



SUSTAINABILITY REPORT  
2022





Offenburg, Germany - Source: AdobeStock





## MESSAGE FROM THE CHAIRMAN



Belgium - Source: SNCB

## MESSAGE FROM THE CHAIRMAN

With our mission to support passenger railway transportation, sustainability has been at the core of EUROFIMA's mission since its foundation in 1956. During 2022, we remained committed to supporting and fostering sustainability within our company, for and with our clients and counterparties, and among our industry peers. We are proud to publish the first sustainability report developed following the GRI standard, underlying EUROFIMA's sustainability objectives, efforts, and achievements. Let me highlight some of the sustainability accomplishments for 2022:

To begin with, EUROFIMA's approach to building a sustainable culture is by raising employees' awareness and empowering them to engage in sustainability-related decisions and activities. With a flat structured Sustainability Committee, EUROFIMA is undergoing a transition towards holistic sustainability, whereby all units support the transformation. We believe it is key to not only ensuring compliance with environmental, social, and governance policies but being a leader in sustainability initiatives.

Second, EUROFIMA remains committed to supporting its clients to maintain and modernize their public railway transport systems. With that, EUROFIMA empowers its shareholders to meet emissions targets and climate goals. Furthermore, by supporting passenger railway transportation, we facilitate social cohesion with affordable transportation solutions.

Third, as a member of the UN Principles for Responsible Investment, we make significant efforts to foster our presence as a sustainable and responsible asset owner. ESG considerations are incorporated daily in 100% of our investment decision-making processes. Furthermore, in 2022, we started

the implementation of our Investee Engagement Guidelines. We concluded the first annual engagement cycle with zero failed engagements. Two out of eleven contacted investees improved their ESG standing on the market and showed a positive change in 2022. At the same time, EUROFIMA is looking forward to continuing the discussions with the "in progress" companies and sharing our own experience and knowledge with them.

Forth, this year we submitted our first Communication of Progress to the UN Global Compact. With that, we demonstrated our commitment to the ten principles for human rights, labor standards, the environment, and anti-corruption undertakings. As the content of this report shows, there is a comprehensive set of internally-driven governing standards and many activities which take place to be in line with the UN Global Compact recommendations.

Our sustainable and responsible approach as a lender, issuer, investor, and employer have been recognized by third-party ESG rating providers. We maintained our MSCI ESG 'AAA' rating and our ISS ESG with prime status; ISS ESG improved our rating from C+ to B+; and Sustainalytics awarded EUROFIMA with three Badges for the second year in a row: ESG Global 50 Top Rated, ESG Industry Top Rated and ESG Regional Top Rated.

We stay confident that our efforts will continue to foster a sustainable future and make a substantial contribution to the Sustainability Development Goals.

**Ronald Klein Wassink**  
Chairman of the Board





Viaduc de Kalte Rinne, Austria - Source: iStock





# SUSTAINABILITY POLICY STATEMENT

# SUSTAINABILITY POLICY STATEMENT

## OUR APPROACH TO SUSTAINABILITY

Establishing a low-carbon future has become an increasing point of geopolitical focus. The COP21 conference in Paris in 2015 marked a milestone of international cooperation in which 196 representatives in attendance reached an agreement on the reduction of climate change. The center of the agreement focused on mitigation global warming to less than two degrees Celsius compared to pre-industrial levels and for zero net greenhouse gas emissions to be reached during the second half of the 21<sup>st</sup> century. On 22 April 2016, 174 countries signed this agreement and began to take steps to implement these measures into their own local jurisdictions.

The goal of promoting sustainability is at the core of EUROFIMA's public mission since 1956. Supporting the growth and development of passenger rail transport is key to addressing the problem of CO<sub>2</sub> emissions attributable to the transportation sector. As countries across Europe work to meet the sustainability targets outlined by the COP21 agreement, EUROFIMA is determined to serve as partner to its Contracting States in fulfilling their environmental objectives.

EUROFIMA's commitment to sustainability is reflected in its favorable Environmental, Social and Governance (ESG) ratings awarded by the leading ESG rating agencies. A summary of the latest ESG ratings can be found on our website.

EUROFIMA is actively taking steps to continually improve its ESG considerations throughout its operations and business practices and is working towards reducing emissions as far as possible.

## OUR MISSION

The Sustainability Policy Statement forms the foundation of our commitment to sustainability. It was approved by the Management Committee on June 27, 2022.

The Sustainability Policy Statement brings together the policies and processes that EUROFIMA undertakes to achieve its non-profit mission, which is 'to support the development of public passenger rail transportation in Europe and to support the railway bodies which are its shareholders in renewing and modernizing their equipment.'

It also acts as a guiding principle to achieve the objectives of

our 'Opportunity Statement' which was defined by EUROFIMA employees in 2021. The six objectives are:

1. Become the financing partner of choice for railway operators due to our compelling cooperative model, efficient decision-making processes and flexible, tailor-made solutions
2. Secure more competitive pricing for our partners by meeting bond investors' demand for pure-play investments in sustainable mobility
3. Promote sustainable financing via our loans to railways and sharing of best-practices in the financial markets and beyond
4. Maintain a resilient investment portfolio with integrated ESG considerations in our investment process and engage with our investees to further increase ESG awareness and to trigger positive change
5. Continue being a great place to work with an inclusive and diverse environment which attracts and retains top talents for our environmental and social mission
6. Combine agility, efficiency, and sustainability into our daily operations while maintaining a strong governance for our processes

## OUR SUSTAINABILITY GOVERNANCE

Our approach is to build a culture of sustainability across the organization and we believe employee awareness and engagement of such matters are a key way of ensuring compliance with the applicable environmental, social, and governance policies. Even more, sustainability should be included in all our business decisions to drive the success of our organization.

The Management Committee, which includes the CEO and CFO, are the most senior managers that have decision-making authority on sustainability matters and are supported by the Sustainability Committee.

The Sustainability Committee is tasked with overseeing EUROFIMA's activities related to Environmental, Social and Governance (ESG) topics. The committee meets regularly and its primary function is to coordinate and facilitate the organization's initiatives regarding ESG-related matters. It also acts as a forum to discuss the sustainability related initiatives and ideas raised across the organization.

The Sustainability Committee is comprised of various department heads and representatives from across the organization. Participation in the committee is actively encouraged and it is open to all employees to bring forward ideas and initiatives.

The recommendations of the Sustainability Committee are put forward to the Management Committee for consideration and approval.



## OUR SUSTAINABILITY GUIDELINES

To achieve our objectives and goals in a sustainable and prudent manner, EUROFIMA bases its business activities on guidelines which include sustainability aspects. This is reflected in the organization's central processes such as rolling stock financing (lending activities), capital raising (funding activities) and treasury investment strategy (investment activities), as well as in internal issues such as personnel & environmental policies (operational activities). To ensure consistent compliance with sustainability criteria, EUROFIMA adheres to international reporting standards (such as GRI) and joins international initiatives accordingly (such as the UN Global Compact, Principles for Responsible Investment).

### Sustainability as a lender

EUROFIMA supports its railway customers in achieving not only their financial goals by providing flexible and tailored financing solutions, but also their climate goals. Through the financing of rolling stock, EUROFIMA supports its contracting states in maintaining and modernizing their respective public transport systems that will play a key role in meeting emissions targets and climate goals. In addition, EUROFIMA loans facilitate social cohesion with affordable transportation solutions.

This is all possible due to EUROFIMA's unique cooperative model and focused public mission, which allows for short and efficient decision-making channels. Whenever possible EUROFIMA will focus on financing emissions free rolling stock.

To ensure compliance with our sustainable approach to lending activities, our internal "Equipment Financing Policy" governs the end-to-end process of our financings and documents collateral requirements. Through our internal "Lending & Pricing Policy" we define our pricing methodology which is designed to incentivize borrowings for green rolling stock.

### Sustainability as an issuer

EUROFIMA is active on the capital market as an issuer of bonds and pays very close attention to sustainability in these activities.

Since 2018, the issuance of green bonds has been an integral part of EUROFIMA's refinancing strategy. Green bonds are used to finance green assets, i.e. rolling stock in which sustainable technologies are used (e.g. electric locomotives). EUROFIMA's green bonds are a genuine sustainable investment for bond investors as they are considered as "pure play investments" in Clean Transportation contributing to the advancement of the UN Sustainable Development Goals 9 and 11.

To ensure compliance with our approach to sustainable capital market activities as an issuer, our internal "Capital Markets Policy" sets out and defines principles, such as transparency and ethical standards, that our capital markets team must adhere to.

Regarding Green Bonds, our comprehensive "Green Bond Framework" has been created in alignment with the Green Bond Principles 2018 defined by the International Capital Market Association (ICMA), as well as with the EU Taxonomy. Our allocation report is published on an annual basis and a second party opinion is provided by an external agency providing full transparency on these activities.

### Sustainability as an investor

Since the official signature of the United Nations-supported Principles for Responsible Investment in January 2020, EUROFIMA has made significant efforts to foster its presence as a sustainable and responsible asset owner. EUROFIMA's strict integration of Environmental, Social and Governance (ESG) considerations into its investment decision process is based on the EUROFIMA ESG Integration Framework. The Framework is applied to 100% of our investments and built around three main pillars: norm-based screening, ESG integration, and Engagements with Investees.

*Pillar 1:* Compliance with the United Nations Global Compact (UNGC) is seen as a positive indication of an investee company and counterparty being ready to embrace ESG policies and principles in their business activities. According to the 'Treasury Policy', issuers that fail to comply to the Global Standards Screening by Sustainalytics, which assesses compliance to the UNGC's ten principles, are excluded from EUROFIMA's investment universe.

*Pillar 2:* ESG risks for investee companies and counterparties are assessed based on external data provided by Sustainalytics. The weighted ESG risk score at the portfolio level is targeted to be below 20, which is the equivalent of being exposed to "low" ESG risk. To ensure compliance with our ESG integration targets, monitoring the portfolios' ESG performance happens daily.

*Pillar 3:* Proactive engagement with investee companies on ESG topics includes either individual or collective engagement with counterparties encouraging the revision of their ESG approach for any positive change.

To ensure compliance with our approach to responsible and sustainable investment activities as an investor, our internal "Treasury Policy" sets out the principles, responsibilities, and governance of all investment activities at EUROFIMA. In addition, a "Summary Treasury Strategy" is published on a quarterly basis to provide complete transparency on the ESG considerations embedded in the Treasury & Asset Management portfolios.

### Social responsibility as an employer

EUROFIMA is aware of its social responsibility as an employer and takes various measures to ensure that its personnel and training policies are fair and responsible.

Through appropriate measures, EUROFIMA ensures that all relevant national laws and labour standards are complied with.



EUROFIMA also undertakes to comply with international standards such as the International Labor Law, the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child and the rejection of forced labor.

EUROFIMA employs people based on their competencies for the role and does not discriminate based on race, gender, nationality, religion, or age. All staff members contribute to an engaging workplace with diverse perspectives, experience, knowledge, and cultural background.

EUROFIMA's Anti-Money Laundering & Anti-Bribery and Corruption Policy lays down clear rules for preventing all activities that could encourage or constitute activities of money laundering, bribery, or corruption. EUROFIMA is committed to the highest standards of Anti-Money Laundering (AML) and Anti-Financial Crime (AFC) including Anti-Bribery and Corruption (ABC), Combating Terrorism Financing (CTF), Anti-Fraud and other punishable criminal acts. The members of the Management Committee and all employees are required to adhere to these standards to protect EUROFIMA and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

EUROFIMA is not under the supervision of any financial supervisory authority but benchmarks its compliance, integrity and anti-corruption policies and procedures with the legislation of its member states.

EUROFIMA strives to create a culture in which cross-divisional cooperation, mutual appreciation and respectful interaction are practiced and embedded in our values. Maintaining a sustainably attractive working environment, for example through involvement in meaningful projects and a good work-life balance, is a very high priority at EUROFIMA.

To ensure compliance with our approach to social responsibility as an employer, the internal "Staff Regulations" demonstrates our adherence to the applicable labour and employment law and sets out the benefits available to employees. Whistleblowing facilities are provided by an external agency and EUROFIMA has a strict non-retaliation policy. In addition, our "Code of Conduct" lays down the internal rules applicable in matters of professional conduct and ethics to staff members of EUROFIMA.

High employee satisfaction is a key objective for EUROFIMA. We work with leading independent organizations to conduct periodical employee surveys and have regular internal engagements and culture ambassadors to help create the working environment desired by our employees.

**Protecting the environment and climate**

EUROFIMA takes great care to avoid environmentally harmful actions during its business activities. Wherever possible, it uses climate-friendly technologies, materials & transport.

Minimization of the use of resources and the conscious use of a high proportion of environmentally friendly, preferably regenerative resources are an essential element of its activities to protect the climate and the environment.

Whenever changes are made to the infrastructure, EUROFIMA strives for the most modern standard and in this context also examines the extent to which sustainable technologies or materials are increasingly being used.

Emissions of climate-damaging gases are continuously monitored and avoided or further reduced as far as possible.

To ensure compliance with our approach to protecting the environment and climate, our internal "Environmental and Social Policy" enforces the governing principles for protecting the environment and climate.

