



Driving sustainability: Lineas' commitment to societal progress

ESG Report: Some highlights
in a broader perspective

LINEAS

An indispensable solution for societal issues

**Message of Bernard Gustin,
Executive Chairman of the Board**

Rail transport stands out as a key solution to a major societal challenge, emitting six times less CO₂ and consuming six times less energy than road transport. In this sense, we must see Lineas as a "decarbonizer of the supply chain of its customers", not just as a rail company.

Lineas is committed to green goals aligned with the Paris Accords, with projects to reduce our carbon footprint and bring it to zero one day. The Science Based Target Initiative (SBTI) validates Lineas' ambitious climate targets, and emphasizes the urgency for companies to adopt science-based targets in their supply chains.

To achieve its ESG ambitions, Lineas has established an ESG Committee within its Board of Directors. This advisory panel consists of ESG experts and is led by an independent board member. This committee aims to identify and address sustainability opportunities and challenges.

Lineas sees an open and clearly focused ESG stance as a competitive advantage. While it envisions forming alliances in the future, it emphasizes the importance of partners aligned with ESG principles.

If we want to take climate change seriously, the authorities must dare to tackle the competition with road transport. Road transport dominates total freight land transport, with a share consistently higher than 70% between 2015 and 2020.

Despite rail freight's decreasing market share, it remains environmentally superior, saving over 500 million euros annually in external costs compared to road transport. The imbalance in subsidies, with road freight still receiving 2.7 billion euros yearly while rail subsidies diminish, is unsustainable.

Lineas hopes authorities seize the opportunity to address these issues.

Bernard Gustin
Executive Chairman
of the Board



Rail is the greenest mode of transportation

**6 x lower
CO₂ emissions**

Due to rail's energy efficiency from a high degree of renewable sources, CO₂ emissions are 6 times lower than its closest alternative, road.

**8 x lower
air pollution**

Trains produce much less fine particles, which ensures the potential for mitigating air pollution.

**6x lower
energy consumption**

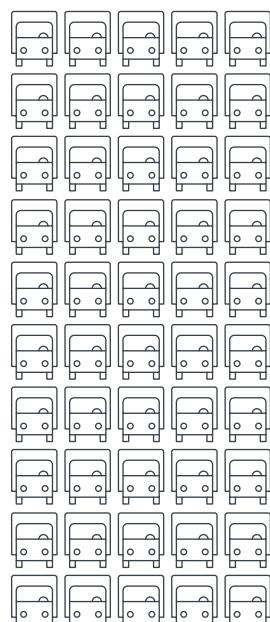
Trains, on average, consume six times less energy than trucks. Their ability to transport large volumes of goods with comparatively lower energy consumption contributes to the sustainability efforts in the transportation sector.

1 train = 50 trucks

One train takes on average 50 trucks off the road.

This represents a huge potential for mitigating congestion issues.

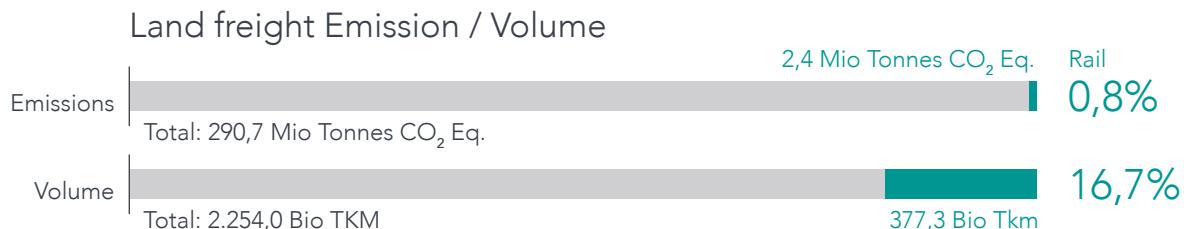
**50
trucks**



Rail reduces the carbon footprint and energy bill: lowest emissions and energy consumption

Transport-related emissions account for **23%** of Europe-27's total emissions in 2020. **40%** of these emissions are related to freight transport.

Rail freight transport is only responsible for **0,8%** of all land freight transport emissions, even if it accounts for **16,7%** of the transported volumes in Europe.



