owns or controls directly – for example from burning fuel in our fleet of vehicles (if they're not electrically-powered).	47.623
Scope 2	emissions that a company causes indirectly when the energy it purchases, and uses is produced. For example, the emissions from the generation of the electricity used for providing electric traction services.	40.042
Scope 3	encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for, up and down its value chain. Scope 3 emissions include all sources not within the scope 1 and 2 boundaries.	107.141
<b>Total footprint</b>		<b>194.806</b>

22%	20%	12%	9%	7%	4%	3%	23%
Diesel Traction	Electric Traction	Subcontractors - Diesel traction	Trucked F&L miles	Well to tank fuel - Traction	Subcontractors - Electric traction	Well to tank electricity - Traction	Non-traction emissions

In addition, Science Based targets have been defined and at this moment work is performed to craft a CO<sub>2</sub> reduction plan, in order to halve Lineas' 2021 carbon footprint by 2030 and further reduce it to net zero by 2050.

At this stage, targets have been submitted to the SBTi organization and they are currently under review. Initial feedback is positive and we expect their final validation before the end of this year. Moreover, it has been established that these targets will include the reduction of the transport of fossil fuels by 2030.

## The Lineas forest

A first Ha of trees were planted beginning 2022. With a group of 100 colleagues and in presence of the minister of mobility and of our new CEO, 2000 trees were planted in Koningshooikt (Lier) - Brede Zeyp.

The plan is to continue this initiative in 2024 to reach 2 Ha of land planted with trees by Lineas.

## Eco-driving & reduction of idle time

This is the relaunch of eco-driving and downtime reduction initiatives, that date back to 2019-2020. Back then, the practice consisted mainly of an effort by a few highly motivated and inspired colleagues. In the meantime, Lineas has recognized the need to institutionalize eco-driving as a best practice that is part of our normal operations.

Therefore, this is also an integral part of the CO<sub>2</sub> reduction plan. The first concrete results in terms of energy efficiency and CO<sub>2</sub> emission reductions are expected in the second half of 2023.

## Testing of alternative fuels

It is the ambition of Lineas to significantly reduce the impact from Diesel engines by 2030. For this purpose, Lineas has started testing with HVO and FAME early 2023 and it intends to launch the use of HVO in its operations as a standard practice as of 2024.

Since we are searching for a long term solution, we are running two parallel tracks :

- Testing HVO (Hydrogenated Vegetable Oil): this is relatively straightforward since it is a standardized oil with characteristics similar to fossil fuel. The challenge will be its availability and affordability over time as HVO is a distillation step before SAF (Sustainable Air Fuel), with a much higher price-point. As SAF becomes more demanded for, HVO will become very expensive to use in locomotives and so an alternative needs to be looked at.
- Testing FAME (Fatty Acid Methyl Ester) : this is relatively new to the market and while already used in ship engines and simple combustion installations, it has never been tested in locomotives.

From an ESG perspective, the required procurement standards for biofuels have been articulated:

- Supplier and product certification to ensure compliance with REDII
- Feedstock from waste of vegetable origin and no LUC impact

Especially because of the need for a long-term solution we are also looking at promising solutions even when they will only become available on the long term. Therefore Lineas participates in the research project to investigate the possibility to use green methanol<sup>1</sup> as a long-term renewable alternative for fossil fuels.

## Carbon reporting

This encompasses the automated reporting on CO<sub>2</sub> emissions for each of the transport services rendered or demanded by the customer. The automatic coupling of the EcoTransit API with the transport data passed its first proof of concept test. This solution will now be further developed, aiming at :

- Automated reporting of the footprint on the invoice in terms of emission safeguarded by using rail instead of alternative modes (primarily road transport)
- Providing this transparency in answering tenders
- Tailormade in-depth analysis on request of the customer, with the aim to provide insight into the customer's potential of reducing emissions if he would choose more rail freight transport

Lineas started to report on demand of the customer as of Q2 2023. The integration of the CO<sub>2</sub> reporting in the MyLineas application is planned to go live in the first half of 2024.

