

GREEN BOND FRAMEWORK



European Company for the Financing of Railroad Rolling Stock

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1. PRESENTATION

1.1 EUROFIMA OVERVIEW

EUROFIMA is a supranational organization with the public mission to support the development of rail transportation in Europe and to support the railways operators - which are also its shareholders – and other rolling stock owners in renewing and modernizing their rolling stock.

EUROFIMA was established on November 20, 1956, based on an international treaty (the "<u>Convention</u>") between sovereign States. It is governed by the Convention signed by its Contracting States, its articles of association ("<u>Statutes</u>") and in a subsidiary manner by the law of the country in which it is located. Originally founded for a period of 50 years, all Contracting States approved the extension of this period for additional 50 years until 2056, at the extraordinary General Assembly on February 1, 1984.

EUROFIMA's shareholders include railway administrations of its European Contracting States that are parties to the Convention.

1.1.1 Mission and Ownership Structure

EUROFIMA's mission is to support the development of track-bound public transport in its 25 Contracting States. As such, the shareholders of EUROFIMA include 26 national railway operators, infrastructure managers and Government departments of its Contracting States. The chart below shows the shareholder distribution of its largest shareholders.



📕 Callable Capital 📕 Paid-in capital

The three largest shareholders (Deutsche Bahn AG, Societé nationale SNCF, and Ferrovie dello Stato Italiane S.p.A.) are also the three largest national railway operators in Europe.



Reussbrücke Switzerland - Source: SBB CFF FFS

1.1.2 Activity

EUROFIMA finances railway equipment through borrowings or equity capital. EUROFIMA secures in general title to or obtains security interests deemed equivalent (in particular pledges) on or in respect of rolling stock. The general principles of EUROFIMA's activity are defined in an agreement (the "<u>Basic Agreement</u>") between the shareholder 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 a majority of the railways and EUROFIMA. EUROFIMA's equity is primarily used for investments in liquid assets.

1.1.3 EUROFIMA Asset Portfolio

EUROFIMA supports its shareholder railways by providing attractive financings for rolling stock investments. The chart below indicates the equipment to which EUROFIMA holds title or in which it has direct, or indirect security interest deemed equivalent, in particular pledges, as of December 31, 2024:

Contracting	Railway		Locomotives		Multiple-unit trains		Passenger coach	Infrastructure	Total	
State		mai	mainline		motor cars		trailer		equipment	
		diesel	electric		diesel	electric	cars			
Austria	ÖBB		19	14		128	128		225	514
Belgium	SNCB		46	23	60	421	221	150	11	932
Czech Republic	CD				44	200	58			302
Croatia	HZ				14	22	29			65
Denmark	DSB					10	15			25
France	SNCF					4	16			20
Italy	FS		564		84	214	214	1 389		2 465
Luxembourg	CFL					62	31	53		146
Montenegro	ZPGC					4	2			6
Spain	RENFE				116	1072	1024			2 212
Switzerland	SBB					889	977			1866
Total			629	37	318	3 026	2 715	1 592	236	8 553

Total number of rolling stock items



1.2 MARKET OVERVIEW OF RAIL PASSENGER TRANSPORTATION

The European railway market represents the largest and the most developed in the world. The extensive network of urban, suburban, regional, and international railway infrastructure has played a key role in promoting greater trade, both domestic and international, and social mobility. Despite the advances already made in this sector in recent years, with a growth of 7.3% in Western Europe and of 6.8% Eastern Europe in the 2021-2023 period supported by large public stimulus programmes, rail transport in the global market is still expected to grow by 3.0% annually in real terms between 2021-2023 and 2027-2029 periods¹.

More recently, the EU reported that passenger-kilometers (or passenger-km or pkm) in Europe totalled 429 billion in 2023, exceeding the pre-pandemic performance of 2019 by 4.4%².

In response to the continued growth of the rail transport sector in Europe, extensive efforts have been made by the countries to improve the overall competitiveness and efficiency of the sector. Throughout most of the 20th century, rail transport in Europe was dominated by national monopolies, which at times resulted in large government subsidies being allocated to the sector and to inefficiencies in performance. In an effort to address these issues, the European Parliament has passed a series of "Railway Package"³ reforms. These regulatory reforms lay the framework that will allow for technical standardization and open access to the European rail transport sector, resulting in competition that will encourage cost reduction and promote greater efficiency throughout the sector.

The Fourth Railway Package, with its Regulation (EU) 2016/2338, establishes a deadline of 24 December 2023 (with a transition period) for the award of public service contracts for rail passenger transport, requiring these to be granted on the basis of a fair and competitive procedure. Consequently, rolling stock ownership will become more diversified, shifting from state-owned railway operators to national or regional pool companies. Furthermore, private train operators and leasing companies will increase their market share. EUROFIMA has prepared itself for this scenario by amending its Statutes in 2018.

In light of this background, EUROFIMA anticipates an expansion of its shareholder base to encompass sub-sovereign entities responsible for the tendering of Public Service contracts, as well as Public Transport Authorities and private train operators, among others. Generally, all rolling stock owners engaged in public tenders for rolling stock running under a Public Service Obligation or under public missions are eligible to become shareholders with EUROFIMA.

1.3 ROLE OF EUROFIMA IN PROMOTING SUSTAINABLE AND GREEN TRANSPORTATION

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 centre of the agreement focused on reducing 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 21st century. On April 22nd 2016, 174 countries signed this agreement and began to take steps to implement these measures into their own legal systems.

Since then, the successive COP conferences have been of great importance for the implementation of the Paris Agreement and the progress assessment. In COP 28 held in Dubai in 2023, the first Global Stocktake was concluded, providing a comprehensive assessment of global progress towards the Paris Agreement goals.