Scope: land freight based on EU Transport in Figures – Statistical Pocketbook 2022 Tables 2.2 and 3.2.12 as well as the EEA – Table UNFCCC_v26 consulted January 9, 2024

Already transitioning to emission-free

Since 2018

Railway companies already run emission-free rolling stock like battery and hydrogen fuel trains since 2018

4/5 trains

4 out of 5 trains already run on electricity and there are plans to phase out the remaining diesels.

1/3 renewable

1/3 of the energy consumed by rail already comes from renewables.

Continuing to decarbonize

- Massive rail electrification is underway
- The EU electricity mix continues to decarbonize thanks to the carbon price under the Emissions Trading System.

Rail is the best option to improve energy efficiency in transport:

• Already the most energy efficient today

With steel wheels on steel tracks, trains experience much less friction and consume on average six times less energy than trucks.

• Rail is the best option to improve energy efficiency in transport

Rail is already an electric mode today: the infrastructure is available. Physical advantages ensure the energy is used optimally.

• Further advancements through innovation:

- Regenerative braking in trains helps recover at least 8% of electricity.
- The railway system allows powering trains directly by renewable energy (such as solar power).
- Railways are ready for automated train operations, which are expected to reduce rail's energy consumption by at least 12%.

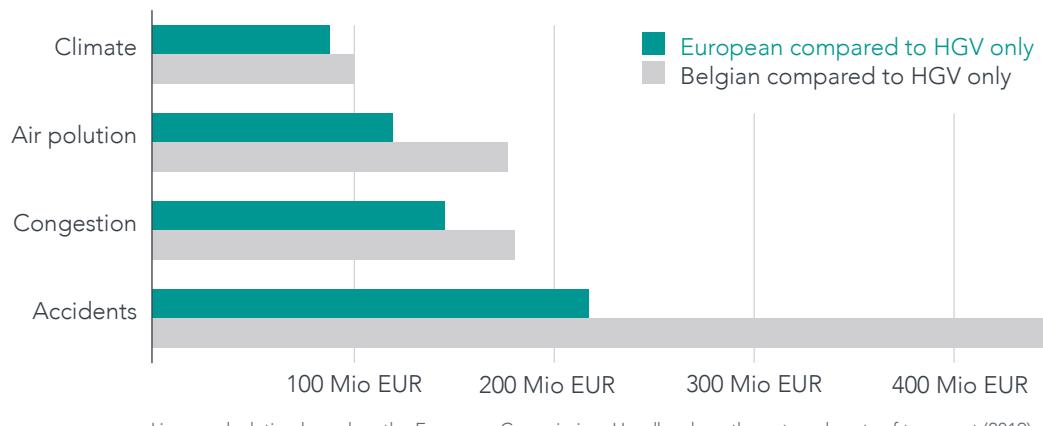
Emission comparison

gr CO₂ Eq. / TKm



Rail gives back to society: lowest external costs and best cost-coverage

Lineas' transport volume safeguards minimally over one half billion EUR annually



Lineas calculation based on the European Commission, Handbook on the external costs of transport (2019).

External costs that society would have incurred when the Lineas transported volumes per year would have been transported by truck.

- **Accidents:** rail stands out as the safest mode of transport with minimal casualties. This represents the highest saving when expressed in costs to society.
- **Congestion:** The cost of congestion (loss of time, extra fuel consumption and polluting emissions caused by traffic jams) to Belgian society is

considerable: € 5 billion yearly and still increasing. Freight has an important part in this congestion, with heavy trucks responsible for over 30%.¹

- **Air pollution:** within the transport sector, road traffic accounts for about half of NOx emissions, while shipping (mainly maritime) accounts for about a quarter. Rail freight transport, on the contrary, outperforms all other modes of transport.¹

¹ Belgian Mobility Dashboard – Powered by VBO FEB and Febiac - <https://www.mobilitydashboard.be/congestion/cost-of-congestion/>

Rail, at the forefront of the green transition: rail system fully included in the EU Taxonomy

85%

When we check the Taxonomy Regulation Delegated Act - Annex 1, and apply the technical screening criteria to decide if an economic activity makes a significant change to climate change mitigation and adaptation,

all Lineas Group's activities fit into the 'Transport' category, more specifically 'Freight Rail Transport'. Based on a high-level assessment, 85% of Lineas' activities qualify under this regulation. They make a big impact on climate change mitigation and prevention of air pollution, while meeting the DNSH (Do No Significant Harm) criteria of the Taxonomy.

