



SUSTAINABLE AND RESPONSIBLE INVESTMENT MANAGEMENT

Treasury & Asset Management
September 2021



AGENDA

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2. Treasury and Asset Management
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GENERAL INTRODUCTION

EUROFIMA'S POSITIVE IMPACT ON THE RAILWAY SECTOR

Based on our non-profit maximizing mission, we **finance rolling stock** to support development of public passenger rail transportation across Europe.

With cost-effective, flexible and tailored financing solutions, we help our shareholders in 25 member states **to renew and modernize** their equipment.

We provided to date more than EUR 90 billion of loans and continue to be the funding source for **sustainable mobility solutions** in European regions and cities.

Since 1956, we connect **the financial markets and the railway companies** to generate social and environmental impact in the passenger transportation sector.



EUROFIMA AT A GLANCE

#1

Efficient operations

Net profit
EUR 24+m

Balance sheet size
EUR 17+bn

Figures as of year-end 2020

- Single Basel office servicing European railways
- 27 specialized employees

#2

Sound financials

Liquid assets
EUR 4.8+bn

Equity + callable capital
EUR 3.4+bn

Figures as of year-end 2020

- All assets are fully performing
- Robust liquidity position

#3

Top external ratings

S&P Global
Ratings

AA
stable

MOODY'S
INVESTORS SERVICE

Aa2
stable

FitchRatings

AA
stable



5.2
negligible risk

ISS ESG

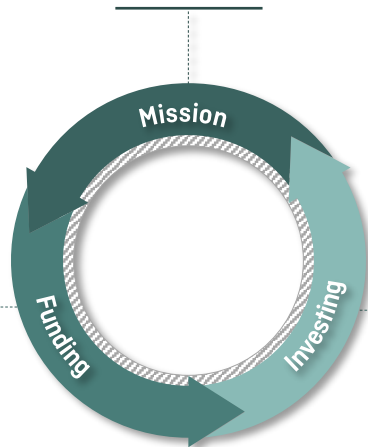
Prime

OPERATING AS A HOLISTIC SUSTAINABLE ORGANIZATION

Sustainable and Public Mission

Our mission is key to address the current environmental challenges. We provide millions of people with affordable transportation and with a positive environmental impact. Our business activities support:

- UN goals for sustainable development (Goals 9 and 11),
- EU environmental objective 1 on climate change mitigation
- EU Green deal targeting zero greenhouse gas emissions



Sustainable and Top-Credit Issuer

We are a frequent bonds issuer with a dedicated Green bond program. As an issuer we are recognized as:

- 100%-climate-aligned issuer by the Climate Bond Initiative
- First clean transportation EU taxonomy aligned issuer
- Top ESG rating assessments from external agencies

Our bonds are listed on the dedicated Green Luxembourg Exchange

Sustainable and Responsible Investor

We commit ourselves to invest our assets in a sustainable and responsible manner based on three pillars:

- Norm-based UN Global Compact negative screening
 - Integration of ESG secondary research
 - Engagement with counterparties

We are a signatory of the UN Principles for Responsible Investment (PRI) and the UN Global Compact

TREASURY AND ASSET MANAGEMENT

OUR TEN TREASURY AND ASSET MANAGEMENT PRINCIPLES

PORTFOLIO MANAGEMENT



Portfolio Objectives:

We define our objectives based on the rationale behind the dedicated portfolio which in turn depends upon the corresponding source of funding (i.e.: debt capital, equity capital, collateral for derivatives).



Investment Strategy:

We build our investment strategy with regards to our objectives. We regularly assess the asset allocation and adapt our investments to changing market conditions.



Implementation and Performance Measurement:

We invest our assets in line with our objectives, our investment strategy and within applicable limits. We measure our performance against benchmarks in order to monitor the achievement of our investment goals.



Risks and Diversification:

We achieve our return targets while minimizing required risks and ensuring an appropriate diversification across instruments, maturities, currencies, sectors and regions. We only invest in instruments that we fully understand and are implementable in our systems.



ESG Integration:

We commit ourselves to the inclusion of ESG considerations (i.e.: Environmental, Social and Governance) within our investment decisions according to the United Nations-supported Principles for Responsible Investment (PRI).

GOVERNANCE



Operational Excellence and Best Execution:

We implement efficient and comprehensive investment process. We realize our investment strategies in a cost-efficient manner, avoiding unnecessary trading and ensuring best execution.



Innovation and Digitalization:

We foster creative ideas, enable critical thinking and maintain openness to innovations. We enable digital transformation and actively seek to improve processes via digital solutions.



Education and Best Practice:

We view education as a life-long process that we facilitate with continuous training. We actively attend conferences and follow developments in the investment industry. We interact with our peers to share best practices.