The goal of promoting sustainability is at the core of EUROFIMA's public mission. Supporting the growth and development of rail transport is key to addressing the problem of CO₂ emissions attributable to the transportation sector and to reducing overall energy consumption. As countries across Europe work to meet the sustainability targets outlined by Europe 2020 and by the COP21 agreement, EUROFIMA is determined to serve as partner to its Contracting States in fulfilling their objectives.

¹ UNIFE: World Rail Market Study - Forecast 2024 to 2029999

² Eurostat Railway passenger transport statistics - quarterly and annual data (Sept 2023)

³ The fourth railway package, European Parliament

1.3.1 Rail Transport Greenhouse Emissions

According to the Statistical Pocketbook 2024, created by the European Commission's DG MOVE, the transport sector in Europe accounted for nearly 29% of EU greenhouse gas (GHG) emissions in 2022. In absolute terms, the transport sector emitted 1,043.7 million tonnes of carbon dioxide (CO₂) equivalent out of a total EU greenhouse gas (GHG) emission of 3,615.1 MtCO2e.

Among all transport modes, rail contributes the smallest share. In 2022, the railway sector produced 0.3% of GHG emissions (3.5 $MtCO_2e$), while road transport produced 73.2% (763.7 $MtCO_2e$), navigation 14.2% (148.6 $MtCO_2e$), and civil aviation 11.8% (122.8 $MtCO_2e$). Railway transport is not only the lowest emitting mode of mass transport, but it is also the only mode that has decreased its emissions from 1990 to 2022. During this period, emissions from the railway sector decreased by approximately 70%, from 12.8 $MtCO_2e$ to 3.5 $MtCO_2e$.⁴

With the EU Green Deal⁵, modal shift from road to rail is key to reducing transport emissions by 90% by 2050. EUROFIMA financing supports the European railways development to enable modal shift and consequently to reduce CO₂ emission.

Rail GHG emissions predominantly come from the use of diesel as a power source in shunters, locomotives, and multiple units, which still represent approximately 28% of the EU railway fleet. In 2023, 57% of the European railway network was electrified and there is currently a significant European impulse to increase the portion of the network with high traffic under overhead power lines⁶. As a result, when considering rail passenger services only, the electrified train-km accounted for 81% of the total train-km reported by 24 European countries. However, the cost of electrification and the sometimes complex technical and topographical conditions for existing lines upgrades makes necessary alternative solutions. For that reason, the development and introduction of alternative traction sources to power trains as transitional or final solutions, such as bi-mode (diesel-electric), tri-mode (diesel-battery-electric), hydrogen, and battery technologies has been of extreme importance.

EUROFIMA financing provides a flexible and wide framework that allows customers to find the best possible solutions to reduce greenhouse gas emissions.



European CO, Emissions per Mode of Transport

⁴ DG MOVE Statistical pocketbook 2024 - 3.2.5 GHG Emiss from Trans EU27; 3.2.6 GHG Emiss from Trans Sect

⁵ The European Green Deal, European Commission

⁶ Independent Regulator's Group Rail – 13th Annual Market Monitoring Working Document (March 2025)

1.3.2 Rail Transport Energy Efficiency

In addition to concerns regarding greenhouse gas (GHG) emissions, consideration must also be given to the efficiency with which energy is consumed. According to the European Commission Statistical pocketbook 2024, in 2022 the rail transport sector accounts for only 1.8% of the energy consumed by the transport sector whereas road transportation accounts for 93.8%⁷. This sharp contrast is due to the significant efforts made within the rail transport sector in Europe to electrify power lines and construct more energy efficient trains. Modern electric train consumes 85% less energy than an airplane and 70% less energy than a hybrid car per passenger-km.

To enhance rail energy efficiency, digitalization plays a crucial role. The implementation and deployment of the European Rail Traffic Management System (ERTMS) will improve the integration of the European railway network, allowing for better use of infrastructure and increasing capacity by 20% to 50%⁸. Other levers to reduce GHG emissions of rail transport are for example the optimization of train speed or improving HVAC systems, aerodynamism or the weight of rolling stock.

EUROFIMA financing provides resources for new, efficient, and digitalized rolling stock, as well as for the retrofitting of existing rolling stock, thereby contributing to increased rail transport energy efficiency.



European Energy Consumption per Mode of Transport

⁸ McKinsey & Company - <u>Machbarkeitsstudie zum Rollout von ETCS/DSTW</u> (December 2018).

⁷ <u>DG MOVE Statistical pocketbook 2024</u> – 3.1.5 Final Energy Consumption 2022 – by sector

1.3.3 Co-benefits and just transition

Rail transport investments — across passenger, freight, and urban mobility — deliver significant and wide-ranging social co-benefits, contributing to a more inclusive, equitable, and sustainable Europe, while directly supporting a just transition. Accessibility and social inclusion are at the core of public rail transport. High-quality passenger rail and metro systems provide affordable and reliable mobility options for underserved populations, including low-income households, rural residents, elderly individuals, youth, and people with reduced mobility. By enhancing access to essential services such as healthcare, education, and employment, these transport modes actively reduce transport poverty and help bridge social and regional divides. Urban rail networks and metro systems in particular, support equitable city access by offering alternatives to car ownership, especially in dense or lower-income areas.

Public health and safety are also strengthened through rail transport. By shifting passenger and freight movement away from road traffic, these investments contribute to improved air quality (reduced harmful pollutants Nox, PM2.5), reduced greenhouse gas and particulate emissions, and lower urban noise levels—factors directly linked to better respiratory and cardiovascular health outcomes. Rail is also among the safest modes of transport, with significantly lower accident and fatality rates compared to road traffic, thereby enhancing overall public safety. According to the European Union Agency for Railways, rail transport represents one of the safest modes of transport with only 0.13 fatalities per billion passenger-km as compared to 3.14 for automobiles and 48.94 for motorcycles.