EUROFIMA is strongly committed to delivering its services in an ethically, environmentally, and socially sustainable way and in compliance with all relevant national and international laws, rules and regulations. The Supplier Code of Conduct reflects EUROFIMA's approach to this commitment and assigns the internationally recognized environmental, social, and corporate governance ("ESG") standards to its suppliers.

EUROFIMA reports on its environmental and social footprint and follows the GHG Protocol for monitoring GHG emissions as well as publishing a comprehensive Sustainability Report based upon the Global Reporting Initiative (GRI) standards.

**OUR SUSTAINABILITY GOALS**

**Committed to minimizing emissions from operating activities by**

- Supporting green transportation by providing loans to the most sustainable transportation mode (railways)
- Reducing portfolio emissions from lending activities by supporting EUROFIMA's member states to deliver on their transport decarbonization plans
- Reducing emissions from business activities by promoting and supporting sustainable ways of working, such as "train-over-plane" (sustainable travel) and "skip-a-trip" (teleconference facilities available) approach to business travel as well as incentivizing sustainable commuting

**Strive to be a great place to work and an employer of choice by**

- Ensuring a healthy working environment, free from harassment, discrimination and retaliation
- Continuously assessing employee morale to pinpoint needs and expectations
- Enabling and promoting career development programs that can increase employee engagement and retention



- Attracting and retaining top talents working towards achieving EUROFIMA's sustainable and environmental mission

#### Commitment to upholding high standards and ethics by

- Following the best practices and market standards in areas of accountability, governance, corporate social responsibility (CSR), transparency and business ethics







Switzerland - Source: SBB CFF FFS



## **STAKEHOLDER ENGAGEMENT MATERIALITY ASSESSMENT**



# STAKEHOLDER ENGAGEMENT

EUROFIMA's Stakeholders are comprised of legal entities and individuals who are connected to, and affect or are affected by the company's decisions and activities, either directly or indirectly.

In this context, EUROFIMA encourages two-way communication and seeks ongoing dialogue with its stakeholders in order

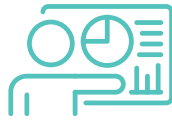
to meet their expectations, needs and concerns, while further developing its sustainability strategy.

EUROFIMA applies specific procedures and accordingly recognizes the following distinct Stakeholder groups:



### Investors & Analysts

(Shareholders, Bondholders, Rating Agencies and analysts)



### Employees



### Customers



### Society - Communities

(Regulators, Peers, Suppliers, Media, Local Authorities)

EUROFIMA communicates on a regular basis with its stakeholder groups, and though frequency is determined by the nature of the relationship with each shareholder, EUROFIMA acknowledges the importance of every stakeholder dialogue in obtaining the necessary information to improve its actions.

With stakeholder engagement, key topics are identified and mutually acceptable solutions are developed that benefit all

parties. The expectations of stakeholders, as well as the business environment in which EUROFIMA operates, are constantly evolving. By systematically engaging stakeholders, the company can identify changes in the environment and better manage stakeholder expectations. Through an evaluation of the key issues, EUROFIMA can recognize and prioritize the environmental, social and governance issues that are of greatest concern to stakeholders and the company.



Lugano, Switzerland - Source: AdobeStock

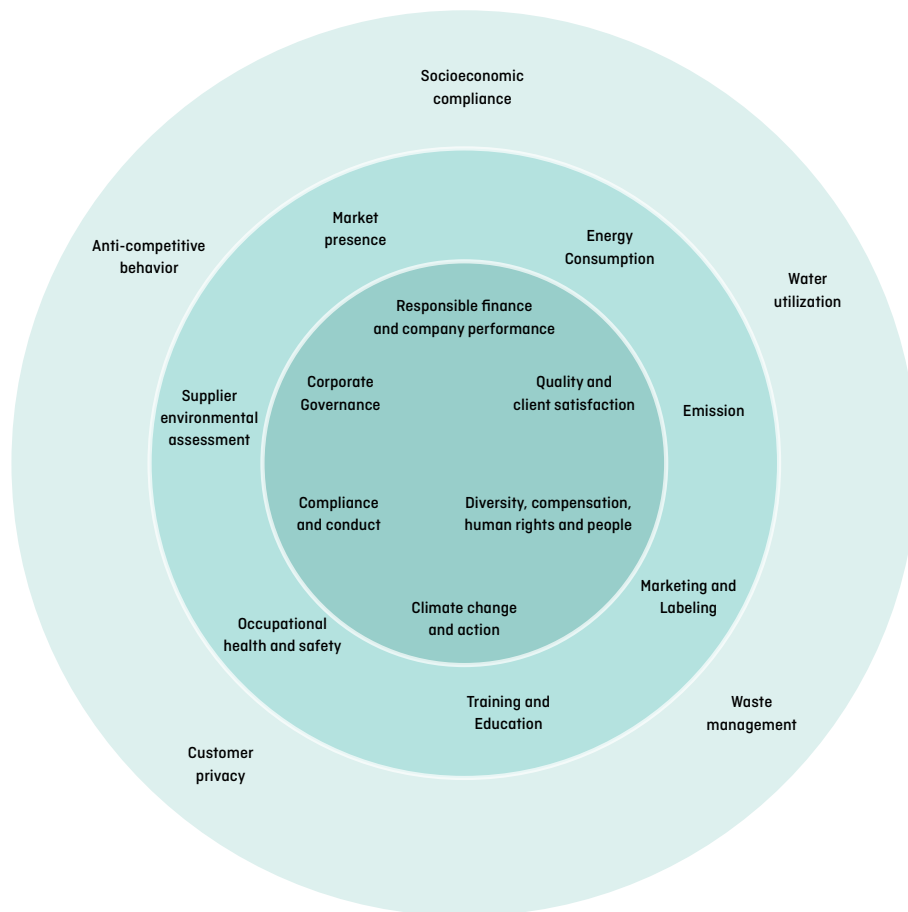
# MATERIALITY ANALYSIS

In 2022, EUROFIMA undertook a new process to identify the most important topics for its responsible operation by engaging its stakeholders and senior management in accordance with best practices and the “double materiality approach”.

EUROFIMA has adopted and follows the guidelines of the Global Reporting Initiative (GRI) international organization when preparing its Sustainability Reports. Considering this, and in order to meet the expectations and concerns of its stakeholders EUROFIMA conducted a Materiality Analysis exercise, so as to identify the major topics related to its sustainable de-

velopment. The Materiality Analysis is a key component of the stakeholder dialogue and of understanding stakeholders’ expectations. Material topics were identified and prioritized using the GRI Materiality Analysis methodology. Said process was also performed by EUROFIMA’s Management who was asked to prioritize the topics. Besides documenting the material topics, the results helped to understand the expectations of the participating stakeholder groups.

The topics assessed and the assessment results are presented in the graph below.



In the center of the above graph are the topics that EUROFIMA considers to be prioritized and key to strategy formation. The outer layers contain important impact topics for which the company has taken initiatives and set targets. A topic closer to the center of the graph indicates more improvement efforts taken by the company.

According to the analysis, six topics have been identified as most material (presented in the center of the above graph). Toward these prioritized topics EUROFIMA is committed to achieving high performance. However, all topics presented in the above graph (including those in the outer layers of the graph) are important for EUROFIMA, so it takes appropriate actions, monitors information and reports it comprehensively.

Low impact topics include anti-competitive behavior, socioeconomic compliance, water utilization, waste management, and customer privacy, as existing measures and practices minimize the risk of negative impacts. It should be noted that EUROFIMA recognizes the significance of all 17 material topics and takes specific measures to address each of them through its management practices.





Switzerland - Source: iStock





## GRI REPORT





Madrid, Spain - Source: AdobeStock

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# GRI INDEX

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[GRI 102: GENERAL DISCLOSURES 2016](#)

[ORGANIZATIONAL PROFILE \(2016\)](#)

### 102-1 Name of the organization

EUROFIMA European Company for the Financing of Railroad Rolling Stock

### 102-2 Activities, brands, products, and services

EUROFIMA fulfills a non-profit maximizing mission to support the development of public service passenger rail transportation in its Contracting States. More specifically, EUROFIMA supports its shareholder railways in renewing and modernizing their equipment by providing competitive financings.

EUROFIMA finances railway equipment through borrowings or equity capital. EUROFIMA secures title to or obtains security interests deemed equivalent (in particular pledges) on or in respect of equipment. The general principles of EUROFIMA's activity are defined in an agreement (the "Basic Agreement") between the railways and EUROFIMA. The Basic Agreement remains valid for the entire duration of EUROFIMA's existence and can only be altered with the consent of all of the railways and EUROFIMA. EUROFIMA's equity (paid in share capital and reserves) is primarily used for investments in liquid assets and, to a limited extent, for equipment financing contracts.

EUROFIMA either holds title to the equipment until the financing has been completely reimbursed or holds a direct or indirect security interest deemed equivalent, particularly pledges. The equipment is recorded in the company's register with its number and type. Each railway is responsible for maintaining the equipment. In the event of damage or loss, the equipment must be replaced without delay and at the railway's expense. If a railway does not fulfill its obligations, EUROFIMA has the right to repossess the equipment to cover its exposure. The railway continues to assume responsibility for all contracts into which it has entered with the company. EUROFIMA has never experienced a loss due to the failure of a railway to assume its contractual obligations.

### 102-3 Location of headquarters

EUROFIMA  
Meret Oppenheim Platz 1 C  
4053 Basel  
Switzerland

### 102-4 Location of operations

EUROFIMA currently operates actively in 11 countries. The list of countries in which EUROFIMA can potentially operate includes all of its shareholders in 25 countries.



Austria	Portugal	Slovenia
Belgium	Serbia	Bosnia and Herzegovina
Denmark	Spain	North Macedonia
France	Sweden	Bulgaria
Germany	Switzerland	Slovakia
Italy	Greece	Czech Republic
Luxembourg	Turkey	Montenegro
Netherlands	Hungary	
Norway	Croatia	

### 102-5 Ownership and legal form

EUROFIMA is a supranational organization and joint-stock company governed by an international Convention for the establishment of that company, by statutes and, subsidiarily, by the law of the state in which the Head Office is situated (i.e., Switzerland).

### 102-6 Markets served

EUROFIMA's market area is Europe, with a particular focus on the contracting states (see 102-4). Client segments include exclusively corporate customers, namely the shareholders.

### 102-7 Scale of the organization

As per the end of 2022, the EUROFIMA lending portfolio amounted to EUR 9.2bn and the size of its treasury portfolios amounted to EUR 5.0bn. At the end of the reporting year, EUROFIMA employed 27 people at its headquarters in Basel, Switzerland. There are no subsidiaries or branches.

### 102-8 Information on employees and other workers

EUROFIMA is committed to creating a diverse and international working environment.

As of December 31, 2022, EUROFIMA employed 27 employees with 11 different nationalities, 9 of whom were women and 18 men. The average number of full-time equivalents over the entire reporting year was 25.8. As of 2022, no employee was employed on a temporary basis. EUROFIMA's business activities do not cause seasonal fluctuations in the headcount.

## 102-9 Supply chain

Due to the nature of its operations, which are primarily in the financial sector, EUROFIMA's supply chain is mainly composed of service providers (e.g., consulting services, rating agencies, auditors, law firms, and marketing agencies) and, to a lesser extent, goods.

In 2022, the procurement spending was as follows:

	Number of suppliers <sup>(1)</sup>	% of value
Services	71	85.3 %
Goods	50	14.7 %
	116	100%

## 102-10 Significant changes to the organization and its supply chain

In the reporting year, there were no significant changes with regard to the size, structure, ownership, and supply chain of EUROFIMA.

## 102-11 Precautionary principle or approach

EUROFIMA respects and supports the protection of human rights, as enshrined in the Universal Declaration of Human Rights. Corporate responsibility, including human rights, is endorsed and ingrained at the highest level in our company. The general obligation of each and every EUROFIMA employee to respect human rights is defined in EUROFIMA's Code of Conduct. Additionally, specific human rights topics are governed in EUROFIMA's Supplier Code of Conduct.

EUROFIMA is strongly committed to delivering its services in an ethically, environmentally, and socially sustainable way, as well as in compliance with all relevant national and international laws, rules, and regulations. The Supplier Code of Conduct reflects EUROFIMA's approach to this commitment and follows the internationally recognized environmental, social, and corporate governance ("ESG") standards.