Relationship Management:

We provide equal information to all stakeholders with an open communication approach. We cultivate active and meaningful relationships with selected counterparties to establish fair, transparent and trustworthy long-term cooperation.



Ethics and Reputation:

We always act in line with EUROFIMA's Code of Conduct to maintain the organization's reputation in the financial markets. We avoid conflicts of interest.

INVESTMENT MANAGEMENT OVERVIEW

Major tasks of the Treasury & Asset Management department:

- Liquidity and investment management;
- Risk and asset-liability management;
- Support and participation in Capital Markets operations.

Global portfolio characteristics:

- All portfolios are aligned to their purposes and the corresponding funding source;
- Fixed income investments only;
- Active investment management approach;
- Global limits on interest rate risk and credit risk under the Basel III risk-weighted asset framework;
- Foreign exchange risks are fully hedged;
- Inclusion of ESG considerations.

Overall Balance Sheet

(EUR 17.0bn)

Assets	Liabilities
Cash & Investments (EUR 4.5bn)	Borrowings (EUR 15.0bn)
Outstanding Loans (EUR 10.9bn)	Equity (EUR 1.5bn)
Other (EUR 1.6bn)	Other (EUR 0.5bn)

Balance Sheet of Treasury Activities

(EUR 4.5bn)

Assets	Liabilities
Cash & Investments	Equity Funded
	Funded in Debt Capital Markets
	Collateral from Derivatives

EQUITY FUNDED PORTFOLIO

Source of funds

- Paid-in shareholder capital
- Reserves
- Retained profits

Investment strategy

- Favourable long-term total return
- Capital preservation

Accounting standard

- Amortized costs (AC) / Hold-to-maturity

Portfolio investments in

- Distinct issuer names: 200+
- Countries: 30+
- Max tenor: 20 years
- ESG labelled bonds: 10%+

Portfolio Manager

- Kristina Micic

Equity Funded Portfolio (EUR 1.5bn)

<i>Assets</i>	<i>Liabilities</i>
Instruments Cash, Bonds	Instruments Equity
Currencies EUR, (CHF)	Currencies EUR
Duration Mid-term to long-term	
Obligor credit rating AAA to A-	

FUNDED LIQUIDITY PORTFOLIO

Source of funds

- EUROFIMA bond issuance and Commerical Paper funded

Investment strategy

- Guarantee EUROFIMA's liquidity at all times
- Fulfilment of internal and external liquidity requirements
- Short-term horizon, high quality investments
- Utilisation of cross-currency basis opportunities

Portfolio investments in

- Focus on CHF domestic deposit market
- Opportunistic investments in EUR, USD, JPY, SEK and other currencies

Portfolio Manager

- Daniel Mika

Funded Liquidity Portfolio (EUR 2.5bn)

<i>Assets</i>	<i>Liabilities</i>
Instruments Cash, Money Market instruments, Deposits	Instruments Commercial Papers, Bonds
Currencies EUR, CHF, USD, others	Currencies [EUR], [CHF], USD, others
Duration Short-term (up to 18 months)	Duration Short-term and mid-term
Rating A-1 / P-1	

MARGINING PORTFOLIO

Source of funds

- Cash collateral received from counterparties versus the market values of all derivative instruments under Credit Support Annex (CSA) agreements

Investment strategy

- Efficient management of the collateral received

Portfolio investments in

- Focus on EUR deposit market

Portfolio Manager

Ivana Mateska

Margining Portfolio (EUR 0.5bn)

<i>Assets</i>	<i>Liabilities</i>
Instruments Cash, Deposits, (Money Market instruments)	Instruments Cash collateral
Currencies EUR	Currencies EUR
Duration Short-term (up to 12 months)	Duration Short-term (overnight rate)
Rating A-1 /P-1	

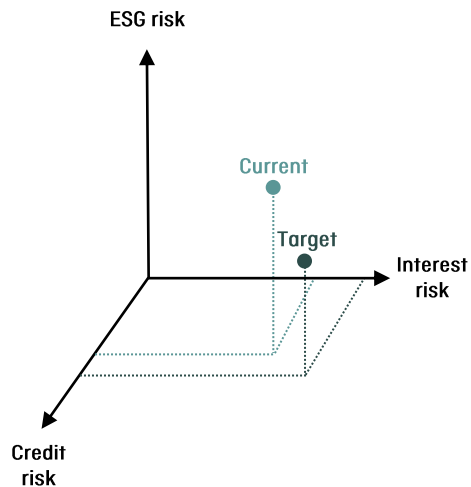
3 PILLARS OF OUR ESG INTEGRATION APPROACH

Norm-based screening: Compliance with UN Global Compact



Source: UNGC

ESG integration: ESG targets on portfolio level



Illustrative only

Source: EUROFIMA

Engagement: Dialogue with issuers



Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles.
- Exercise voting rights or monitor compliance with voting policy (if outsourced).
- Develop an engagement capability (either directly or through outsourcing).
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).
- File shareholder resolutions consistent with long-term ESG considerations.
- Engage with companies on ESG issues.
- Participate in collaborative engagement initiatives.
- Ask investment managers to undertake and report on ESG-related engagement.