Economic opportunity and job creation are key social benefits supported by EUROFIMA-financed rail projects. Investments in rolling stock and infrastructure stimulate employment not only within the rail sector but also across associated industries such as logistics, maintenance, and manufacturing. The rail industry plays a very important role in the growth of the European GDP, with an estimated impact of more than EUR 100 billion. The European manufacturers have a worldwide footprint and compete effectively in terms of size and technology with the other players. The industry is also an innovation driver, given the complexity of the trains, the subcomponents and all the safety measurement behind, with a positive effect on the entire economy. Therefore, EUROFIMA's financings have a significant impact on the economic health of Europe, fostering investments and innovation.

Rail investments can connect underserved rural or peri-urban areas reducing territorial inequalities. Moreover, enhanced rail connectivity facilitates access to job markets, particularly for residents in peri-urban and rural areas, and promotes economic integration across regions. The development and the continuous improvement of rail transportation reduces times and cost of travelling, thus increasing the overall efficiency and competitiveness of the country/region. Rail is the means of choice for commuters and the backbone of transportation in the large urban agglomerations. Around 324 million passengers are transported every year thanks to EUROFIMA's green financings, 64% of whom are either commuters or use the trains to move around the local regions.

Just transition⁹ is also becoming a common term in the discussions among governments, international organisations and businesses in the context of the current economic challenges that compound social and environmental needs. EUROFIMA's focus on Public Service Obligation is at the heart of supporting transportation authorities in accelerating an equitable societal and economic transformation of urban and suburban transportation. Improving public transport is key to affordable, sustainable access for all. Tackling transport inequalities means improving access to opportunities for marginalised groups. Often, this requires extending high-quality public transport services towards peripheral areas of cities.

Urban livability and quality of life are improved through investments in metro, tram, and commuter rail systems. In the latest years we have seen a growth of the big urban agglomeration in terms of size and population, with a clear upward trend in densification. The development of a robust regional and commuter rail network is the key to preventing cities and their huge sub-urban areas from being congested or even blocked by car traffic. The financings of EUROFIMA also play a pivotal role to guarantee a sustainable development of the big urban agglomerations. These modes reduce congestion and free up urban space for public use supporting walkable, compact cities and healthier lifestyles. The availability of frequent, clean, and accessible transport options also enhances mental wellbeing and reduces transport-related stress.

Climate and social resilience further emerge as co-benefits. Shifting transport demand from road to rail reduces dependence on fossil fuels and strengthens infrastructure resilience to climate-related disruptions. Reliable rail systems also ensure continued access to essential services during extreme weather events. Additionally, cleaner transport systems disproportionately benefit communities historically burdened by pollution and poor infrastructure, supporting climate justice and a just transition.

⁹ OECD (2023), "Unpacking public and private efforts on just transition", OECD Policy Insights on Well-being, Inclusion and Equal Opportunity, No. 9, OECD Publishing, Paris, https://doi.org/10.1787/cbd31b13-en

1.3.4 EUROFIMA Sustainable Projects

EUROFIMA published its first Green Bond Framework in November 2017, updating it in October 2018¹⁰. Since then, EUROFIMA has released an annual Allocation Report and, starting in December 2020, an Impact Report, detailing the allocation and impact of net proceeds. Beginning in 2023, EUROFIMA is consolidating these reports into a single Allocation and Impact Report.

As of December 2024¹¹, EUROFIMA shows net proceeds of EUR 5'656 million of twelve outstanding Green Bonds fully allocated to fund Electric Passenger Rail Transport Rolling Stock. The Green Bond net proceeds were used to finance Electrical Multiple Unit trains (65%), coaches (14%), electric locomotives (12%) as well as high speed trains used on intercity traffic (9%). The geographical allocation was as follows: 33% of all financing was for rolling stock in Switzerland, 22% in Spain, 20% in Italy, 14% in Belgium, 10% in Czech Republic and 1% in Luxembourg. In terms of Impact data, under scope 1, 3'343'930 tCO₂ Eq annual emissions reduced/avoided and 4'569 GWh annual energy savings were reported.

¹⁰ EUROFIMA Green Bond Framework 2018

¹¹ EUROFIMA Allocation and Impact Report 2025



France - Source: SNCF, Manuel Blondeau

1.3.5 Sustainabilty at EUROFIMA

EUROFIMA has a holistic approach to sustainability and aligned all activities with a focus on sustainability. Moreover, EUROFIMA became a signatory of the UN Principles for Responsible Investment (PRI) on January 3rd, 2020¹². While it fulfils its public mission in supporting the development of a sustainable form of transport, EUROFIMA also aims to enact internal measures that ensure its business practices are in-line with its mission to support a low-carbon future and social integration.

Sustainable and Top-Credit-Quality Issuer

With its activities, EUROFIMA supports the UN goals for sustainable development (Goals 9 and 11), the EU envirnomental objective 1 on climate change mitigation as well as the EU Green Deal targeting zero greenhouse gas emissions.





Sustainable and Responsible Investor

As an investor, EUROFIMA has the obligation to invest its assets in a careful and responsible manner. The alignment of the investment strategy reflects EUROFIMA's capital market presence as well as the mission in the development of sustainable transportation.





Sustainable and Public Mission

EUROFIMA has a non-profit mission 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. Supporting the growth and development of passenger rail transport is key to addressing the problem of CO_2 emissions attributable to the transport sector.



EUROFIMA views its approach to sustainability from an inward-outward perspective. While it fulfils its public mission in supporting the development of a sustainable form of transport, EUROFIMA also aims to enact internal measures that ensure its business practices are in-line with its mission to support a low-carbon future and social integration.