EUROFIMA's Supplier Code of Conduct principles and standards are based on the following laws, rules, and regulations:

- The United Nations Global Compact Principles
- The United Nations' Universal Declaration of Human Rights
- Rio Declaration on Environment and Development
- United Nations Convention Against Corruption
- The ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work

EUROFIMA's Environmental and Social Policy sets the tone for an organization regarding environmental and social protection and sustainability. In that sense, the Environmental and Social Policy:

- Describes EUROFIMA's role in promoting sustainable (i.e., green and affordable) transportation
- Establishes the governing principles of the sustainability policy
- Defines the green-related selection and pricing principles for credits and loans
- Defines EUROFIMA's environmental footprint assessment process

<sup>(1)</sup> The sum of suppliers of goods and services is higher than the total number because there are some suppliers that provide both





## 102-12 External initiatives, 102-13 Membership of associations

EUROFIMA maintains the following memberships:

- UN Global Compact
- UN Principles for Responsible Investment
- ICMA
- Rail Working Group
- UIC (International Union of Railways)
- Allianz pro Schiene
- CER (Community of European Railway and Infrastructure Companies)

EUROFIMA became an official signatory of the United Nations-supported Principles for Responsible Investment (PRI) as of January 2020, thereby strengthening its position as a sustainable investor. As an institutional investor, EUROFIMA strongly stands by investing its assets in a careful and responsible manner. Moreover, EUROFIMA supports its public mission in the development of sustainable transportation. Hence, EUROFIMA integrates ESG criteria into its investment decision-making processes according to the following six PRI principles:

- *Principle 1:* We will incorporate ESG issues into investment analysis and decision-making processes.
- *Principle 2:* We will be active owners and incorporate ESG issues into our ownership policies and practices.
- *Principle 3:* We will seek appropriate disclosure regarding ESG issues by the entities in which we invest.
- *Principle 4:* We will promote acceptance and implementation of these principles within the investment industry.
- *Principle 5:* We will work together to enhance our effectiveness in implementing these principles.
- *Principle 6:* We will each report on our activities and progress towards implementing the principles.

As of May 2021, EUROFIMA became an official signatory of the UN Global Compact, the world's largest corporate sustainability initiative. Accordingly, EUROFIMA commits to implementing the ten principles UN Global Compact (i.e., in the areas of human rights, labour, environment and anti-corruption) in its strategies, day-to-day operations, and corporate culture operative work. Furthermore, EUROFIMA commits to engage in collaborative projects that advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

EUROFIMA is also a member of the International Capital Market Association (ICMA). ICMA currently has over 600 members who collaborate to promote the development of the international capital and securities markets, pioneering the rules, principles, and recommendations that have established the foundations for their successful operation. EUROFIMA's Green Bonds framework is following the ICMA principles for green bonds. As an active member of this association, EUROFIMA is a member and observer of the Green Bonds Principles, Social Bond Principles, and Sustainability-linked Bond Principles. In addition, EUROFIMA is a member of the ICMA Climate Transition Finance Working group, as well as the ICMA Impact Reporting Working Group.

EUROFIMA is also member of the Action Lab - Scaling Up Green Bonds, in which participants focus on best practices and possible improvements for the green-bond market in Switzerland. The final objective of the Action Lab is to find common ground regarding research and policy agendas that would strengthen the legitimacy of green bonds and start off a series of recurring labs on this topic.



Belgium - Source: SNCB



Cordoba, Spain - Source: AdobeStock

## STRATEGY (2016)

### 102-14 Statement from senior decision-maker

The goal of promoting sustainability has been at the core of EUROFIMA's public mission since its inception in 1956. Supporting the growth and development of passenger rail transport is key to addressing the problem of CO<sub>2</sub> emissions attributable to the transportation sector. As countries across Europe work to meet the sustainability targets outlined by the COP21 agreement, EUROFIMA is determined to serve as a partner to Contracting States in fulfilling their environmental objectives.

To achieve its objectives in a sustainable and prudent manner, EUROFIMA bases its business activities on guidelines that include sustainability aspects. This is reflected in the organization's central processes, such as rolling stock financing (lending activities), capital raising (funding activities), and treasury investment strategy (investment activities), as well as in internal issues such as personnel and environmental policies (operational activities).

To begin, EUROFIMA supports its railway customers in achieving not only their financial goals (i.e., by providing flexible and tailored financing solutions), but also their climate goals. Through the financing of rolling stock, EUROFIMA supports contracting states in maintaining and modernizing their respective public transport systems that will play a key role in meeting emissions targets and climate goals. In addition, EUROFIMA loans facilitate social cohesion with affordable transportation solutions.

Second, as of 2018, the issuance of green bonds has been an integral part of EUROFIMA's refinancing strategy. Green bonds are used to finance green assets (i.e. rolling stock in which sustainable technologies are used), such as electric locomotives. EUROFIMA's green bonds are a genuine sustainable investment for bond investors, as they are considered to be "pure play investments" in clean transportation contributing to the advancement of the UN Sustainable Development Goals 9 and 11.

Third, to ensure compliance with international sustainability standards in investing, EUROFIMA became a signatory of the UN Principles for Responsible Investing in 2020. Ever since, EUROFIMA has made a significant effort to establish its presence as a sustainable and responsible asset owner. EUROFIMA's strict integration of environmental, social, and governance (ESG) considerations into its investment decision process is based on the EUROFIMA ESG Integration Framework, which is applied to 100% of our investments and built around three main pillars: norm-based screening, ESG integration, and Engagements with Investees.

Finally, EUROFIMA aims to build a culture of sustainability across the organization and believes that employee awareness and engagement regarding such matters reflect key opportunities to ensure compliance with the applicable ESG policies. Moreover, sustainability should be included in all business decisions to drive organizational success.

**Harry Müller**  
Chief Executive Officer



## 102-15 Key impacts, risks, and opportunities

### IMPACT:

Ever since its foundation in 1956, EUROFIMA has provided over EUR 90bn of financings to its shareholders. In the process, it has contributed to moving over 31 billion passengers, saving over 155 million tons of CO<sub>2</sub>, and reducing more than 7'500 GW hours annually.

As part of EUROFIMA's Green Bond Framework, with over EUR 4.7bn disbursed, EUROFIMA financed almost 1730 rolling stock items (i.e., trains & coaches). On an annual basis, this rolling stock is utilized to transport over 270 million passengers, save 2.5 million tons of CO<sub>2</sub>, and replacing 308'000 passenger vehicles driven for one year.

Further information can be found in our Impact Report<sup>[1]</sup>.

### RISKS:

As part of its lending, borrowing, and investing activities, EUROFIMA is exposed to credit, market, liquidity, and sustainability risks, among others.

Credit risk is the main financial risk in EUROFIMA's operations, originating from EUROFIMA's core lending operations that directly support the development of passenger rail transportation in Europe. The conservative lending policy paired with various layers of support granted in the constitutive documents result in a high-quality and resilient loan portfolio, which has never suffered a loss in the entire history of EUROFIMA. New financing requests are evaluated through a thorough approval process consisting of internal due diligence, approval from governing bodies, and monitoring of railway projects.

In its core activities, EUROFIMA is exposed to foreign exchange and interest rate fluctuations stemming from mismatches between lending and borrowing with respect to currencies and interest rate structures. The key risk management principle is systematic hedging, effectively reducing mismatches to nil by entering into currency and interest rate swaps.

EUROFIMA's investment approach places a strong emphasis on internal and external liquidity requirements and capital preservation, consistent with the organization's risk appetite. All investments are aligned to EUROFIMA's commitment to sustainability. All operations take into account relevant laws, regulatory requirements, and accounting standards.

### OPPORTUNITIES:

In 2021, EUROFIMA initiated a process for cross-unit development of its Big Opportunity Statement, which is being updated on a yearly basis. The Big Opportunity Statement fully reflects EUROFIMA's goals and objectives with a particular focus on sustainability, but it also clearly states the approach that EUROFIMA takes in its daily operations.

The core aspect of the Big Opportunity Statement is the question "What do we want to achieve?"

First and foremost, EUROFIMA intends to become a financing partner of choice for its shareholders. There are two aspects of our funding activities that EUROFIMA believes will aid this process: maintaining a strong financial risk profile and providing a unique opportunity for investors to gain exposure to sustainable mobility. The latter is also the slogan of our investor relations campaign. Moreover, all investments are aimed to satisfy our strict sustainability criteria, which means that EUROFIMA integrates ESG considerations when allocating assets.

EUROFIMA also strives to continue being a great place to work, where differences among staff members are viewed as strengths and valued for the variety of perspectives offered in the professional environment. EUROFIMA wants every employee to feel secure and valued and have opportunities for advancement.

In the meantime, EUROFIMA aims to remain agile while maintaining its efficiency. This entails working as a united team, establishing necessary links between various processes, and considering all of the latest technological and digital developments when accomplishing various tasks. During the process, adhering to pre-agreed risks and limits, but maintaining full flexibility when choosing the most suitable approaches and tactics, is key.

Finally, the Big Opportunity Statement once again emphasizes the holistic approach towards sustainability, thus putting it at the center of EUROFIMA's activities. Besides integrating ESG practices into daily business, readiness to search and incorporate sustainable solutions on an individual level is also acknowledged.

<sup>[1]</sup> <https://www.eurofima.org/sustainability/sustainability-reports/impact-report/>

## ETHICS AND INTEGRITY (2016)

### 102-16 Values, principles, standards, and norms of behavior

EUROFIMA's reputation is a key factor for its business operations and is highly dependent on the integrity and ethical standing of the company.

The main codes of conduct on business ethics and integrity are set out in EUROFIMA's Code of Conduct<sup>[1]</sup>, which is mandatory for all employees as part of the general conditions of employment. Additionally, all staff are expected to act in accordance with EUROFIMA's core values, which are:

- Dialogue
- Agility
- Responsibility
- Excellence

Furthermore, EUROFIMA acts in accordance with the principles set out in its mission statement, as well as its convictions and objectives.

### 102-17 Mechanisms for advice and concerns about ethics

The Code of Conduct sets out the values, duties, obligations, and ethical standards that EUROFIMA rightfully expects of its governing bodies and its staff. EUROFIMA and its staff have a duty to adhere to the highest levels of integrity, as well as ethical and professional standards. This is a primary feature of appropriate business conduct that the company applies to relationships with colleagues, as well as to its full range of activities.

Reports of suspected misconduct can be received from any source, inside or outside the company, including anonymous sources. Reporting is conducted either through the compliance coordinator or whistleblowing function.

Anonymous reporting is permitted, and all reports are treated with the highest level of confidentiality.

Retaliation is prohibited under the code of conduct and would be considered a specific form of misconduct under EUROFIMA's internal rules.

Compliance is an independent function under the guidance and responsibility of the compliance coordinator function. The compliance coordinator reports directly to the Management Committee and has direct access to the Audit and Risk Committee and the Board of Directors. The compliance coordinator function also supports a corporate culture based on ethical values and professional conduct.

EUROFIMA's complaints mechanism is designed to facilitate and handle complaints from individuals, organizations, local authorities, and corporations against EUROFIMA's activities.

All complaints received are subject to an initial enquiry, which involves a number of steps. These include obtaining additional information from the complainant, gathering evidence, and interviewing possible witnesses or others who may be in a position to provide relevant information. Following an initial enquiry, if a complaint is deemed sufficiently reliable and grave, further investigation will be warranted. The matter will then proceed to a formal investigation to allow individual(s) and subject(s) of the complaint to respond to the allegation(s).

Further action, such as referral to law enforcement agencies, may be taken on a case-by-case basis, as appropriate.

<sup>[1]</sup> <https://www.eurofima.org/sustainability/human-resources/code-of-conduct/>





## GOVERNANCE (2016)

### 102-18 Governance structure

As a public international body, EUROFIMA is governed first by its constitutive documents and only subsidiarily by Swiss law. Its constitutive documents are the Convention, Statutes, and Basic Agreement. The organization's legal framework establishes the structure for EUROFIMA's governance. In addition to the constitutive documents, EUROFIMA's activities are governed by a set of policies, guidelines, and rules of procedures adopted by the General Assembly, Board of Directors, or Management Committee.

As a supranational organization, EUROFIMA is not subject to any national or international regulatory authority. The Contracting States have reserved extensive corporate governance rights over EUROFIMA. The following changes to EUROFIMA's organization require the consent of the Contracting States: head office, objective, duration, conditions for admission of shareholders, quorums applicable to important shareholder resolutions, equal voting rights of directors, all terms dealing with shareholder liability, and the establishment of branches. EUROFIMA must report annually on its development and financial position to its Contracting States. Such reporting is done through the International Transport Forum, an intergovernmental organization within the OECD group. EUROFIMA is governed and managed by the General Assembly, Board of Directors, and Management Committee.

Further information regarding the specific responsibilities of the various governing bodies is disclosed in a dedicated section of EUROFIMA's Annual Report.

### 102-19 Delegating authority

EUROFIMA is structuring its organization for effective sustainability management. Structures and responsibilities pertaining to the topic of sustainability are defined and organizationally embedded so that measures can be effectively implemented.

The Sustainability Committee was established to further develop sustainability related topics. This committee drives sustainability management in each of the business units. The Sustainability Committee reports to the Management Committee at least four times a year. The implementation of initiatives regarding various sustainability topics occurs in individual working or project groups. Accordingly, EUROFIMA fulfills its goal of involving and strongly integrating its employees on the path to future orientation.

The most important bodies for economic, environmental, and social issues are the Board of Directors, Management Committee, Sustainability Committee, and topic owners.

### 102-20 Executive-level responsibility for economic, environmental, and social topics

On the executive level, the Chief Executive Officer and Chief Financial Officer are responsible for ESG-related topics.

### 102-21 Consulting stakeholders on economic, environmental, and social topics

EUROFIMA actively seeks continuous dialogue with its stakeholder environment in order to further develop its sustainability strategy. The stakeholder dialogue as a constructive and open exchange is based on the principles of transparency, accountability, good governance, and client responsibility to stakeholders. In this dialogue, EUROFIMA benefits from the knowledge and experience of its stakeholders, shares information about its activities, and is open to critical questions. The dialogue can also require EUROFIMA to explain and represent a position that deviates from the expectations of some stakeholders, considering its own corporate policy and strategy.