## Deployment of the Environmental Management System (EMS)

This will encompass further elaboration of the environmental policy, based on an environmental audit, risk assessment, action plan and KPI – reporting. Kick-off and project rollout are planned later in 2023.

<sup>1</sup> The Mobile Methanol Utilisation project chaired a.o. by VIL

# Valuing human capital

## Our ambitions

### Happy & proud to work for Lineas

Encompassing the care for our people, beyond of what is legally required in the countries Lineas operates in.

#### Why?

With racism and inequality at the forefront of media attention, all stakeholders expect business to provide adequate responses regarding diversity, equity and inclusion. The necessity of a 'whole person' approach to human capital management, as to ensure business resilience, is gaining general acknowledgement (a.o. accelerated by the Covid crisis).

#### How?

- Set the Diversity, Equity and Inclusion policy with clear goals and KPI's
- Launch programs to improve security and well-being for our people
- Reinforce culture and values as to encourage the sense of belonging

#### What ?

- The values & core behaviour project
- Engage employees in a healthy lifestyle
- DEI work group with top management representation and bottom-up feedback
- Lineas forest trough teambuilding and a tree planting day for our employees

## Achievements

### Diversity, Equity & Inclusion

The diversity action plan that was drafted in collaboration with Actiris came to an end in the course of 2022. The results of its implementation are mixed and will be used in the next stage action plan.

In addition, Lineas is participating in the 'Women in Rail' initiative. The Women in Rail autonomous agreement was signed by CER<sup>2</sup> and the European Transport Workers' Federation (ETF)<sup>3</sup> on 5 November 2021. Lineas is now implementing the agreement, which involves defining and rolling out a gender equality and diversity policy. In order to focus efforts and to assess the level of implementation for Lineas, the relevant questionnaire was completed and submitted to CER. By responding to this questionnaire and participating in the initiative, Lineas committed to adhere and implement the Women in Rail autonomous agreement

In 2023, the DEI workgroup was set up and it has issued its first declaration of intent. This workgroup is composed of members of the Lineas Executive Leadership Team and the HR and ESG responsible.

## Action plan 22-24

Pillar	Action	Coordinating	Cooperating	Goal
Valuing human capital	<b>Building Diversity, Equity &amp; Inclusion (DE&amp;I)</b> <ul style="list-style-type: none"> <li>• Policy &amp; KPI definition</li> <li>• KPI monitoring &amp; reporting</li> <li>• 5 improvement actions in 2023</li> </ul>	HR	<ul style="list-style-type: none"> <li>• PA Department</li> <li>• Communications</li> <li>• Legal Department</li> </ul>	EcoVadis Gold Best employer
	<b>Well-being</b> <ul style="list-style-type: none"> <li>• "Our movement" project</li> </ul>	HR	<ul style="list-style-type: none"> <li>• Communications</li> <li>• Health &amp; Safety</li> <li>• Public Affairs (guidance)</li> </ul>	Best employer
	<b>Deploying human rights system</b> <ul style="list-style-type: none"> <li>• Reduce energy consumption on traction and idle time</li> </ul>	Public Affairs	<ul style="list-style-type: none"> <li>• HR</li> <li>• Legal Department</li> <li>• Communications</li> </ul>	EcoVadis Gold

<sup>2</sup> The Community of European Railway and Infrastructure Companies - <https://www.cer.be/>

<sup>3</sup> <https://www.etf-europe.org/>

## Well-being & healthy life style

The major achievement in 2022 is the conclusion of a new collective labor agreement that focuses on a tangible improvement of the work-life balance of our people.