EUROFIMA's Code of conduct, Staff Regulation and Compliance policies are the foundation of this clear focus on sustainability. It provides support and guidance to empower EUROFIMA employees to be an essential part of this mission.

EUROFIMA's office is also a cornerstone of this approach. In 2022, EUROFIMA moved to its current premises in Meret Oppenheim House, a state-of-the-art building with the highest degree of energy efficiency. In addition, EUROFIMA is committed to continuously improving its day-to-day operation in order to encourage an environmentally conscious and eco-friendly workspace: e.g. 100% of the electricity consumed by EUROFIMA comes from renewable energy sources, motion-activated light switches and smart power strips ensure that energy is consumed only when necessary.

EUROFIMA's broad approach also has a clear focus on its supply chain. EUROFIMA's Supplier code of conduct reflects in the EUROFIMA supply chain its strong commitment to providing its services in an ethical, environmentally and socially sustainable manner and in compliance with all relevant national and international laws, rules and regulations.

Finally, EUROFIMA, through its Treasury Policy¹³, provides overall parameters and guidelines for the investment activities in full alignment to EUROFIMA's commitment to sustainability.

More information on these topics are available in the "Sustainability" Governance section of EUROFIMA's website as well as Sustainability reports¹⁴. On this site EUROFIMA posted reporting policies on sustainability:

Code of conduct EUROFIMA's actions for a greener office Compliance & anti-money laundering Environmental & social policy <u>Staff regulation</u> <u>Supplier code of conduct</u> <u>Treasury policy</u>

¹² UN Global Compact Signatory

¹³ Treasury Policy

¹⁴ EUROFIMA Sustainability Governance

¹⁵ Sustainability reports



Austria - Source: ÖBB

1.3.6 Rail sector mitigation

EUROFIMA provides financing support to shareholders and customers to reduce environmental impact. Railway transport has an undeniable green footprint and will substantially contribute to achieving climate neutrality. The modernization of passenger rolling stock fleets, through the provision of new units or refurbishment of existing trains, enhances railways as an appealing mass transit mode and a key contributor to global climate objectives.

EUROFIMA places environmental impact at the core of its credit review processes and all decisions, supporting the railway sector on its path to net zero.

Life cycle greenhouse gas emissions

Rail passenger transport stands out as the lowest lifecycle emissions means of transport, especially when powered by electricity from a low-carbon energy mix grid. All modes of rail passenger transport emit significantly less emissions than private vehicles, buses, or planes.

Beyond emissions during operation, rail transport's long infrastructure lifecycle and high passenger capacity help to dilute the carbon intensity of construction and maintenance over decades. Rail systems benefit most from economies of scale and centralized electrification. Furthermore, systemic approaches such as synchronized rail corridors and smart scheduling can minimize stops and energy-intensive acceleration, further enhancing efficiency.



¹⁶ Community of European Railway and Infrastructure Companies

Source: SCCER¹⁶, in kg CO2-eq. per pkm / Swiss-based data

1.4 MAPPING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)¹⁷

While backing all of the 17 SDGs, as defined by the United Nations in September 2015 for the period 2015-2030, EUROFIMA can mainly contribute to Goal 9 and Goal 11 according to its areas of competence. EUROFIMA's use of proceeds for Electric rolling stock equipment actually shows its commitment to the two following SDG:



Goal 9 Industry, Innovation and Infrastructure

Goal 11 Sustainable Cities and Communities

EUROFIMA strives to foster adequate rolling stock equipment for passenger transport to improve safety, air pollution and inclusive mobility, given the challenges of urbanisation. EUROFIMA considers itself as particularly well positioned to facilitate innovation in and efficient use of resources of sustainable passenger railway transportation.

¹⁷ Sustainable Development Goals



Aurau, Switzerland - Source: SBB CFF FFS

2. GREEN BOND FRAMEWORK

EUROFIMA has chosen to update its previous Green Bond Framework with the present 2025 Green Bond Framework with the objective to:

- align with the latest version of the ICMA Green Bond Principles dated June 2021
- expand the use of proceeds, notably to freight and urban passenger transport

EUROFIMA's Green Bond Framework has been created in alignment with the Green Bond Principles ("GBP") defined by the International Capital Market Association (ICMA)¹⁸. As such, it follows the four core components as described by the GBP:

	1. Use of Proceeds	2. Process for Project evolution and selection	3. Management of Proceeds	4. Reporting	5. External Reviewer
Main ICMA Category	• Clean Transportation	 Identification of green eligible pool of loans 	Net proceeds are earmarked against eligible Green assets	 Latest 1Y after issuance and as long as outstanding 	Limited assurance report of the allocation of proceeds to the Green projects
Subcategories	 Interurban Passenger Transport Urban Passenger Transport PSO Freight 	 Borrower ESG engagement and screening Application of green rolling stock methodology Sustainability Committee verification of selection 	 Proceeds not allocated are invested according EUROFIMA's liquidity policy 	 Allocated Amounts Brief description of projects Expected environmental impact 	
Types of Power	 Electric Battery Bi/Tri-mode (Hybrid) Green Hydrogen 	 "C" level approval of selection and allocation Board of Directors Notification 		 Social benefits Audit of Allocation Report 	
Relevant UN SDGs	9 POUSTRY ANOVADEN AND POUSTRY ANOVADEN 11 SISSAMAGE CHES AND COMMANDES AND COMMANDES				
Substantial Contribution to environmental objectives	Climate change mitigation				 Second Party Opinion (pre-issuance) provided by S&P Global Ratings

2.1 USE OF PROCEEDS

2.1.1 Eligible Green Assets

An amount equal to the net proceeds raised through Green Bond issuances will be exclusively used to finance or refinance investments for purchases, modernisation and refurbishments of Eligible Green Assets owned by the recipient and actually in operation.