### 102-22 Composition of the highest governance body and its committees

EUROFIMA is governed and managed by the General Assembly, Board of Directors, and Management Committee.

The Board of Directors is responsible for EUROFIMA's strategy and financial success. It establishes the overall direction and assumes supervision and control of the organization and its management. It comprises members from each of EUROFIMA shareholders.

The Board of Directors established two advisory bodies:

- Audit and Risk Committee
- Human Resources Committee

The Audit and Risk Committee supports the Board of Directors in its comprehensive supervisory role with respect to financial control, risk control, and audit and compliance management. In this respect, it oversees the activities of both Internal and External Audit. It consists of four board members.

The mandate of the Human Resources Committee is to review, report on, and, if required, make recommendations to the Board of Directors regarding matters relating to human resources and compensation policy, as well as to establish a plan of continuity and development of management for EUROFIMA. It consists of the Chairman of the Board and at least three, but at maximum four, other board members as appointed by the Chairman of the Board.

### 102-23 Chair of the highest governance body

The Chairman of the Board of Directors is in the normal course of activities not an executive officer in EUROFIMA.

The General Assembly appoints the Chairman and Vice Chairmen of the Board of Directors for the period of their terms of office. They may be reappointed.

### 102-24 Nominating and selecting the highest governance body

Directors are appointed, without regard to nationality, by the General Assembly, upon the proposal of each of the shareholders concerned, with one director being appointed for each shareholder holding at least two percent of (i) the Class A Share Capital or (ii) the registered capital.

Each member of the Board of Directors is appointed for a term of three years. The term begins on the ordinary General Assembly in which the appointment takes place and lasts until the third ordinary General Assembly since the appointment. Members whose terms have expired are immediately eligible for re-appointment.

All directors have an equal right to vote.

The appointment of directors takes place at the ordinary General Assembly. The same applies, where necessary, for supplementary appointments, except where the immediate appointment of a new director to a vacant seat is requested by a shareholder. In this event, the Board of Directors convenes an extraordinary General Assembly without delay in order to proceed to the supplementary appointment.

When a director leaves the Board of Directors during his term of office, his successor takes over that seat for the remainder of that term.

### 102-25 Conflicts of interest

The Board of Directors is composed of representatives of shareholders. All board members are expected to act ethically, notify promptly of any material facts or potential conflicts of interest, and take appropriate corrective action.

### 102-26 Role of highest governance body in establishing purpose, values, and strategy

The Board of Directors develops purpose, strategy, values, and principles, as well as policies concerning economic, environmental, and social topics in cooperation with the Management

Committee. The Board of Directors monitors execution and reviews strategy.

### 102-27 Collective knowledge of highest governance body

The members of the Board of Directors are representatives of the shareholders who are in senior positions such as Head of Finance, Head of Treasury, or Chief Executive Officer (or equivalent), which assumes that the collective knowledge of the Board of Directors is considerable.

The Management Committee informs the Board of Directors of all relevant aspects of planning, business development, risk position and management, and the financial situation. At least once per year, it also provides separate information about sustainability topics.

### 102-28 Evaluating the highest governance body's performance

EUROFIMA's years of existence and success are based on the fact that the Board of Directors and Management Committee pursue a long-term perspective. Furthermore, EUROFIMA has a clear track record in the area of sustainability through its good ESG ratings.

The performance of EUROFIMA is measurable through its corporate objectives which includes financial and non-financial objectives as well as sustainability related objectives in order to make sure the company is managed and controlled in a balanced manner.

The corporate objectives are discussed at least once a year at Board of Directors level.

As part of the annual review of the sustainability strategy, results are discussed and the required action is determined.

The achievement of the corporate objectives is relevant for the variable compensation calculation.

### 102-29 Identifying and managing economic, environmental, and social impacts

EUROFIMA is actively taking steps to continually improve its ESG considerations throughout its operations and business practices and is working towards its goal of reducing emissions as much as possible.

EUROFIMA's mission highlighted in the Sustainability Policy Statement brings together the policies and processes that EUROFIMA undertakes to achieve its non-profit mission: supporting the development of public passenger rail trans-



portation in Europe and aiding the railway bodies (i.e., its shareholders) in renewing and modernizing their equipment.

To achieve the objectives and goals in a sustainable and prudent manner, EUROFIMA bases its business activities on guidelines that include sustainability aspects. This is reflected in the organization's central processes, such as rolling stock financing (lending activities), capital raising (funding activities), and treasury investment strategy (investment activities), as well as in internal issues such as personnel and environmental policies (operational activities). To ensure consistent compliance with sustainability criteria, EUROFIMA adheres to international reporting standards (e.g., GRI) and joins international initiatives accordingly (e.g., the UN Global Compact, Principles for Responsible Investment).

### 102-30 Effectiveness of risk management processes

The Board of Directors carries the ultimate responsibility for EUROFIMA's risk management, including sustainability risks. The Audit and Risk Committee, as an advisory body to the Board of Directors, has the responsibility to regularly assess EUROFIMA's financial and risk position and report on this to the Board of Directors.

The Management Committee has the responsibility of establishing and supervising the implementation of risk management and control principles as determined by the Board of Directors. In fulfilling these tasks, the Management Committee assigns responsibilities to the different departments to actively manage and monitor risks and report on these activities on a regular basis.

The risk management unit is supported by risk limits as established by the General Assembly, Board of Directors, and Management Committee. The Management Committee shall see to it that a coherent and complete set of limits is applied.

The Management Committee is responsible for daily risk monitoring and risk reporting, as well as for reporting to the Audit and Risk Committee and Board of Directors.

The Audit and Risk Committee and Board of Directors are reviewing and approving the sustainability report of EUROFIMA.

### 102-31 Review of economic, environmental, and social topics

Annually, the Audit and Risk Committee and Board of Directors review economic, environmental, and social topics as part of the review and approval process of the EUROFIMA sustainability report.

### 102-32 Highest governance body's role in sustainability reporting

The Audit and Risk Committee and Board of Directors review and approve the Sustainability Report.

### 102-33 Communicating critical concerns

The Board of Directors meets at least once quarterly. However, Board of Director meetings can also be held outside of the regular cycle if any critical topics must be discussed or relevant decisions need to be taken.

Management informs the Board of Directors of all relevant aspects of planning, business development, risk position and management, and the financial situation. Furthermore, through this channel, critical concerns are communicated to the Board of Directors.

Critical concerns can be received from any source, inside or outside the company, including anonymous sources. Reporting is carried out either through management, the compliance coordinator, or the whistleblowing function.

### 102-34 Nature and total number of critical concerns

During the reporting period, there were no critical concerns reported to the highest governance body.

### 102-35 Remuneration policies

#### Board of Directors:

In accordance with the Statutes and organizational regulations, the members of the Board of Directors, when participating in meetings convened by EUROFIMA, are entitled to:

- An attendance fee, as set by the Board of Directors
- The reimbursement of travel expenses

When travelling, members of the Board of Directors must use the most efficient and economical route possible. Private expenses must be strictly separated from expenses linked to the purposes of fulfilling duties connected with membership of EUROFIMA's Board of Directors and should never give rise to an increase in expenses incurred by EUROFIMA.

EUROFIMA has decided to hold board meetings virtually in most instances, to reduce travel.

Management Committee:

The total compensation of the Management Committee consists of the base salary and variable compensation. The variable salary for all members of the management committee is partially tied to ESG-related performance targets. Furthermore, the variable salary is also partially tied to financial performance and business development.

**102-36 Process for determining remuneration**

EUROFIMA is committed to rewarding performance and paying all employees fairly. Our approach to compensation is not biased by gender, age, belief, sexual orientation, disability, or cultural background. On an annual basis, employee compensation is reviewed to ensure equal pay for equivalent roles/experience and contribution to the company's success.

The Management Committee provides proposals on staff and management remuneration to the Human Resources Committee and Board of Directors. The Board of Directors decides on the budget proposal linked to remuneration of existing staff via its approval.

**102-37 Stakeholders' involvement in remuneration**

Besides the Board of Directors, which approves the annual budget and specific proposals linked to remuneration policies and practices, the main stakeholder involved in remuneration matters is the Human Resources Committee.

The mandate of the Human Resource Committee (HRC) is to review, report on, and, if required, make recommendations to the Board of Directors regarding matters relating to human resources and compensation policy, and to establish a plan of continuity and development of management for EUROFIMA.

The HRC reviews and makes recommendations regarding changes to the internal organization of EUROFIMA upon receiving proposals from management or based on external consultancy. Such changes can involve positions within the management team.





**STAKEHOLDER ENGAGEMENT (2016)**

**102-40 List of stakeholder groups**

EUROFIMA’s most relevant stakeholder groups include:

- Employees
- Customers
- Shareholders
- Suppliers
- Financial analysts
- Investors
- Management
- Board of Directors
- Competitors
- Regulators
- Rating agencies

**102-41 Collective bargaining agreements**

EUROFIMA defines its terms and conditions of employment and therefore, employees are not subject to a collective bargaining agreement.

**102-42 Identifying and selecting stakeholders**

Stakeholders are defined as groups or individuals who are significantly affected by the organization’s activities, products, and/or services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. Stakeholder engagement is an essential part of responsible business prac-

tice and is key to capturing opinions and insights from across our business.

As part of the materiality process, which forms the basis for reporting, EUROFIMA discussed and evaluated its sustainability issues with various internal and external stakeholders. Stakeholders who are affected by EUROFIMA’s business activities and/or have a significant influence on EUROFIMA were included.

**102-43 Approach to stakeholder engagement**

EUROFIMA maintains a transparent, clear, and honest dialogue with the various stakeholder groups. The involvement of the stakeholder groups is demonstrated through various activities such as memberships in associations and commitments, media work, events with corporate customers, employee surveys and discussions, Board of Directors’ meetings, and the regular exchange of information between stakeholders in the Sustainability Committee.

**102-44 Key topics and concerns raised**

The stakeholder engagement process takes place once annually, and the results are discussed with the Board of Directors, Management Committee, and representatives of the Sustainability Committee. This ensures that the expectations and feedback are incorporated into the discussions of the highest bodies of EUROFIMA.

Newly identified issues will be analyzed, prioritized, and integrated, where relevant.



Garmisch-Partenkirchen, Germany - Source: AdobeStock

## REPORTING PRACTICE (2016)

### 102-45 Entities included in the consolidated financial statements

The reporting covers only EUROFIMA as a legal entity.

### 102-46 Defining report content and topic boundaries

The key aspects of EUROFIMA's sustainability strategy and reporting were defined through a materiality analysis.

A materiality analysis is a process to identify the most im-

portant sustainability topics, opportunities, and risks for our business from two perspectives: their importance to stakeholders and their impact on EUROFIMA's business. The outcome is a materiality matrix that shows all topics identified and prioritized as mattering most to our business and stakeholders and helps focus on those topics that have the highest priority.

### 102-47 List of material topics

The process of defining the content of the report identified the following topics as most material for EUROFIMA and its stakeholders.

Material topics	GRI Standards	Why is this considered material?	Boundaries	SGDs supported
Compliance and conduct	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behavior GRI 418: Customer Privacy GRI 419: Socioeconomic Compliance	EUROFIMA operates in a highly regulated industry. Compliance with legal and regulatory requirements is fundamental and an important basis for our activities.	Internal and external	17
Diversity, compensation, human rights and people	GRI 308: Supplier Environmental GRI 401: Employment GRI 403: Occupational health and safety GRI 404: Training and education GRI 405: Diversity and Equal Opportunity GRI 406: Non-Discrimination GRI 419: Socioeconomic Compliance	People are the core of the value chain and that is how they are treated at EUROFIMA. Fair and consistent compensation, equal opportunities, diversity, and an inclusive and responsible work environment are key elements of our people management.  EUROFIMA's long-term success is dependent on employees who need to feel a sense of belonging and motivation in order to perform at their best.	Internal and external	1, 4, 5, 8, 10, 15
Corporate Governance	GRI 102: General Disclosures GRI 419: Socioeconomic Compliance	A strong governance, solid leadership and a well-defined strategy form the foundation of EUROFIMA's business.	Internal	
Climate change and action	GRI 201: Economic Performance GRI 302: Energy GRI 305: Emissions GRI 308: Supplier Environmental	We are aware of climate change and the associated risks and want to reduce our own emissions.	Internal and external	7, 13
Responsible finance and company performance	GRI 201: Economic Performance	The demand for sustainable financing is growing constantly and we are focusing our activities in this area. At the same time, ensuring efficient and effective operations is essential to maintain performance.	Internal and external	1, 2, 3, 7, 11, 13
Quality and client satisfaction	GRI 202: Market presence GRI 417: Marketing and labelling	Client satisfaction and the providing of high-quality services are of high importance for the long-term performance of EUROFIMA.	External	



#### 102-48 Restatements of information

Given that this is the first sustainability report, there are no restatements to previous reports.

#### 102-49 Changes in reporting

This is the first sustainability report and, thus, the initial evaluation of material topics.

#### 102-50 Reporting period

The reporting period is equivalent to the calendar year.

#### 102-51 Date of most recent report

This is the first sustainability report, which was published on 14 March 2023.