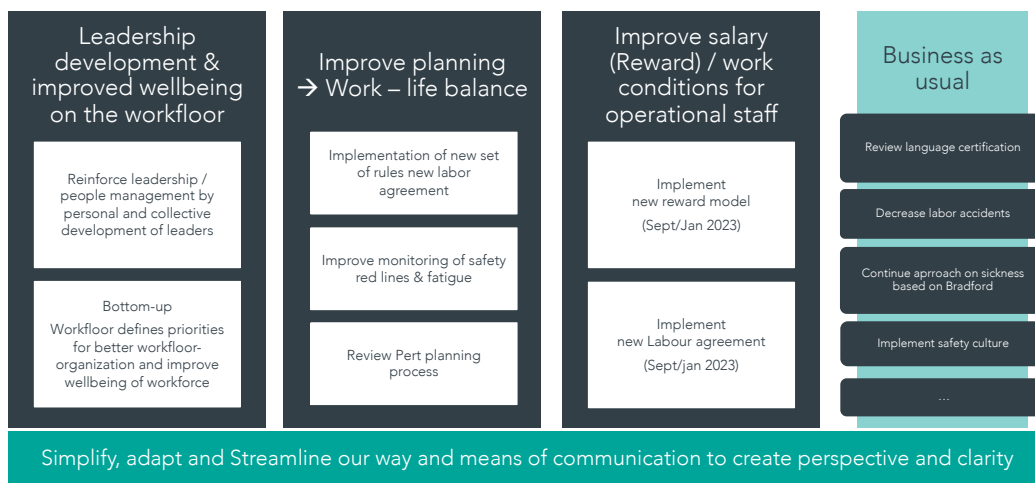
This is part of a broader program, called 'Our Movement', that identifies four domains of improvement:

The project was kicked off in June 2022 and is running until the end of 2023. In 2023 it has been decided to leverage this to a companywide effort to prepare for the 'Great Place to Work' award in 2027.

The high level planning is as follows:



## Our movement : Make our team members proud again Bring perspective & Improve working conditions



## The Human Rights Management system (HRM)

This still remains to be set up as a formal system. It is partly covered by the code of conduct, where basic guidelines are formulated. This is however too limited and needs at least a full deployment, awareness building and training.

In 2023 and at the express request of the ESG Committee (see above), Lineas' Supplier Code of Conduct was amended to further concretize our commitment and procurement standards in this area.



# Building sustainable & resilient supply chains

## Our ambitions

### Lever our power upstream for a better world

Encompassing effective procurement management focused on motivating our suppliers to equally invest in sustainability

#### Why?

Lineas' business model is highly cooperative and therefore allows to use its influence to motivate the partners it works with to put sustainability on their agenda as well.

#### How?

- Monitor & optimize our own supply chain and prepare for long term planning
- Enforce sustainable consumption through Lineas' suppliers and the partners it works with
- Ensure sustainable choice and use of own resources

#### What ?

- Noise reduction program
- Energy efficiency (eco-driving) & Idle time reduction program
- Greening our energy resources (a.o. alternative fuels research)
- Subcontractor management & review (adherence to the supplier code of conduct)
- Mobility policy
- Critical evaluation of our other supplies

## Achievements

### Reducing noise pollution

This retrofit program has come to an end in 2022. To date more than 5.500 wagons have been equipped with silent brakes, thereby reducing their noise pollution tangibly. The remaining wagons are either not eligible for the silent brakes or are planned to be scrapped in the near future.

### Review and further develop the subcontractor management system & the procurement management system

Given the centralization of the procurement function in 2022 within one department headed and reinforced by the leadership, important progress could be made in this area.

As to plan targeted actions in the framework of an ESG-integrated procurement policy, the high level plan has been set and is being rolled out:

	Measure & Assess 2022-2024	Reduce & Replace 2024-2026	Balance & Offset 2026-2028	Engage & Sustain 2028-2030
Emissions	<ul style="list-style-type: none"> <li>Scope 3 Assess Traction emission Survey Q2 23</li> <li>Scope 2 Assess EU Green Electricity Market vs current Grey from Q2 23</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 &amp; 2 purchase and trade mix green Electricity &amp; Diesel</li> <li>Scope 1 2 3 review Procurement Policy including Emission reduction plan in the selection criterias</li> </ul>		<ul style="list-style-type: none"> <li>Develop Offset plan for the residual emissions and prepare for Corporate Net Zero target 2050.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>Introduce Strategic Continuous improvement Performance Score Card including ESG Targets set @25% Q1 23</li> </ul>	<ul style="list-style-type: none"> <li>Monitor and enhance yoy ESG performance of critical partners throughout supply chain</li> </ul>		<ul style="list-style-type: none"> <li>Acquire competitive data engine to retrieve GHG sectorial data and measure against sector and industry.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Launch Supplier Code of Conduct campaign (80% signature Traction) Q3 23</li> </ul>	<ul style="list-style-type: none"> <li>Introduce systematic corporate compliancy instance to check and confirm adherence to the values.</li> </ul>		<ul style="list-style-type: none"> <li>Introduce Supplier Portal including self registration of emissions data, CoC and Policies online approval .</li> </ul>

Source : Procurement 2023-2027 Strategic Roadmap

## Action plan 22-24

Pillar	Action	Coordinating	Cooperating	Goal
Building sustainable & resilient supply chains	<b>Reduction noise pollution</b> <ul style="list-style-type: none"> <li>Program completion</li> <li>Ensure future compliance</li> </ul>	Asset Management	PA Department	100 %
	<b>Reviewing subcontractor Mgt System</b> <ul style="list-style-type: none"> <li>Policy &amp; KPI definition</li> <li>KPI monitoring &amp; reporting</li> </ul>	Procurement Dep. & Country Management	Public Affairs Legal Department Health & Safety	EcoVadis Gold
	<b>Mobility policy</b> <ul style="list-style-type: none"> <li>Roll out of the new policy</li> <li>KPI setting and reporting</li> </ul>	HR	PA Department Communications Department	- 50 % CO <sub>2</sub>
	<b>Ensuring sustainable procurement</b> <ul style="list-style-type: none"> <li>Policy &amp; KPI definition</li> <li>KPI monitoring &amp; reporting</li> </ul>	Procurement Dep. & Country Management	Public Affairs Legal Department	EcoVadis Gold

In addition, since 2019 Lineas demands that subcontractors sign the Supplier Code of Conduct (as an integral part of the purchase agreement) when a new contract is concluded or an existing contract is renewed. Early 2023 a focused campaign was launched towards our most important contractors, to reenforce the signing of the Supplier Code of Conduct. This was highly successful, reaching a coverage of 80% of our traction suppliers.

The compliance with the Supplier Code of Conduct is monitored in annual audits by the Health & Safety Department. Still, going forward, this policy needs further development in terms of KPI data collection and reporting.

## Review and adapt the mobility policy

The new mobility policy has been announced in October 2022. It aims to halve the CO<sub>2</sub> emission from Lineas' car fleet (approximately 2 K Ton CO<sub>2</sub> Eq.). The current fleet will be gradually replaced (when the currently ongoing lease agreements end) by hybrid or electric cars, a mobility budget (instead of a lease car) or a mobility compensation.

# Engage & make our efforts visible

## Our ambitions

### Engage, motivate & improve

We share the results, learnings and key insights of our sustainability management in full transparency.

#### Why?

Sustainability matters to all of us and everyone's contribution counts. Therefore, it is equally important to offer opportunities to get involved in and be an advocate of Lineas' commitment to sustainable business development ... and it should be made visible.

#### How?

- Implement a comprehensive sustainability reporting that serves as a central reference for communications
- Engage people through interactive communication and focused initiatives

#### What?

- Set up the KPIs and dashboard using the UIC Rail Sustainability Index as a way to benchmark among peers
- Communication program based on this dashboard
- Communication via EcoVadis and BACA (CO<sub>2</sub> Reduction plan validated by the SBTi organization.)

# Achievements

## Relaunch of the Ecovadis reporting

In Q4 2022, Lineas updated its file with EcoVadis, thereby contributing new elements and improvements (a.o. the CO<sub>2</sub> footprint, reduction targets etc.). Nevertheless, this was not sufficient to reach the bronze level again, as was the case in 2019.