The following matrix outlines the combinations of types of rolling stock equipment/utilization that qualify as Eligible Green Assets (photos for illustrative purpose only).

Passenger transport





Light Rail Vehicle (LRV)



Trams (Streetcars)





Metro (Subway)

Freight **Transport**







Wagons



- 1) Locomotive: Railroad vehicle, which has no payload capacity on its own and is utilized to pull/push passenger coaches or freight wagons.
- 2) Multiple Unit: Self-propelled passengers trainset or freight trainset, which consists of two or more carriages/ wagons coupled in a permanent configuration, one of which at least is motorized.
- 3) Coaches: Railroad passenger carriages or freight wagons, not motorized, which are pulled/pushed by a green eligible locomotive.

The source of energy to power the rolling stock defines further if it is eligible as green asset; only the following types of propulsion are accepted:

Sources of Power

Fuel Types	Overhead Electric	Battery	Diesel*	HVO*	Hydrogen (Green)*
Fully Electric	\checkmark				
Battery + Electric	\checkmark	\checkmark			
Green Hydrogen*					\checkmark
Green Hydrogen + Battery*		\checkmark			\checkmark
Diesel + Electric*	\checkmark		~		
Diesel + Electric + Battery*	\checkmark	\checkmark	~		
HVO + Electric*	\checkmark			~	
HVO + Electric + Battery*	\checkmark	~		~	

* The marked fuel types and configurations are subject to additional green eligibility screening by EUROFIMA, verification of context and standards, as well as any future transition plans, e.g. further electrification of the line and subsequent reductions in emissions.

Eligibility Based on Sources of Power

Fuel Types	Tailpipe Emissions	Well-to-Wheel CO ₂	Fossil-Free?
Fully Electric	\otimes	\land Depends on grid	\checkmark
Battery + Electric	\otimes	Low	\checkmark
Green Hydrogen*	\otimes	Low (if green H_2)	\checkmark
Green Hydrogen + Battery*	\otimes	Very Low	✓
Diesel + Electric*	✓ (diesel)	High	Partially (when running electrified tracks)
Diesel + Electric + Battery*	✓ (diesel)	Medium-High	Partially (when running electrified tracks)
HVO + Electric*	\checkmark (lower than diesel)	Medium-Low	Partially (when running electrified tracks)
HVO + Electric + Battery*	\checkmark (lower than diesel)	Lower	Partially (when running electrified tracks)

* The marked fuel types and configurations are subject to additional green eligibility screening by EUROFIMA, verification of context and standards, as well as any future transition plans, e.g. further electrification of the line and subsequent reductions in emissions.

EUROFIMA Fleet Composition by Fuel & Transport Type



*The future fleet mix is based on management expectations of potential balance sheet growth in areas such as PSO freight and hybrid trains, we do not expect any reduction in the overall volume of zero-tailpipe assets, only the % composition of the balance sheet under given conservative expectations.

As of December 31, 2024, the vast majority of EUROFIMA's overall fleet (>90%) comprised zero-tailpipe emissions passenger transport, whereas less than 5% of the fleet had combustion engines (diesel). In the future, EUROFIMA expects balance sheet growth in other areas, however the vast majority of the balance sheet and an even greater proportion of the green bond portfolio will continue to comprise zero-tailpipe emissions vehicles.

2.1.2 Types of Investments

Furthermore, Green Bond proceeds can only be used to fund two types of investments:

- 1) Financing of purchase of newly manufactured rolling stock (equipment that have not been delivered yet to the railway operator or rolling stock owner)
- 2) Financing of existing rolling stock:
 - a) equipment delivered to the railway operator or rolling stock owner
 - b) equipment delivered to the railway operator or rolling stock owner that underwent a major upgrade

Public Service Obligation contracts in rail are usually awarded for durations like 7-15y. This aligns with the operational and financial planning cycles of transport authorities and operators. However, the rolling stock used in these services is built to last significantly longer, often up to 30 years and beyond. As a result, operators or authorities may choose to renew PSO contracts with the same rolling stock.

For major upgrade we consider modernization projects with a significant scope of work, aimed at making the equipment more sustainable, such us the modification of the propulsion system to make the rolling stock more efficient, the upgrade of the signalling system to increase interoperability, the complete refurbishment of the interiors and PIS to improve the comfort, the cleaning up and disposal of hazardous material to enhance the recyclability and better provisions for passengers with limited mobility to reaffirm the social responsibility.

EUROFIMA is committed to disclose the relevant Eligible Green Asset to be utilized for the respective Green Bond to be issued in the respective Allocation and Impact Report. The portion of the respective issuance that is not yet allocated to Eligible Assets at such time will be disclosed separately. EUROFIMA will provide the origination timeframe and maturity profile of the loans per Use of Proceeds on an annual basis.



Austria - Source: ÖBB

2.2 PROCESS FOR PROJECT EVALUATION AND SELECTION

EUROFIMA will conduct a thorough assessment of both the railway(s) and the rolling stock that will be financed with the proceeds raised from a Green Bond issuance. The aim of this assessment process is to evaluate, among other things, the use of the rolling stock (i.e., passenger transport or freight) and the source of power (electric, hybrid, or battery). The evaluation and selection process will consist of four steps:

- Preliminary ESG screening: EUROFIMA conducts a bilateral discussion with prospective green proceeds borrowers on Taxonomy relevant criteria and other sustainability efforts. The Shareholders & Borrowers Engagement Guidelines¹⁹ specify engagement objectives, scope, principles, and individual responsibilities. They apply to all existing shareholders with whom EUROFIMA has outstanding lending business and, more broadly, to all EUROFIMA borrowers responsible for the use of proceeds.
- 2) Evaluation Phase: the Sustainability Committee will carry out the identification, selection, and allocation of Eligible Green Assets for each financing project.
- 3) Management Approval: in a third step, the Sustainability Committee presents the verified and identified projects (meeting the eligibility criteria described below) to the Management Committee²⁰ of EUROFIMA for their approval of the proposed financing rolling stock selection.
- 4) Board of Directors Notification: in case the Management Committee approves the respective project, it sends the notification to EUROFIMA's Board of Directors after disbursement.