#### 102-52 Reporting cycle

The sustainability report is published annually.

#### 102-53 Contact point for questions regarding the report

Please contact [sustainability@eurofima.org](mailto:sustainability@eurofima.org) for any questions or comments with regard to sustainability reporting.

#### 102-54 Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards option "Core."

#### 102-55 GRI content index

Please see the GRI content index on pages 19 to 21.

#### 102-56 External assurance

The Sustainability Report 2022 has not been externally assured.



Milan, Italy - Source: AdobeStock



# ECONOMY

## GRI 200: ECONOMIC

### GRI 201: ECONOMIC PERFORMANCE

#### GRI 103: MANAGEMENT APPROACH (Disclosures 103-1, 103-2, 103-3)

EUROFIMA strives to make long-term, active contributions to a sustainable society and climate protection through its green bonds and lending activity. The net proceeds from green bond issuances are invested in eligible assets, thus incentivizing and supporting the development of sustainable mobility for railway clients. Through its funding and lending activities EUROFIMA actively participates in the development of long-term sustainable mobility as a financing source of rolling stock for the European railway administrations and as a pure player in European public service railroad transportation. As of December 31, 2022, total outstanding green bonds amounted to EUR 4'855 million principal. As of December 31, 2022, the proceeds of all outstanding EUROFIMA green bond have been fully allocated to electric rolling stock for passenger transportation according to EUROFIMA's Green Bond Framework.

EUROFIMA finances railway equipment through borrowings or equity capital. EUROFIMA secures title to or obtains security interests deemed equivalent (in particular pledges) on or in respect of equipment. EUROFIMA's equity (paid in share capital and reserves) is primarily used for investments in liquid assets and, to a limited extent, for equipment financing contracts.

EUROFIMA either holds title to the equipment until the financing has been completely reimbursed or it holds a direct or indirect security interest deemed equivalent, particularly pledges. EUROFIMA has never experienced a loss due to the failure of a railway to assume its contractual obligations.

EUROFIMA's Sustainability Committee coordinates actions and oversees the projects in the organization related to sustainability. The Sustainability Committee is composed of heads of departments and representatives from the Treasury & Asset Management, Capital Markets, Middle Office, Accounting & Controlling, Compliance, Risk Management, Human Resources and Financial Planning & Analysis units. The committee oversees EUROFIMA's activities related to sustainability and coordinates organization initiatives to improve ESG-related matters. The Sustainability Committee prepares recommendations for the final approval to the Management Committee (i.e., CEO and CFO).

#### 201-1 Direct economic value generated and distributed

In 2022, EUROFIMA achieved a net profit of EUR 16.8mn (2021: EUR 22.0mn). Total operating income amounted to EUR 25.4mn (2021: EUR 30.3mn), of which EUR 11.7mn (2021: EUR 17.3mn) was interest income and EUR 13.4mn (2021: EUR 13.9mn) was net commission income. Total operating expenses amounted to EUR 8.6mn (2021: EUR 8.3mn), of which EUR 5.5mn (2021: EUR 5.2mn) was personnel expenses.

As of year-end 2022, EUROFIMA had EUR 9.2bn (2021: EUR 10.1 billion) in development-related loans outstanding, which were distributed among 11 Contracting States.

#### 201-2 Financial implications and other risks and opportunities due to climate change

The projects financed with the proceeds of EUROFIMA's green bonds are contributing to the environmental objective of climate change mitigation. Among the climate mitigation principal options for the "greening" of transportation, the most relevant for EUROFIMA are the following:

- Increasing the number of low and zero-emission vehicles
- Improving vehicle efficiency
- Substituting fossil fuels with alternative and net-zero carbon fuels
- Improving the efficiency of the overall transport and mobility system

EUROFIMA green projects contribute to some extent to all of the aforementioned objectives, as they finance electric rolling stock. The passenger electric railway activity is already a low-carbon one. With close to zero carbon electricity generation, it is already compliant with a 2050 net-zero carbon activity. EUROFIMA's financing focuses on clean transportation projects through supporting the procurement and deployment of clean transportation via modal shift (i.e., moving people to more sustainable and less polluting means of transportation) and low emissions (i.e., reducing GHG emissions and air pollutants per unit of service provided)

More information: Impact Report 2022<sup>[1]</sup>

<sup>[1]</sup> <https://www.eurofima.org/sustainability/sustainability-reports/impact-report/>

### 201-3 Defined benefit plan obligations and other retirement plans

EUROFIMA participates in a group administration post-employment benefit plan in Switzerland. EUROFIMA's main pension scheme is funded by contributions both from the staff and EUROFIMA, covering all employees. Contributions for employees are variable (1%-11%), while they are fixed for the employer. Additionally, the entity has a full insurance coverage solution with a Swiss insurer. The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates, and future pension increases.

The amount recognized for the defined benefit pension plan is determined as follows:

(amounts in EUR '000)	December 31, 2022	December 31, 2021
Present value of funded obligations	13 300	15 558
Fair value of plan assets	-12 422	-12 251
Liability recognized on the balance sheet	878	3 307

Assets of the plan are comprised of the following:

(in %)	December 31, 2022	December 31, 2020
Fixed interest, cash and cash equivalents, time deposits	54.2 %	56.8 %
Mortgages and other claims on nominal value	10.2 %	9.2 %
Equities and units in investment funds	10.0 %	9.8 %
Private equity and hedge funds	0.0 %	0.0 %
Investment in participations and associated companies	1.1 %	1.1 %
Real estate	22.8 %	21.4 %
Other investments	1.7 %	1.6 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>

### GRI 201-4 Financial assistance received from government

During the reporting period ending on December 31, 2022, EUROFIMA has not received any financial assistance from any government.





## GRI 202: MARKET PRESENCE

### **GRI 202-1 Ratios of standard entry-level wage by gender compared to local minimum wage**

EUROFIMA offers fair terms of employment, as well as a competitive and rewarding remuneration package. It is composed of a base salary, variable remuneration, allowances, and benefits, including a pension scheme. EUROFIMA reviews the remuneration on an annual basis to monitor the external competitiveness of its pay conditions and ensure equal pay for equivalent roles/experience and contributions to the company's success. It is not biased by gender, age, belief, sexual orientation, disability or cultural background.

There is no minimum wage in Switzerland by law and accordingly no ratio can be shown here.

### **202-2 Proportion of senior management hired from the local community**

Senior management consists of the Chief Executive Officer and the Chief Financial Officer. EUROFIMA is headquartered in Switzerland, where all staff is employed and operations are conducted. The management consists of 100% locally based members who complete their activities at the company's headquarters in Switzerland.

## GRI 205: ANTI-CORRUPTION

### **GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)**

EUROFIMA's anti-money laundering and anti-bribery and corruption policy establishes clear rules for preventing all activities that could encourage or constitute activities of money laundering, bribery, or corruption. EUROFIMA is committed to the highest anti-money laundering (AML) and anti-financial crime (AFC) standards, including anti-bribery and corruption (ABC), combating terrorism financing (CTF), anti-fraud, and other punishable criminal acts. The members of the Board of Directors, Management Committee, and all employees are required to adhere to these standards to protect EUROFIMA and its reputation from being misused for money laundering, terrorist financing, or other illegal purposes. EUROFIMA is not under the supervision of any financial supervisory authority, but benchmarks its compliance, integrity, and anti-corruption policies and procedures with the legislation of the European Union.

EUROFIMA does not enter into a relationship if it cannot form a reasonable and documented belief that it knows the true identity of the counterparty and the nature of its business.

Likewise, it must be able to complete formal requirements concerning the identification of the business partner.

EUROFIMA emphasizes transparency in all of its activities, including lending operations, disbursement procedures, and project monitoring, and actively aims to prevent corrupt or illegal behavior. EUROFIMA shall support stakeholders, including borrowers, in their efforts to fight corruption by establishing appropriate codes of conduct and policies and procedures to prevent, detect, and investigate corruption. Should an employee become aware of any relationships that are entered into which may be prohibited, this case shall be presented to the compliance coordinator. EUROFIMA is committed to pursuing disciplinary, contractual, judicial, and/or other actions in cases where it has been established that prohibited practices have taken place.

EUROFIMA aims to encourage staff not only to act in accordance with all applicable laws and regulations, but also to work together in a culture of mutual support and cooperation contributing to effective business ethics and a compliance culture that guides the company's behaviors and actions. In this regard, EUROFIMA strives to ensure:

- Following the best practices and market standards in areas of accountability, governance, corporate social responsibility (CSR), transparency, and business ethics in order to promote sustainability
- Continuous monitoring, management, and mitigation of reputational and compliance risks that EUROFIMA could face
- Facilitating yearly anti-corruption and anti-bribery training for all employees
- Encouraging transparency in all of its activities, including lending operations, disbursement procedures, and project monitoring, and actively preventing corrupt or illegal behavior
- Supporting stakeholders, including borrowers, in their efforts to fight corruption by establishing appropriate codes of conduct and policies and procedures to prevent, detect, and investigate corruption

Compliance with rules to prevent all activities that could encourage or constitute activities of money laundering, bribery, or corruption is monitored and ensured as part of the internal control system. Management is responsible for the implementation and execution of the internal control system. In order to fulfill this responsibility, it regularly performs management controls. The associated controls are effective and subject to annual audits by external and internal auditors.

### **205-1 Operations assessed for risks related to corruption**

EUROFIMA business activities are carried out with national railway companies, which are the EUROFIMA shareholders. The corruption index of member states is regularly monitored

and represents a basic requirement for being a shareholder on the one hand, and a financing business on the other.

### 205-2 Communication and training about anti-corruption policies and procedures

Each employee confirms once annually that he or she has read and understood the internal policies and guidelines relevant to money laundering, bribery, or corruption. Accordingly, compliance with these rules is considered granted.

EUROFIMA's training is tailored to the business to ensure that staff are aware of different possible patterns and techniques of money laundering or financial crime activities that may occur in their everyday business. Training also covers the general duties arising from applicable external (legal and regulatory) and internal requirements and the resulting individual duties that must be adhered to in everyday business as well as typical patterns to recognize said activities.

In 2022, 100% of employees conducted extensive compliance training, which is required for EUROFIMA staff each year. In addition to business-related compliance topics such as anti-money laundering, anti-bribery and corruption, and code of conduct, all employees completed an ESG training in 2022.

### 205-3 Confirmed incidents of corruption and actions taken

To date, no violation of EUROFIMA's Anti-Corruption Principles has been evident. Furthermore, no investigations, legal cases, rulings, or fines for corruption, bribery, or money laundering have been evident.

### GRI 206: ANTI-COMPETITIVE BEHAVIOR

#### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

Aiming to make railway transportation affordable to the general public, EUROFIMA has a "non-profit maximizing" mission that allows it to pass to its shareholders the very attractive rates that it sources on the capital markets. As part of the current strategy, EUROFIMA has taken the decision not to finance rolling stock which is operated in open access but only in public interest and under a public service contract. Therefore, the competitive environment in which EUROFIMA is active, as defined in Article 3 of the Statutes, is limited. EUROFIMA has set out this strict focus on financing rolling stock which is operated in the public interest in Article 9 of its Statutes.





# GRI 300: ENVIRONMENTAL

## GRI 302: ENERGY

### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA is very mindful regarding its environmental commitment and implements various activities to decrease its impact on the environment:

- Prefer train over plane for business travel
- Turn off electronics, lighting, and heat every evening
- Choose sustainable office products
- Invest in reusable plates, silverware, and utensils
- Install motion-activated light switches
- Go paperless
- Introduce clearly labeled trash, recycling, and compost bins
- Institute a BYORB (Bring Your Own Reusable Bottle) policy
- Set up a bike rack for employees
- Invest in smart power strips
- Decorate the office with plants
- Incentivize greener methods of commuting
- Donate or recycle old electronics
- Use glass bottles or a smart cooler machine for drinking water
- Business cards and annual report made from recycled paper
- Renewable energy

### 302-1 Energy consumption within the organization

Type	Consumption in kwh				
	2022	2021	2020	2019	2018
Electricity consumption	3,132	3,111	4,290	6,541	6,560
Heating consumption	91,006	206,359	164,728	196,988	188,581
<b>Total</b>	<b>94,138</b>	<b>209,470</b>	<b>169,018</b>	<b>203,529</b>	<b>195,141</b>

### 302-3 Energy intensity

Type	Energy Intensity Ratio				
	2022	2021	2020	2019	2018
Total energy consumption (kwh)	94,138	209,470	169,018	203,529	195,141
Number of employees FTE <sup>(1)</sup>	25.8	26.0	27.8	27.8	26.8
<b>Energy Intensity Ratio (kwh/FTE)</b>	<b>3,649</b>	<b>8,057</b>	<b>6,080</b>	<b>7,321</b>	<b>7,281</b>

As the energy consumed within the organization is wholly consumed by our office premises, the denominator of the energy intensity ratio is number of employees. The types of energy included in the ratio are energy consumed for electricity and heating as outlined in GRI 302-1. The ratio uses energy consumption within the organization.