Although Lineas maintained an equal absolute score, it has fallen behind its peers and its percentile ranking decreased compared to 2019. This shows that indeed the business context in which Lineas operates is changing rapidly and that when it comes to sustainability management, standing still is going backwards.

In the course of 2022-2023, more initiatives have been taken and plans became more concrete, leading to tangible results. It is therefore expected that the 2023 evaluation in November, will reward Lineas for its efforts.

## Deployment of the Code of Ethics / Conduct

The Lineas Code of Conduct was revised and reviewed by the ESG Committee in 2023.

As a next step, focused and relevant training is being developed. We aim to create awareness and insight into the ethical aspects of our business conduct at all levels of the organization. The goal of this training is that all members of the organization can relate to the Code at their level (application of the Code in situations that are relevant to their particular business context).

## Measure and benchmark our progress towards the SDGs

Lineas is measuring its performance towards the SDGs through the Rail Sustainability Index of the UIC<sup>4</sup>.

The Rail Sustainability Index (RSi) has been designed for and with the global rail community. Initiated by the UIC Chair and CEO, the tool was developed to provide the UIC members with a unique rating system and a

supportive digital platform based on the Sustainable Development Goals of the United Nations to assess the performance of each railway undertaking based on a selection of Key Performance Indicators (KPIs).

The project working group conducted a materiality assessment against all 17 of the United Nations Sustainable Development Goals. This established which of the goals were most directly aligned to the activities of rail and the work of the UIC Sustainability Platform. This exercise resulted, in the first version of 2022, in the consensus selection of 7 SDGs for which rail can make the biggest demonstrable contribution. These include:

- 5 Gender Equality,
- 7 Affordable and Clean Energy,
- 8 Decent work and Economic Growth,
- 9 Industry Innovation and infrastructure,
- 11 Sustainable Cities and communities,
- 12 Responsible Consumption and production, and
- 13 Climate Action.

As a result of the first run in 2022, based on 2021 data, Lineas obtained a score above the benchmark for SDG 7 and SDG 13. The main opportunities for improvement were then found to be for SDG 5, SDG 12 and SDG 8.

In the meantime, and as explained here above, Lineas should obtain improved scores for these SDGs with the 2023 run of the tool:

- SDG 5 with the launch of the DEI program, with a clear focus on gender equality
- SDG 12 with the launch of the Procurement ESG program
- SDG 8 with the change of strategic direction that will show a clear path to return to profitability, supported by focused efforts to promote the well-being of our people.

## Action plan 22-24

Pillar	Action	Coordinating	Cooperating	Goal
Engage & make our efforts visible	<b>Deploying the code of conduct</b> <ul style="list-style-type: none"> <li>• Revise</li> <li>• Translate to day-to-day</li> <li>• Training &amp; awareness building</li> <li>• Policy &amp; KPI definition</li> <li>• KPI monitoring &amp; reporting</li> </ul>	HR & Public Affairs	<ul style="list-style-type: none"> <li>• Communications Department,</li> <li>• Legal Department</li> </ul>	EcoVadis Gold
	<b>CO<sub>2</sub> external reporting</b> <ul style="list-style-type: none"> <li>• Focused, automated reporting of customer's CO<sub>2</sub> safeguard (benchmarking against the truck)</li> <li>• Integration in tender and invoice process as well as our Web site</li> </ul>	Commercial & IT Dep.	<ul style="list-style-type: none"> <li>• Public Affairs</li> <li>• BI &amp; Data teams</li> </ul>	Top 3 Leading RU (EU)
	<b>Collaborating on sustainability benchmarks</b> <ul style="list-style-type: none"> <li>• Industry Benchmark</li> </ul>	Public Affairs	<ul style="list-style-type: none"> <li>• BI &amp; Data teams</li> </ul>	Top 3 Leading RU (EU)

<sup>4</sup> The International union of railways: <https://uic.org/>. See: <https://uic.org/sustainability/article/rail-sustainability-index-project>



We decarbonize  
your supply chain.

**LINEAS**