EUROFIMA will assess the financing eligibility for proposed rolling stock based on the following criteria in line with EUROFIMA's Equipment Financing Policy and additional criteria of the Green selection criteria:

- Use: the purpose of the financed rolling stock must be aligned with content of the table asset types/utilization under 2.1.1,
- <u>Age:</u> Newly manufactured rolling stock pre-delivery or existing rolling stock delivered or that underwent a major upgrade (see 2.1.2.)
- <u>Type of power:</u> the source of power of the financed rolling stock must be aligned with the content of the tables "Source of power" and "Eligibility based on source of power" under 2.1.1



¹⁹ EUROFIMA Shareholders and Borrowers Engagement guidelines, 2025

2.3 MANAGEMENT OF PROCEEDS

Within one year of Green Bond issuance and based on the set of selection criteria, EUROFIMA defines a Green Pool of eligible loans linked to eligible rolling stock assets. As long as Green Bonds are outstanding, EUROFIMA ensures that the Green Pool's loan volume is at least equivalent to the issued volume of the outstanding Green bonds.

The value of the Green assets is set on the initial value and will not be amortized over the lifetime of the asset.

At any time an amount equal to the net proceeds of the issue of the Green Bonds will be separately earmarked within EUROFIMA's Treasury. Additionally, Green Bond proceeds will be mapped to and reported along the categories of investments as per Use of Proceeds under 2.1.

- 1) The allocation of Green Bonds proceeds to Eligible Green Assets is done according to the following principles:
 - a) EUROFIMA will establish a Pool for Eligible Green Assets, recording each specific facility ID assigned as Use of Proceeds for an equivalent Green Bond issuance proceeds by a unique position identifier.
 - b) Green assets are specifically (on an asset-by-asset basis) allocated to Green bonds. This allocation is dynamic i.e. might change over time and the reporting is done annually on a portfolio basis enabling optimisation.
 - c) EUROFIMA will track the use of the net proceeds of its Green Bonds via its internal information systems. Each EUROFIMA Green Bond will be booked under an earmarked position, which is specifically set up for each Green Bond.
 - d) Until the maturity of the Green Bonds, if an asset ceases to fulfil the eligibility criteria, or is part of a loan being early repaid or redeemed, EUROFIMA commits on a best effort basis, to replace it by another Eligible Green Asset.
- 2) Any balance of Green Bond proceeds not allocated to Eligible Green Assets as previously described (either as the result of changes in the composition of Eligible Green Assets or due to the issuance of additional Green Bonds) is managed in line with EUROFIMA's Treasury Policy²¹ and Portfolio guidelines, prioritizing capital preservation, daily liquidity, and ESG integration. Funds are invested in high-quality, low-risk instruments such as sovereign, supranational, and covered bonds, as well as short-term deposits with highly rated counterparties. All investments meet strict credit quality requirements minimum A1/P1 for money market and A-/A3 for capital market instruments and are subject to conservative risk limits. ESG factors are fully integrated into investment decisions, in accordance with EUROFIMA's commitment to the UN Principles for Responsible Investment (PRI). Profitability is pursued cautiously, with an emphasis on long-term earnings stability over short-term returns. Any such unallocated Green proceeds will be highlighted in the Allocation and Impact reporting on an annual basis.

The management of proceeds process is overseen and administrated by the Sustainability Committee, who proposes the allocation outcome to the Management Committee for approval. It is also externally reviewed from time to time as part of a verification process and in case of changes will be published in the respective reporting. The Capital Markets policy defines and includes Green Asset Risk guidelines to manage the risk of a potential shortfall of Green eligible Assets against outstanding Green bonds.

2.4 REPORTING

The reporting includes data and information regarding allocation of Green bonds proceeds and environmental impact. All reporting will be publicly available on the section of EUROFIMA's website dedicated to its Green Bond issuance²².

2.4.1 Allocation Reporting

Latest one year after the issuance and until the maturity of the Green Bonds issued, on an annual basis, EUROFIMA will make information available to the public on the use of proceeds.

The report will provide an overview of the assets financed through the proceeds of each Green Bond issuance. The report will provide the following information on the Eligible Green Assets financed:

- Summary of assets financed per type of equipment and geography as defined under the Use of Proceeds.
- Summary of the allocation of proceeds raised via a Green Bond issuance.
- Allocation of Green Bond funds as defined under Use of Proceeds (see chapter 2.1)

2.4.2 Impact Reporting

EUROFIMA will report annually and until the maturity of the Green Bonds issued on the Impact of the allocated Green projects on a portfolio basis following the guidelines of the ICMA²³. This will include a summary of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated. Moreover, for each of them EUROFIMA will publish the following details.

- Number of clean vehicles deployed
- Age of rolling stock on the date of financing disbursement
- Annual passenger-km (if relevant)
- Annual Tons-Kilometres (if relevant)
- Estimated CO, emissions per passenger-km (if relevant)
- Estimated CO₂ emissions per tons-km (if relevant)
- Estimated energy consumption per passenger/km (if relevant)
- Estimated energy consumption per Tons/km (if relevant)
- Annual GHG emissions reduced/avoided in tCO₂
- Reduction of air pollutant (CH₄, N₂0)
- Annual GHG emissions in tCO₂e
- Annual energy savings
- Estimated reduction in fuel consumption

Besides, EUROFIMA will publish the list of single green assets that have been financed with the following details.