<sup>(1)</sup> Number of employees expressed as Full-Time Equivalent (FTE)

### 302-4 Reduction of energy consumption

Type	2022	2021	v	v%
Electricity consumption (kwh)	3,132	3,111	21	1 %
Heating consumption (kwh)	91,006	206,359	-115,353	-56 %
<b>Total Energy Consumption (kwh)</b>	<b>94,138</b>	<b>209,470</b>	<b>-115,332</b>	<b>-55.1 %</b>

A reduction in energy consumption of 55.1% compared to the prior year has been achieved and is primarily driven by the initiative to relocate our offices to a modern, energy-efficient building. The reduction is compared to the prior year 2021.

## GRI 305: EMISSIONS

### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA has chosen to report greenhouse gas emissions under the GHG Protocol to assess its carbon footprint. Understanding the organization’s carbon footprint will allow EUROFIMA to identify reduction opportunities and establish meaningful reduction targets.

#### INVENTORY BOUNDARY

##### Organizational boundary

EUROFIMA is a single entity and wholly owns all of its operations. Therefore, its organizational boundary is the same regardless of which approach (i.e., equity approach or financial control approach) is taken. As a matter of clarity, EUROFIMA adopts the equity approach. If any significant changes to the organizational structure of EUROFIMA occur in the future, then a reassessment will occur in time to assess the most appropriate approach.

Organizational boundary
<b>EUROFIMA</b> Wholly owns all of its operations (Equity approach)

##### Operational boundary

In addition to scope 1+2 emissions, EUROFIMA has undertaken a screening process to identify material scope 3 emissions. The results of the screening process have established the following operational boundary:

Operational boundary
Scope 1 emissions
Scope 2 emissions
Scope 3 emissions
· Category 6: Business travel
· Category 7: Commuting

### Scope 3 screening process

A Scope 3 screening process evaluated EUROFIMA's emissions footprint for all Scope 3 emissions categories. Of the 15 categories, business travel was found to be the most material category as the emissions from activities that:

- are considerably larger than EUROFIMA's Scope 1+2 emissions
- over which EUROFIMA has a high degree of control
- are core to EUROFIMA's mission to finance sustainable mobility for its contracting states

Category 7 Commuting emissions are also included in the operational boundary, as EUROFIMA can influence these through appropriate organizational policies and culture, which is aligned to EUROFIMA's public mission of financing sustainable mobility solutions.

### Inventory base year

The base year has been set as 2019, as it is when the most reliable and verifiable data is available. It is also a representative year of typical business activities that drive the largest emissions in the organizational boundary (Scope 3 Category 6 Business travel).

## 305-1 Direct (Scope 1) GHG emissions, 305-2 Energy indirect (Scope 2) GHG emissions; 305-3 Other indirect (Scope 3) GHG emissions; 305-4 GHG emissions intensity

### GHG emissions

tCO <sub>2</sub> e		2022	2021	2020	2019	2018
Scope 1	Not applicable <sup>(1)</sup>	-	-	-	-	-
Scope 2	Electricity <sup>(2)</sup>	-	-	-	-	-
	Heating <sup>(3)</sup>	18.5	42.0	33.6	40.1	38.4
Scope 3	Business Travel	31.1	0.0	8.3	135.4	75.2
	Rail	0.1	0.0	0.1	0.2	0.3
	Flight - short haul	11.2	-	8.2	47.3	48.9
	Flight - long haul	19.8	-	-	87.9	26.0
	Other	-	-	-	-	-
	Commuting	15.7	-	-	-	-
Total	Scope 1	-	-	-	-	-
	Scope 2	18.5	42.0	33.6	40.1	38.4
	Scope 3	46.7	0.0	8.3	135.4	75.2
	Total Scope 1+2+3 emissions	65.3	42.1	41.8	175.6	113.6
	Annual change %	55 %	1 %	-76 %	55 %	n/a
	Carbon intensity Ratio <sup>(4)</sup>	2.5	1.1	1.2	5.4	3.5

<sup>(1)</sup> EUROFIMA does not generate direct GHG emissions. Indirect emissions of its office are presented under scope 2

<sup>(2)</sup> Electricity used by EUROFIMA is taken from 100% renewable energy sources

<sup>(3)</sup> Due to the timing of data received, heating emissions for the current year are estimated and will be restated when actual data is received

<sup>(4)</sup> The carbon intensity is calculated by dividing the annual CO<sub>2</sub> equivalent emissions by annual revenues in USD equivalent (t.CO<sub>2</sub>eq./MUSD m. revenues)

GHG emissions breakdown in tCO <sub>2</sub> e	2022	2021	2020	2019	2018
CO <sub>2</sub>	65.1	42.0	41.8	175.3	113.4
CH <sub>4</sub>	0.0	0.1	0.0	0.1	0.1
N <sub>2</sub> O	0.1	0.0	0.0	0.2	0.1
CO <sub>2</sub> equivalent	65.3	42.1	41.8	175.6	113.6

Distance travelled (km)	2022	2021	2020	2019	2018
Rail	9 885	320	8 840	26 890	18 940
Flight - short haul	72 073	-	52 800	304 981	314 981
Flight - long haul	45 782	-	-	203 000	60 000
Other	-	-	-	-	-
Total km	127 740	320	61 640	534 871	393 921



## GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA's operations focus on the provision of sustainable and responsible financing. Therefore, the majority of suppliers are service providers (e.g., consulting services, rating agencies, auditors, law firms, marketing agencies, etc.). As opposed to the providers of goods, the service providers are less prone to contributing to negative environmental impacts. Therefore, in the current structure of EUROFIMA's supply chain, severe implications on the environment are not expected.

The rules, roles, responsibilities, and processes for the procurement of goods and services across the company are set in EUROFIMA's Procurement Policy. The objective of the policy is to ensure that appropriate buying decisions are executed for all goods and services on behalf of EUROFIMA. The rules and responsibilities defined in the Procurement Policy aim to:

- Support EUROFIMA in achieving its corporate targets (e.g., cost savings, efficiency, and productivity)
- Increase the transparency of purchasing activities
- Ensure that appropriate controls are in place (e.g. selecting suppliers, avoiding of conflicts of interest, adherence to ESG criteria, regular reviews, etc.)

EUROFIMA's Supplier Code of Conduct defines the principles and standards applicable for the procurement process. EUROFIMA expects its suppliers to live up to these high standards and to fully comply with the principles and standards as defined in the Supplier Code of Conduct.

EUROFIMA's Supplier Code of Conduct environment-related principles and standards are based on the following laws, rules and regulations:

- The United Nations Global Compact Principles
- The Rio Declaration on Environment and Development

EUROFIMA has derived its ESG guidelines from the relevant regulations above and expects its participating suppliers to:

- Comply with all applicable environmental laws, regulations, and standards.
- Demonstrate a thorough understanding of the environmen-

tal risks related to the products and services they provide.

- Use an environmentally responsible approach when choosing materials and processes, where practicable.
- Establish and maintain a culture of constantly mitigating and reducing risks.
- Support the development and usage of environmentally friendly technology.
- Commit to minimizing the usage of limited resources such as energy, water, and raw materials. Renewable or sustainably sourced resources should be used, when possible.
- Use environmentally friendly means of transport.
- Demonstrate a commitment to minimizing negative environmental impacts.
- Operate a systematic approach to planning, monitoring, and evaluating their environmental performance.

Compliance with the guidelines as stated in the Supplier Code of Conduct is of utmost importance for EUROFIMA. EUROFIMA commits to engage with suppliers if they violate our rules or the United Nations Global Compact's principles. EUROFIMA reserves the right to discontinue any relationship for non-adherence to these principles and/or failure to correct violations.

### 308-1 New suppliers that were screened using environmental criteria

As per our Procurement Policy, all vendor bids and quotations need to be assessed based on the product quality, technical compliance with specifications, total costs, and the vendor's willingness to accept the Supplier Code of Conduct of EUROFIMA, which defines the ESG standards and guidelines with which suppliers are expected to be compliant. Compliance with the ESG principles established in the Supplier Code of Conduct of EUROFIMA is required both from existing suppliers and service providers and is taken into account when new contracts are awarded.

### 308-2 Negative environmental impacts in the supply chain and actions taken

In this reporting year, within the current structure of our supply chain, no suppliers with a significant negative impact on the environment were identified.





Belgium - Source: SNCB



## SOCIAL

### GRI 401: EMPLOYMENT

#### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

Our staff represent one of our most important assets. Accordingly, it is our goal to provide a sustainable, diverse, and rewarding working environment that fosters competence, commitment, and cooperation, and ensures that all employees are treated with dignity and respect.

EUROFIMA aims to provide a positive work environment while encouraging staff to not only act in accordance with all applicable laws and regulations, but also to work together in a culture of mutual support and cooperation, thus contributing to effective business ethics and a compliance culture that guides the company's behaviors and actions. In this regard, EUROFIMA strives to ensure the following:

- Provide safe and healthy working conditions, thus preventing work-related illness and accidents
- Maintain good working and functional ability, free from harassment, discrimination, and retaliation
- Ensure appropriate avenues for employees to raise concerns

The topic "Employment" is material within EUROFIMA. Stakeholders, including potential employees, shareholders, the Board of Directors, and sustainable and impact investors, recognize that the way EUROFIMA manages staff—its most valuable resource—is highly relevant to its business impact.

EUROFIMA's Staff Regulations govern the rules for EUROFIMA as an employer and the EUROFIMA staff as employees of the company. The Staff Regulations embody the fundamental conditions of service and the basic rights, duties, and obligations of all EUROFIMA's employees. Fairness, transparency, and long-term well-being are the guiding principles of these rules.

EUROFIMA supports undertakings that make a significant contribution to growth and employment in Europe. The ultimate goal of EUROFIMA, through its employees, is to contribute to building the future of Europe and the broader world, as well as to assist in furthering economic, social, and human development. EUROFIMA offers a professional environment in which

people can achieve their professional goals while maintaining a work-life balance, with professional development opportunities through training, internal mobility, and career growth. A competitive remuneration package is commensurate with staff responsibilities and challenges.

EUROFIMA aims to continue attracting, retaining, and integrating talent. To this end, consolidation and building upon the position as an attractive employer in a market environment characterized by a shortage of skilled workers is regarded as key. Employee-friendly working conditions, attractive benefits, and a dialogue-oriented corporate culture all help to achieve this.

EUROFIMA is constantly working on increasing employee involvement and satisfaction. An anonymous employee satisfaction survey conducted every second year is used as a mechanism to examine employees' experiences and expectations and serves as a tool to further shape our practices. In 2021, employees answered an employee satisfaction survey in collaboration with Great Place to Work. The survey was followed by an employee offsite event to further improve employee cohesion.

The last survey, conducted in 2021 through Great Place to Work, showed an average trust index of 83% and overall satisfaction of 83%. According to the analysis conducted by Great Place to Work, these results are comparable to the best performing small firms in Switzerland.

Furthermore, EUROFIMA's employees elected an employee representative. The role of the employee representative is to represent employees regarding possible issues and suggestions for improvement related, but not limited to, benefits, workplace practices, principles, and governance. The employee representative must be familiar with personnel rules and practices and ensure that there is a structure in place through which employees' concerns can be raised and, whenever necessary, escalated to Management Committee.

EUROFIMA has a consistent record of low employee turnover with the average tenure of employment being 10 years as per end of 2022, and an overall turnover rate of 22% (including retirements) and 15% (excluding retirements) for 2022.

#### 401-1 New employee hires and employee turnover

New employees selection procedures are conducted in a transparent manner while ensuring the confidentiality of proceedings and the protection of personal data. They comply, in particular with the principles of non-discrimination and equal treatment.

EUROFIMA put emphasis on personal and professional qualifications and experience in its selection process and promotes a balanced distribution of nationalities, gender and age.

New employees:

Age Group	Female	Male	Total
Under 30 years	1	1	2
30-50 years	2	2	4
Over 50 years			
<b>Total</b>	<b>3</b>	<b>3</b>	<b>6</b>

Turnover:

Age Group	Female	Male	Total
Under 30 years			
30-50 years	1	2	3
Over 50 years	1	2	3
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>

**401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees**

EUROFIMA is an equal-opportunity employer and provides all employees the same benefits (e.g., insurance benefits, fidelity award, assumption of monthly mobile costs, participating on various events, training, and education) and the right to purchase additional vacation days. Some of the benefits for full-time employees of the organization are provided proportionally to part-time employees (e.g. the annual contribution to public transportation costs or the annual tram pass).

**401-3 Parental leave**

EUROFIMA supports parental leave, and all employees are eligible.

In 2022, no employees took parental leave.

**GRI 403: OCCUPATIONAL HEALTH AND SAFETY****GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)**

EUROFIMA protects its employees by creating a healthy and safe working environment, preventing work-related illness and accidents, and maintaining a good working and functional ability of its employees.

The two main laws governing occupational health and safety include the labour law, which covers work hours, health protection, workplace building standards, and the protection of personal integrity, and the accident insurance law, which covers the prevention of occupational accidents and diseases that are caused almost entirely by work.

EUROFIMA aims to provide appropriate support to each employee in case of mental health problems. This may include adjustments regarding workload, content, and hours for affected employees, return-to work programmes to help employees adapt to the organisational structure, and implementing the necessary prevention measures.

EUROFIMA is committed to preventing and mitigating potential risks to protect employee health by complying with the provisions of the Swiss Labor Code, which regulates the protection of employees under public law (e.g., health, life, etc.). It aims to provide appropriate support to each employee if need be, including adjustments regarding workload, content, and hours for affected employees and return-to-work programs.