Source: UN PRI


CONTACT INFORMATION

ABOUT THE TEAM



Robert Eigenheer

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Robert Eigenheer leads the Treasury & Asset Management Department in addition to his responsibility as Head of Capital Markets. He is committed to drive sustainability in EUROFIMA's investment and funding activities. Prior to his current role, Robert held various position in the Treasury Department of the Swiss Federal Railways and was in his last role member of EUROFIMA's Board of Directors.

Robert is Swiss and has an international educational background from the universities HEC Paris, Stanford University and University of St.Gallen (HSG). In addition, he holds the Financial Risk Manager (FRM) diploma and the CFA Certificate in ESG Investing. He is lecturer in sustainable finance at Lucerne University of Applied Sciences and Arts.



Ivana Mateska

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Ivana Mateska is responsible for managing the Margining portfolio. In addition, she is coordinating and collaborating in various projects related to sustainability in EUROFIMA's operations. Prior to joining EUROFIMA, Ivana worked as a postdoctoral researcher at ETH Zurich, where she gained her PhD in Management, Technology and Economics. Furthermore, she was involved in setting up a Fund for microfinancing innovation and technology development in North Macedonia.

Ivana is Macedonian and has an international educational background: a master degree from the University of Cambridge and a dual bachelor degree from Jacobs University Bremen. She is a lecturer in circular value chains at Fernfachhochschule, Schweiz.



Kristina Micic

Portfolio Manager & ESG Analyst
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Kristina Micic is responsible for the management of the Equity Funded portfolio. She is a member of the Sustainability Committee focusing on the topic of the ESG integration, as well as the member of the ICMA Climate Transition Finance working group.

Prior to joining EUROFIMA, Kristina held various positions in the international organizations among which are the Bank for International Settlements (BIS), the International Labour Organization (ILO) and the World Trade Organization (WTO). Kristina is a Russian retaining Uzbek nationality. She holds a master degree in International Economics & Public Policy from the Uni Mainz (Germany) and the BSc degree in Economics from the Westminster University (UK). She is the holder of the ICMA Diploma in Securities and Derivatives.



Daniel Mika

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Daniel Mika is responsible for the portfolio management of the Funded Liquidity portfolio, asset-liability, foreign exchange and liquidity risk management. He is specialized in the inclusion of digitalization and platforms. Prior to joining EUROFIMA, Daniel worked in financial consulting in London in the financial services and international donor funding sectors, including for the European Commission and United Nations.

Daniel is British and studied Economics at the University of Warwick. He is a qualified Chartered Accountant (ICAEW) and Corporate Treasurer (ACT) and holds the CFA Certificate in ESG Investing. He also serves as President and Board Member of the Swiss Finance + Technology Association in Switzerland.

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LINKS AND REFERENCES

Convention: [FRENCH](#), [GERMAN](#) and [ENGLISH](#) (translation)

Statutes: [FRENCH](#), [GERMAN](#) and [ENGLISH](#) (translation)

Annual Reports: [2020](#), [2019](#), [older](#)

Governance: [Treasury Policy](#)

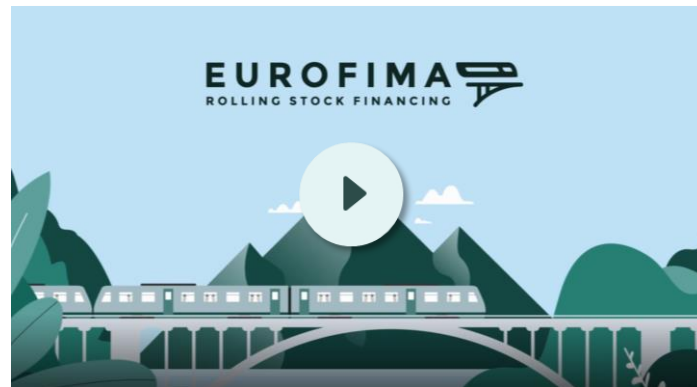
Treasury Strategy: [Q3 2020](#), [Q2 2020](#), [Q1 2020](#)

Credit Ratings: [S&P](#), [Moody's](#) and [Fitch](#)

Sustainability at EUROFIMA: [Overview](#)

ESG Ratings: [Sustainalytics](#), [ISS oekom](#), [Luxembourg Green Exchange status](#)

Signatory: [UNGC](#), [UNPRI](#)



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