- Asset Class
- Asset Type
- Asset ID
- Manufacturer(s)
- Financing recipient
- Age at financial disbursement
- Age at contract maturity

- Green book value
- Estimated CO2emissions/Passenger-km (If relevant)
- Estimated Energy consumption/Passenger-km (if relevant)
- Estimated CO2emissions/Tons-km (If relevant
- Estimated Energy consumption/Tons-km (if relevant)
- Last main Revision
- Next main Revision

Where available, EUROFIMA will report a quantitative and qualitative summary of the specific measures, planned and carried out by the financing recipient, to reduce energy consumption and pollutant emissions, promote the use of renewable energy and have overall a positive impact on the environment.

Quantitative performance measures for the Green Bond might include at the railway level:

- Overall reduction of CO₂ emissions
- Overall increase in the use of renewable energy
- Overall reduction of energy consumption.

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²³ Handbook Harmonised Framework for Impact Reporting 2020

2.5 GOVERNANCE

EUROFIMA operates under an international convention with the mandate to support the development of rail transportation across Europe, by facilitating the financing of railway rolling stock for its member states. In line with its non-profit-maximizing mission, EUROFIMA promotes sustainable public passenger rail services, including through the issuance of Green Bonds. The governance framework for the use of Green Bond proceeds ensures transparent, responsible, and sustainable lending practices that comply with relevant European Union regulations, including Regulation (EC) No. 1370/2007 on Public Service Obligations (PSO) and to the extent possible EU Taxonomy.

The overall strategic direction and financial oversight of EUROFIMA are the responsibility of the Board of Directors. The Board, composed of representatives from its shareholder organizations (primarily railway operators and public transport authorities), supervises and controls the organization's activities, and authorizes all borrowings and equipment financing contracts within the limits set by the General Assembly. The Board is responsible for the approval of the Lending and Pricing Policy, the Equipment Financing Policy, all of which guide the use of proceeds from Green Bonds.

The Lending and Pricing Policy ensures that financed projects contribute to the delivery of rail services under PSO contracts or similar public missions and outlines preferential pricing benefits for environmentally sustainable rolling stock. The Equipment Financing Policy defines the eligibility criteria for railway equipment to be financed under EUROFIMA's Green Bond Framework, including the requirement that financed assets comply with the "Do No Significant Harm" (DNSH) principles and minimum social safeguards, as defined in the EU Taxonomy. The Capital Markets Policy governs EUROFIMA's funding operations, including Green Bond issuance, ensuring that proceeds are used exclusively for eligible green investments. The issuance of Green Bonds under the Green Label is contingent upon the availability of a sufficient pool of eligible green assets, as defined in the Green Assets Guidelines. Any updates to the Green Bond Framework or the introduction of new sustainability labels must be approved by the Management Committee, which also oversees the allocation and impact reporting of Green Bond proceeds.

The Management Committee, comprising the Chief Executive Officer and the Chief Financial Officer, is responsible for managing day-to-day operations and preparing decisions for the Board of Directors. It holds decision-making authority on the approval of individual financings and the related collateral. The Management Committee also reviews and approves the annual Allocation Report and Impact Report, which detail the deployment and environmental outcomes of Green Bond proceeds. The Board of Directors is kept informed on a quarterly basis of all newly approved financings.

The Sustainability Committee overseen by the management Committee supports the implementation of EUROFIMA's Green Bond Framework by recommending projects for Green Bond financing, overseeing the evaluation and management of proceeds, and ensuring alignment with international standards, including the EU Taxonomy and the ICMA Green Bond Principles. It is also responsible for the development and application of Green Asset risk guidelines within the Capital Markets Policy. The Sustainability Committee is supported by a dedicated Green Bond Workstream Team, which performs comprehensive due diligence on proposed projects, including legal, financial, economic, and technical assessments. This team places particular emphasis on the sustainable and technical performance of rolling stock used as collateral. External consultants may be engaged to support the evaluation process when necessary.

Throughout the life of each financing, EUROFIMA monitors the implementation of funded railway projects, the condition of the rolling stock used as collateral, and any systemic risks that may affect its position as lender. The Management Committee attests annually to the allocation of Green Bond proceeds for the duration of each bond, ensuring that all reporting obligations are met and that funds continue to support sustainable rail transport in accordance with EUROFIMA's mission and the requirements of its Green Bond Framework.



France - Source: SNCF, Manuel Blondeau

3. SECOND PARTY OPINION (SPO)

EUROFIMA has engaged with S&P Global Ratings to provide an independent Second Opinion on the Green Bond Framework. S&P Global Ratings reviewed the alignment of EUROFIMA's Green Bond Framework with the ICMA Green Bond Principles 2021 (with June 2022 Appendix I).

The Second Opinion is publicly available on the section of EUROFIMA's website dedicated to its Green Bond issuance (Link)



Brussels, Belgium - Source: SNCB

4. EU TAXONOMY APPROACH

EUROFIMA's internal screening processes and equipment financing policies systematically assess project alignment with the requirements of the EU Taxonomy Delegated Acts pertaining to climate change mitigation. All current and future projects financed by green bond proceeds are assessed against the substantial contribution criteria (SCC), the do no significant harm (DNSH), and the minimum social safeguards (MSS). In case of partial alignment with EU Taxonomy, EUROFIMA prefers not to exclude projects and instead works with railways to help foster a transition towards Taxonomy compliance and alignment of standards.

4.1.1 Substantial contribution to the environmental objectives (EU Taxonomy regulation)

- Climate Change Mitigation
- Climate Change Adaptation

The eligible projects are aligned with the environmental objective (i) climate mitigation due to the fact that public transport is an effective means to reduce the greenhouse gas emissions emitted into the atmosphere.