EUROFIMA's Code of Conduct establishes the internal rules applicable in matters of professional conduct and ethics for staff members. It provides support and guidance for appropriate behavior and applies to any person employed by EUROFIMA through an employment contract, irrespective of position, type, and duration of employment. Among other topics, it specifies EUROFIMA's commitment to:

- Ensuring a healthy and safe work environment
- Protecting employees from workplace harassment
- Enabling a confidential channel for reporting work-related grievances

In 2022, EUROFIMA relocated to a new building. The new office premises offer more natural light and feature a high-tech air circulation system that helps improve air quality. This should ultimately affect employee health, cognition, and productivity.

To ensure a good ergonomic environment, employees have desks that allow for height adjustment. Incorporating a height-adjustable desk setup is a proven way to improve employee health. Numerous studies show the benefits of a standing desk, including a boost in productivity and better blood circulation. With an electric adjustable desk, switching from a seated position to a standing position is quick and convenient.

The COVID-19 pandemic and the need for social distancing led to record numbers of virtual events, conferences, and on-line classes, which further increased people's use of digital screens.

EUROFIMA supported its employees throughout the COVID-19 crisis by utilizing the following mechanisms:

- Enabling a flexible remote working environment
- Encouraging virtual social events (e.g., coffee breaks)
- Enhancement of a social counselling and support system
- Maintaining consistent communication to track employee morale in order to pinpoint needs and expectations during a protracted crisis
- Promoting learning and development programs to increase employee engagement and retention



EUROFIMA's approach to promoting a work-life balance is based on a straightforward principle to help employees perform to their fullest potential. Flexible working arrangements (e.g., flexible working time, flexible holidays, part-time working, job-sharing, working from home, and parental leave for men and women) help our employees balance life and work and are an important element in meeting the individual needs of a diverse workforce.

EUROFIMA's Code of Conduct is considered to be a foundational document and is regularly reviewed and adjusted to ensure that everything essential is covered and avoid risks. The fundamental values and mission of our organization are expressed and reinforced through it, and it offers employees guidance on appropriate behavior and internal applicable rules. The same applies to our Code of Conduct for Suppliers. If an employee has a concern or complaint concerning something or someone in the workplace and it is not possible to resolve the grievance informally, he or she may choose to raise a formal grievance to his or her direct line manager, management, and/or the human resources manager in writing in an attempt to resolve the situation. The written grievance should describe the nature of the complaint (i.e., including relevant facts, dates, and names of individuals, and copies of any relevant documents or supporting evidence) and the employee's desired outcome. The letter of grievance should provide as much factual evidence as possible to identify the nature of the issue and ensure that it can be investigated as fully, accurately, and promptly as possible.

Upon receipt of the complaint, the management and/or human resources manager will promptly review it and send a response to the complaint within 10 working days. The management and/or human resources manager will need to determine who will investigate the grievance, gathering all relevant information on the issues the employee has raised. The investigator must be impartial and should not be too close to the employee to avoid unnecessary tension in the future working relationship.

The investigator, management, and/or HR will organise a meeting with the employee and his or her companions to discuss the grievance. Following the meeting, it should be determined what action to take. Decisions should be communicated to the employee in writing and should specify what action the investigator/management/HR intend to take to resolve the grievance.

The employee should understand that he or she has the right to recourse to judicial channels (e.g., labour court) should the grievance not be solved to the employee's satisfaction. The employee must not suffer any disadvantages due to filing a grievance.

Furthermore, EUROFIMA regularly conducts employee surveys in cooperation with Great Place to Work to monitor satisfaction. These surveys are used as a mechanism to examine the experiences and expectations of employees and serves as a tool to further shape our practices.

#### 403-1 Workers representation in formal joint management-worker health and safety committees

EUROFIMA is committed to ensuring that all staff, guests, and contractors are protected from incidents occurring on its property by creating a healthy and safe working environment. Following the relocation to a new office building in 2022, EUROFIMA has introduced a Health and Safety Committee, and two employees have volunteered to serve as safety officers and deputy safety officers. The Health and Safety Committee is responsible for ensuring the health and safety of our employees and for developing an emergency plan that includes, for example, organizing first aid courses and evacuation drills in the event of a fire, as well as complying with the requirements of current legislation in the area of health protection. EUROFIMA will renew the Health and Safety Committee every two years.

Furthermore, EUROFIMA aims to provide appropriate support to each employee in case of mental health problems (e.g., adjustments regarding workload, content, and working hours for affected employees). It supports return-to-work programs in adapting the organizational structure and implementing the necessary prevention measures to avoid mental health issues.

#### 403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and work-related fatalities

As an employer, EUROFIMA is required to protect its employees and others from harm. This includes identifying what could cause injury or illness in the workplace and deciding how likely it is that someone could be harmed and how serious this could be.

There has been one long-term absence in 2022 and no work-related illnesses or incidents.

#### 403-3 Workers with high incidence or high risk of diseases related to their occupation

None of the employees or workspaces are exposed to high risks of specific diseases.

#### 403-4 Health and safety topics covered in formal agreements with trade unions

Health and safety information is communicated to staff through policy, procedures, and guidance.

None of the health and safety topics are covered in formal agreements with trade unions due to the small size of the company.



Moirans Galifette, France - Source: AdobeStock

## GRI 404: TRAINING AND EDUCATION

### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA views education as an essential lifelong process that is facilitated by continuous training. Its staff is its most important asset and employees are supported by providing them with various training opportunities, seminars, and conferences to help them advance in their roles and experience personal growth. The average number of training days per year for each employee is five days. Furthermore, employees are encouraged to take part in job rotation possibilities across the company's different units through cross-functional moves.

EUROFIMA's training is tailored to the business to ensure that staff are aware of different patterns and techniques of money laundering that may occur in their everyday business. Training also covers the general duties arising from applicable external (i.e., legal and regulatory) and internal requirements and the resulting individual duties that must be adhered to in everyday business, as well as typical patterns to recognize with regard to money laundering or financial crime activities.

EUROFIMA supports the training costs and job-specific learning programs for all employees. Programs that are regularly taken include, but are not limited to, CFA Program, Certificate in ESG Investing, ICMA training and conferences, and other relevant conferences to ensure that staff remain up-to-date regarding relevant market developments in their specific fields. Furthermore, managerial and leadership development is adapted to individual needs, and training focusing on internal upward mobility are provided.

All EUROFIMA staff have access to a wide range of learning opportunities in various areas. The range of learning opportunities covers a variety of topics, from ethical standard, health and safety, and the code of conduct and diversity, to legal topics

such as anti-money laundering, anti-bribery and corruption, and ESG risks. Furthermore, EUROFIMA employees, especially IT staff, receive regular training on cybersecurity measures. Regular IT audits ensure the professional implementation and control of cybersecurity measures. The IT employees in particular receive ongoing cybersecurity training.

EUROFIMA supports master's students with their theses and offers traineeship programs and project-related assignments. EUROFIMA establishes and maintains contact with higher educational institutions.

EUROFIMA's goal is to increase the training volume to an average of 10 working days per year gradually over the next five years.

EUROFIMA encourages its staff to keep their skills up-to-date and improve their skillsets to develop additional competencies through courses, on-the-job training, or work-related studies, seminars, and conferences.

In a discussion with the employee and the unit head or Management Committee (i.e., for the self-assessment and line manager assessment) the employees should analyze their strengths and shortcomings so that a training and development plan can be worked out that assists employees in determining which core competencies have room for improvement and what key business objectives those competencies address.

Discussions about development, career opportunities and perspectives are anchored in the regular performance review between employee and line manager, which is conducted twice per year.

Furthermore, EUROFIMA is asking for employee feedback on this topic in the Great Place to Work surveys.



### 404-1 Average hours of training per year per employee

The table below provides an overview of the human development measures and targets:

Continuous education	2022	2021	2020	2019	Target
<b>Type of employment</b>					
Permanent	100%	96.4%	92.9%	93.1%	preferred
Temporary	0%	3.6%	7.1%	6.9%	on demand
Direct employment	96.29%	100%	100%	100%	preferred
Indirect employment	3.71%	0%	0%	0%	on demand
<b>Continuous education</b>					
Participation in internal trainings/seminars	100%	89.29%	44.44%	51.72%	100%
Participation in external trainings/seminars	55.56%	96.43%	7.00%	55.17%	70%
Overall participation	100%	96.43%	53.57%	62.07%	100%
Average duration of trainings/seminars*	7.87	6	5	4.5	increase by 10%
<b>Work-life balance</b>					
Part time employees	14.81%	10.7%	7.1%	6.9%	on demand

\* in number of days

In 2022, 100% of employees completed extensive compliance training, which is required by EUROFIMA's staff every year. In addition to business-related compliance topics such as anti-money laundering, anti-bribery and corruption, and code of conduct, all employees completed an ESG training in 2022.

Separately, EUROFIMA supports job-specific learning programs for all employees. Programs that are regularly taken include, but are not limited to, CFA Program, Certificate in ESG Investing, ICMA training and conferences, and other relevant conferences to ensure that staff remain up-to-date regarding relevant market developments in their specific fields. Furthermore, managerial and leadership development is adapted to individual needs and training is focusing on internal upward mobility.

### 404-2 Programs for upgrading employee skills and transition assistance programs

Individual training plans are monitored as part of the performance review at least twice a year and coordinated with the Management Committee and Human Resources to ensure the best outcome according to the needs of the employees and company.

Besides the opportunity to participate in training, EUROFIMA encourages all employees to take part in job rotation possibilities across the company's various units through cross-functional moves to support their career development.

EUROFIMA supports language training if it is work-related and if fluency in an additional language is required. Language courses will be financially supported if they are held at an official language school that offers the relevant exams. The application procedure is the same as mentioned above.

### 404-3 Percentage of employees receiving regular performance and career development reviews

Employees are entitled to an annual job appraisal interview to set objectives and review the achievement of objectives, opportunities for further development, and support measures.

100% of our employees received regular performance and career development reviews.

### GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

#### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA promotes diversity and equal treatment among employees and seeks to ensure that everyone is treated with respect, has equal opportunities to make the most of their professional development and talents, and feels valued. It places emphasis on preventing discrimination and intervenes if an employee is harassed in any way. The foundation of these values is noted in our Code of Conduct and Staff Regulations:

As per EUROFIMA's Staff Regulations, no employee shall be unjustifiably discriminated against on the basis of inter alia sex, gender identity, or intersex status, age, nationality, ethnic origin, country of origin, immigration status (as far as authorized by Swiss labour law), family status, religion, health, political activities/views, or for any other comparable circumstances.

EUROFIMA is an equal opportunity employer, is committed to creating a diverse environment, and supports flexible working arrangements.

EUROFIMA's Code of Conduct establishes the internal rules applicable in matters of professional conduct and ethics to EUROFIMA staff. It provides support and guidance for appropriate behaviour and applies to any person employed by EUROFIMA through an employment contract, irrespective of position, type, and duration of employment. Among other topics, it specifies EUROFIMA's commitment to:

- Promoting equality and diversity
- Ensuring an objective employee selection process
- Enabling freedom of association and collective bargaining

It is our goal to provide a sustainable, diverse, and rewarding professional environment that fosters competence, commitment, and cooperation.

EUROFIMA aims to provide a positive work environment, encouraging staff to not only act in accordance with all applicable laws and regulations, but also to work together in a culture of mutual support and cooperation, thus contributing to effective business ethics and a compliance culture that guides the company's behaviours and actions. In this regard, EUROFIMA strives to ensure the following:

- Promote a balanced distribution of nationalities, genders, and ages in its selection process, while placing emphasis on personal and professional qualifications and experience.
- Provide equal opportunities irrespective of gender (i.e., gender identity or intersex status), nationality, religion, age, ethnicity, immigration status, and country of origin (as far as authorised by Swiss labour law), while respecting and appreciating differences amongst individuals in the company. All staff members contribute with diverse perspectives, experiences, knowledge, and cultures.
- Conduct regular employee surveys to solicit candid, anonymous feedback regarding needs and expectations to identify areas for improvement.

As per EUROFIMA's Staff Regulations, as governed by the Swiss Federal Constitution of 18 April 1999 (Article 28), employees have the right to join together in order to protect their interests, form associations, and join or not join such associations. Disputes must be resolved wherever possible through negotiation or mediation. EUROFIMA's management will always intend to resolve conflicts via communication.

EUROFIMA's Sustainability Committee coordinates actions and oversees the projects in the organization related to sustainability. The Sustainability Committee is composed of heads of departments and representatives from the Treasury & Asset Management, Capital Markets, Accounting & Controlling, Risk Management, Human Resources, and Financial Planning & Analysis units. The Sustainability Committee not only enables cross-unit coordination and ensures best practices in EUROFIMA's activities, but also recommends project selection. As part of the Sustainability Committee, several workstreams were developed. Among these, there is one that

focuses on human resources and staff development, covering areas including, but not limited to: career development planning, employee satisfaction monitoring (i.e., and promoting activities for its improvement), monitoring and promoting work-life balance, and monitoring and promoting diversity.

#### 405-1 Diversity of governance bodies and employees

Age Group	Female	Male	Total
Under 30 years	1	1	2
30-50 years	6	14	20
Over 50 years	5	12	17
<b>Total</b>	<b>12</b>	<b>27</b>	<b>39</b>

EUROFIMA fosters diversity in a broad range of characteristics, among which are gender (31% female / 69% male), age, nationality (i.e., more than 60% are non-Swiss from eleven different countries), cultural and linguistic background, as well as different educational qualifications and professional experiences.

In 2022, the distribution of governance bodies per age group was as follows:

Age Group	Total
Under 30 years	0
30-50 years	4
Over 50 years	10
<b>Total</b>	<b>14</b>

In 2022, the distribution of employees per age group was as follows:

Age Group	Total
Under 30 years	2
30-50 years	17
Over 50 years	8
<b>Total</b>	<b>27</b>

Further breakdown of the age groups:

8 employees (<35 years); 7 employees (35-44 years); 7 employees (45-55 years) and 5 employees (above 55 years).

	<30 years	30-50 years	>50 years	male	female
Board of directors	-	3	9	9	3
Management Committee	-	1	1	2	-
Unit Heads	-	6	-	6	-
Employees	2	10	7	10	9



**405-2 Ratio of basic salary and remuneration of women to men**

Fixed and variable compensation gap:

EUROFIMA is committed to rewarding performance and paying all employees fairly. Its approach to compensation is not biased by gender, age, belief, sexual orientation, disability, and cultural background. On an annual basis, compensation of every employee is reviewed to ensure that equal pay for equivalent roles and experience is ensured, and that contribution to the company’s success is being rewarded.

The identified gender pay gap is not a result of unequal pay. Rather, it is the result of the higher proportion of men in senior roles, especially at the senior management level. Excluding senior management compensation, the mean pay gap on the total compensation would only amount to 19%.

The table below shows the mean and median pay gap on the fixed salary, as well as the variable and total compensation between all men and women within EUROFIMA.

2022			
	Mean Pay Gap	Adjusted Mean Pay Gap <sup>1</sup>	Median Pay Gap
Fixed salary	26 %	17 %	21 %
Variable compensation	68 %	39 %	60 %
Total compensation	31 %	19 %	24 %

<sup>1</sup> Excluding Management Committee

EUROFIMA is striving to further reduce the gender pay gap in the future and to ensure equal pay within the organization.

Proportion of employees receiving a variable compensation:

EUROFIMA promotes equal opportunities and inclusion for its staff. All permanent employees, regardless of their gender, age, beliefs, sexual orientation, disability status, and cultural background who have worked at EUROFIMA during the financial year are bonus eligible.

For the year 2022, all of our employees working on a permanent contract received a variable compensation.

**GRI 406: NON-DISCRIMINATION**

**GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)**

Due to EUROFIMA’s special status as a supranational organisation, all staff members have a particular responsibility for their activities and conduct both on and off duty. To a significant extent, the staff and its behaviour influences the image and reputation of EUROFIMA.

EUROFIMA aims to provide a positive work environment by encouraging staff to not only act in accordance with all applicable laws and regulations, but also to work together in a culture of mutual support and cooperation, thus contributing to effective business ethics and a compliance culture that guides the company’s behaviours and actions. In this regard, EUROFIMA strives to ensure the following:

- Provide safe and healthy working conditions to prevent work-related illness and accidents.
- Maintain good working and functional ability, free from harassment, discrimination, and retaliation.
- Ensure appropriate routes for employees to raise concerns.

EUROFIMA respects and supports the protection of human rights, as enshrined in the Universal Declaration of Human Rights. Corporate responsibility (CR), including human rights, is endorsed and ingrained at the highest level in our company. The general obligation of each and every EUROFIMA employee to respect human rights is defined in EUROFIMA’s Code of Conduct. Additionally, specific human rights topics are governed in EUROFIMA’s Supplier Code of Conduct.

EUROFIMA promotes diversity and equal treatment among employees and seeks to ensure that everyone is treated with respect, has equal opportunities to make the most of their professional development and talents, and feels valued. It places emphasis on preventing discrimination and intervenes if an employee is harassed in any way. As per EUROFIMA’s Code of Conduct, no employee shall be unjustifiably discriminated against on the basis of inter alia sex, gender identity or intersex status, age, nationality, ethnic origin, country of origin, immigration status (as far as authorized by Swiss labour law), family status, religion, health, political activities/views, or for any other comparable circumstances.

All forms of harassment, including psychological or sexual harassment, sexual blackmail, mobbing, and bullying are unacceptable and strictly forbidden. If such behaviour is witnessed and staff members have prevented or contributed to preventing victims from coming forward or have discredited them, staff members are in breach of their professional duties. If such behaviour constituting any form of harassment is witnessed, EUROFIMA is obliged to show those in question concern and offer its support.

EUROFIMA's Code of Conduct establishes the internal rules applicable in matters of professional conduct and ethics to EUROFIMA staff members. It provides support and guidance for appropriate behavior and applies to any person employed by EUROFIMA through an employment contract, irrespective of position, type, and duration of employment. Among other topics, it specifies EUROFIMA's commitment to:

- Ensuring a healthy and safe work environment
- Protecting employees from workplace harassment
- Enabling a confidential channel for reporting work-related grievances

EUROFIMA's Staff Regulations govern the rules for EUROFIMA as an employer and the EUROFIMA staff as employees of the company. The Staff Regulations embody the fundamental conditions of service and the basic rights, duties, and obligations of all EUROFIMA's employees. Fairness, transparency, and long-term well-being are the guiding principles these rules.

Furthermore, EUROFIMA's employees elected an employee representative. The role of the employee representative is to represent employees regarding possible issues and suggestions for improvement related but not limited to benefits, workplace practices, principles, and governance. The employee representative must be familiar with personnel rules and practices and he or she must ensure that there is a structure in place through which employees' concerns can be raised and whenever necessary escalated to Management Committee.

If a staff member becomes aware of illegal activities, grave misconduct, and/or a potential violation of EUROFIMA's Code

of Conduct, policies and guidelines, or the rules and regulations of the company, he or she has the duty to report (i.e., whistleblowing) it to his or her direct line manager and/or the head of human resources without delay. The employee is, alternatively or in parallel, also entitled to consult the internal auditor. Consultations can be made in all local languages and will be treated anonymously and confidentially.

Staff members who raise a breach of professional duty concern shall be supported (i.e., by responding effectively and quickly to any concerns that colleagues raise), and prompt action shall be taken when any breach of professional duties is uncovered.

There is a grievance process in place which is described under the management approach for GRI 403 (occupational health and safety) on page 46.

The employee should understand that he or she has the right to recourse to judicial channels (e.g., labour court) should the grievance not be solved to the employee's satisfaction. The employee must not suffer any disadvantages due to filing a grievance.

#### 406-1 Incidents of discrimination and corrective actions taken

As a result of strict implementation of the Swiss Labor Law, which covers all of our employees, to date, no employee has filed a grievance report.












**GRI 417: MARKETING AND LABELING**

**GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)**

Transportation stimulates economic and social development and ensures accessibility to opportunities, but it is also associated with a number of direct and indirect externalities, such as traffic congestion, air pollution (i.e., responsible for about a fifth of global CO<sub>2</sub> emissions) and road accidents. In this context, railroad transportation offers unparalleled energy efficiency and very low carbon emissions when coupled with modern clean energy sources. Therefore, EUROFIMA supporting railroad transportation with its green bonds plays an important role in delivering a wide range of sustainable development goals and their supporting targets (e.g., overall economic development, social equality, poverty reduction, and enhanced sustainability).

As of 2018, the issuance of labeled green bonds has been an integral part of EUROFIMA’s refinancing strategy. Green bonds are used to finance green assets (i.e., rolling stock in which sustainable technologies are used) such as electric locomotives. EUROFIMA’s green bonds are a genuine sustainable investment for bond investors, as they are considered to be “pure-play investments” in clean transportation that contribute to the advancement of the UN Sustainable Development Goal 9 and 11.

Our comprehensive Green Bond Framework has been created in alignment with the Green Bond Principles 2018 defined by the International Capital Market Association (ICMA) as well as with the EU Taxonomy. Our Green Bond Framework follows the process of the five pillars as shown in the figure.

1. Use of Proceeds	2. Process for Project evolution and selection	3. Management of Proceeds	4. Reporting	5. External Reviewer
<ul style="list-style-type: none"> <li>Clean transportation for passenger</li> </ul>  <ul style="list-style-type: none"> <li>Type of power: electrical, battery, hybrid.</li> </ul>  	<ul style="list-style-type: none"> <li>Identification of Green eligible pool of loans</li> <li>Sustainability Committee verification of the selection</li> <li>“C” level approval of selection and allocation</li> <li>Board of Directors Notification</li> </ul>	<ul style="list-style-type: none"> <li>Net proceeds are earmarked against eligible Green assets</li> <li>Proceeds not allocated are invested according to EUROFIMA’s liquidity policy</li> </ul>	<ul style="list-style-type: none"> <li>Latest 1y after the issuance &amp; as long as outstanding</li> <li>Allocated amounts</li> <li>Brief description of projects</li> <li>Expected environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of sustainability verification of procedures, certification process</li> <li>Second opinion, audits, ratings</li> <li>Environmental stewardship</li> </ul>
<p>Climate change mitigation</p> 				 

First, the use of proceeds is very narrowly defined, with eligible green assets only including electric locomotives, electric multiple units, and coaches that produce zero CO<sub>2</sub> emissions. The second step is project evaluation and selection during which EUROFIMA conducts a thorough assessment of the projects to be financed. Third, the assets financed by a green bond issuance are earmarked and tracked in order to report the use of proceeds. With the yearly published Impact Report as a fourth pillar, EUROFIMA quantifies the impact generated by its financings and publishes a comprehensive report on the avoidance of greenhouse gases.

An external verifier, which in EUROFIMA’s case is Sustainalytics, provides a second-party opinion on the framework

and the process regarding the first four pillars. According to the second-party opinion, Sustainalytics is confident that EUROFIMA is well-positioned to issue green bonds and that the EUROFIMA Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and the EU Taxonomy.

The Green Bond Framework and associated controls have been audited by internal auditors.

Internal Green Assets guidelines as part of the Capital Markets Policy have been approved by the Management Committee defining the monitoring of the green assets collateral with regard to the green bonds outstanding.



#### 417-1 Requirements for product and service information and labeling

The projects financed with the proceeds of EUROFIMA green bonds are contributing to climate change mitigation. There are several principal climate mitigation options for the “greening” of the transport sector including the following:

- Increasing the number of low and zero-emission vehicles
- Improving vehicle efficiency
- Substituting fossil fuels with alternative and net-zero carbon fuels
- Improving efficiency of the overall transport and mobility system

EUROFIMA green projects contribute to all of the aforementioned objectives, as they finance electric rolling stock.

The proceeds of EUROFIMA’s green bonds are reported on an annual basis in the Allocation Reports<sup>(1)</sup>

Furthermore, we also publish an Impact Report<sup>(2)</sup> that provides estimates for annual greenhouse gas emissions (GHG) reduced or avoided, annual energy consumption reduced or avoided, and annual reduction of fuel consumption.

#### 417-2 Incidents of non-compliance concerning product and service information and labeling

In the reporting year, no incidents of non-compliance concerning product and service information and labeling were identified.

#### 417-3 Incidents of non-compliance concerning marketing communications

In the reporting year, incidents of non-compliance concerning marketing communications were identified.

#### GRI 418: CUSTOMER PRIVACY

##### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA is not trading with individual persons or on behalf of them. EUROFIMA does not provide bank accounts or payment services. EUROFIMA enters into direct relationships with counterparties, using regulated banks or well-known and approved brokers. It does not provide cash payments, nor does it accept cash receipts. Before a transaction with a new customer is affected, its operations, management, government, and legal structure must be assessed and understood. All banks and brokers must be regulated by an established national or international regulator and be approved by the Management Committee before entering into any business with them. Such approval is part of the general counterparty approval process. The approvals granted shall be reviewed at least annually. All private placements must be traded over a regulated bank (on the list of the national regulator where the bank headquarters is located). For such transactions, the Management Committee must approve the new counterparty, which is part of the general counterparty approval process. All information regarding its existing borrowers and investors is publicly disclosed.

##### 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Given the aforementioned frame in which the organization operates, to date, EUROFIMA has never experienced any complaints concerning breaches of customer privacy or any losses of customer data.

#### GRI 419: SOCIOECONOMIC COMPLIANCE

##### GRI 103 Management approach (disclosures 103-1, 103-2, 103-3)

EUROFIMA is not under the supervision of any financial supervisory authority, but benchmarks its compliance, integrity, and anti-corruption policies and procedures with the legislation of the European Union.

##### 419-1 Non-compliance with laws and regulations in the social and economic area

To date, EUROFIMA has not identified any non-compliance with laws and/or regulations. Consequently, the organization has never experienced any fines, sanctions, or cases brought through dispute resolution mechanisms.

<sup>(1)</sup> <https://www.eurofima.org/sustainability/green-bonds/reporting/#text>

<sup>(2)</sup> <https://www.eurofima.org/sustainability/sustainability-reports/impact-report/>



Dosto - Walenstadt, Switzerland - Source: SBB CFF FFS





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