4.1.2 EU Taxonomy Mapping

Eligible categories according to the EU Taxonomy

EUROFIMA Project Type	EU Taxonomy Category (Climate Change Mitigation) & NACE codes	Description
Interurban passenger rolling stock – EUROFIMA's historic activity with national railways	6.1 Passenger interurban rail transport H49.10, N77.39	Purchase, financing, rental, leasing, and operation of passenger transport using railway rolling stock on mainline networks, spread over an extensive geographic area, passenger transport by interurban railways and operation of sleeping cars or dining cars as an integrated operation of railway companies.
Urban passenger rolling stock – Metros, trams, and light rail	6.3 Urban and suburban transport, road passenger transport H49.31, H49.3.9, N77.39 and N77.11	Purchase, financing, leasing, rental, and operation of urban and suburban transport (rail only) vehicles for passengers.
Freight rolling stock – PSO only and with an exemption on fossil fuel transport	6.2 Freight rail transport H49.20 and N77.39	Purchase, financing, leasing, rental, and operation of freight transport on mainline rail networks as well as short line freight railroads.

4.1.3 EU Taxonomy Alignment Criteria:

Taxonomy Category	Substantial Contribution Criteria (Climate Change Mitigation)	Do No Significant Harm (DNSH)	Minimum Social Safeguards (MSS)
6.1 Passenger interurban rail transport 6.2 Freiaht rail	 The activity complies with one of the following criteria: a. the trains and passenger coaches have zero direct (tailpipe) CO2 emissions; b. the trains and passenger coaches have zero direct (tailpipe) CO2 emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode). 1. The activity complies with one or both of the following criteria: 	Climate Change Adaptation - The activity complies with the criteria set out in Appendix A to this Annex. Circular economy - Measures are in place to manage waste in accordance with the waste hierarchy, in particular during maintenance. Pollution prevention - Engines for the propulsion of railway locomotives (RLL) and engines for the propulsion of railcars (RLR) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628 of the European Parliament and of the Council (252). ²⁴	1. The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
transport	 a. the trains and wagons have zero direct tailpipe CO2 emission; b. the trains and wagons have zero direct tailpipe CO2 emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode). 2. The trains and wagons are not dedicated to the transport of fossil fuels. 		
6.3 Urban and suburban transport, passenger transport	The activity complies with the following criteria: The activity provides urban or suburban passenger transport, and its direct (tailpipe) CO2 emissions are zero (253);	Climate Change Adaptation – Same as above Circular economy - Measures are in place to manage waste, in accordance with the waste hierarchy, both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein). Where applicable, vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type-approval set out in accordance with Regulation (EC) No 595/2009.	2. When implementing the procedures referred to in paragraph 1 of this Article, undertakings shall adhere to the principle of 'do no significant harm' referred to in point (17) of Article 2 of Regulation (EU) 2019/2088.

4.1.4 EUROFIMA's Taxonomy Compliance Approach

EUROFIMA incorporates Taxonomy assessments within its formal green lending process, EUROFIMA's equipment financing policy specifically requires borrower screening to check compliance against the Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) requirements of the EU Taxonomy. EUROFIMA systematically screens all existing and prospective green bond borrowers using an internal engagement process to collect data on borrower compliance and to share best practices.

Taxonomy related screening is part of a larger <u>Shareholder and Borrower Engagement</u> process that has been in practice since 2023. As it pertains to Taxonomy compliance, the engagement is intended to improve broad ESG performance, promote sustainability and transparency enhancing practices between EUROFIMA and its stakeholders. One of the defined principles within the scope of process is intended to address "Environmental matters/concerns on climate change and environmental impact, climate related hazards, transition to a circular economy and pollution and prevention control".

In recent years, EUROFIMA has built a multi-layered approach for assessing Taxonomy compliance of projects; the first approach primarily relies upon borrowers' public disclosure and Sustainability reporting, the second involves an assessment of national laws or regulations relevant to rolling stock, the third is direct and systematic engagement. The final layer is also intended to help EUROFIMA borrowers achieve an effective transition towards Taxonomy compliance in case of gaps and includes a Taxonomy compliance questionnaire.



In addition, EUROFIMA's engagement also includes subjects that are not mandatory for Taxonomy assessment in the selected EU Taxonomy activities 6.1, 6.2, and 6.3. EUROFIMA also systematically checks biodiversity policies of borrowers and related considerations of its rolling stock financings.

Within the spirit of the DNSH, if not stated as a requirement within the letter of the DNSH, EUROFIMA considers that screening of rolling stock financing projects should also involve understanding and assessing risks and environmental impacts related to noise and air pollution.

Noise pollution in some cases has been mitigated by the construction of noise barriers in populated segments of tracks, or via the installation of K-block or other composites type ("whisper brakes") on freight wagons, which also reduces noise. Air pollution can be caused by engine emissions and particulate matter from material degradation, which includes abrasion of tracks, wheels, and brakes. Air pollution has in many cases been mitigated with measures such as the increased usage of electric vs. pneumatic brakes, where the former emits less particulate matter, or the installation of HVAC with HEPA filters on trains and in stations, and a broader shift towards cleaner and more environmentally considerate rolling stock design.

In its engagement. EUROFIMA also assesses water and sustainable resource use, as well as the biodiversity efforts of borrowers and shareholders. In some cases, there is an intersection of risks and environmental impacts related to biodiversity, and mitigation efforts are sought and while sharing best practices, e.g. the installation of noise barriers in bio-diversity sensitive areas. More broadly, all EUROFIMA projects are subject to European or Swiss law, standards, and regulations regarding the construction, operation, and maintenance of rolling stock, taking into account considerations regarding humans, flora and fauna, and health and safety of workers.



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