Strategy & ESG governance

Lineas focuses on decoupling economic growth and CO₂ emissions. As the greenest mode of transport, freight transport by rail should play an important role in the decarbonization of the freight transport sector. Conversely, Lineas as a company aims to further reduce its own emissions while continuing to increase its transport volumes.

It is equally important for Lineas to outperform against its broader ESG targets. The company's ESG framework is based on the Sustainable Development Goals (SDGs), with a focus on four strategic sustainability pillars that encompass the relevant SDGs.

Why we exist

Lineas is a high-impact climate company that helps customers decarbonize their supply chain through Modal Shift from road to rail.



Double our rail volumes by 2030



Carbon neutral by 2030

SDG	ESG	Lineas pillars for sustainability
13 CLIMATE ACTION 	Environment	<p>1. Responding to climate change</p> <ul style="list-style-type: none"> Maximize transport by rail & modal shift Minimizing our own impact through <ul style="list-style-type: none"> CO₂Reduction (SBTi based & long term) Biodiversity Circular Economy
15 LIFE ON LAND 		
3 GOOD HEALTH AND WELL-BEING 	Social	<p>2. Valuing human capital</p> <ul style="list-style-type: none"> Health, Safety & Well-being Diversity, Equity & Inclusion
4 QUALITY EDUCATION 		
5 GENDER EQUALITY 		
8 DECENT WORK AND ECONOMIC GROWTH 		
10 REDUCED INEQUALITIES 		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Governance Ethics & Compliance	<p>3. Building sustainable & resilient supply chains</p> <ul style="list-style-type: none"> Own operations Suppliers & Subcontractors
11 SUSTAINABLE CITIES AND COMMUNITIES 		
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 		
17 PARTNERSHIPS FOR THE GOALS 		<p>4. Engage & make our efforts visible</p> <ul style="list-style-type: none"> Employee involvement Stakeholder management Reputation management
		Lineas guarantees that the ESG framework and action plan are effectively safeguarded and carried out through its ESG governance measures:
		<ul style="list-style-type: none"> Implementation of the ESG Committee to ensure experienced oversight from the Board. Launch of the ESG Steerco to ensure effective implementation.

On a yearly basis,

Together with

1.700

colleagues



Lineas drives

33.900

trains



Each Lineas employee saves

674.802

Kg CO₂ Eq.

Which is

28.117

trees



Or

56

Ha forest



Or

79

Football fields



Over the last few years, the rail freight sector has made significant progress in many areas and is becoming increasingly ambitious and active. There have been encouraging improvements in energy efficiency, in the use of renewable energies, and in the phasing out of diesel, as well as in the leadership and governance processes toward achieving the UN Sustainable Development Goals.

However, there is still a long way to go to increase the modal share to 30% by 2030, which the IEA estimates is necessary to decarbonize mobility by 2050. To achieve this, we need systemic change. And that's not just up to the rail companies: governments, financial institutions, civil society and businesses must work together to make the change happen.

Lineas will continue to emphasize the importance of these key steps for progress in rail transport and has set ambitious targets for its own operations as to which it will measure progress:

Lineas' ESG strategy revolves around 4 sustainability pillars

As customers and the industry are becoming increasingly focused on ESG commitments, so is Lineas. In line with the Sustainable Development Goals and with the strategic vision, Lineas' ESG efforts revolve around four essential sustainability pillars. These pillars are central to our corporate ethos and integral to our mission of promoting positive change, securing long-term prosperity, and contributing to a more sustainable and equitable future for all.



Responding to climate change

Lineas is committed to implementing a zero-emissions business model.

With a commitment to the Science Based Targets initiative, Lineas is actively monitoring and controlling emissions, with a clear focus on energy efficiency.

Action plan	Goal
CO ₂ Reduction targets (SBTi)	-50%
<ul style="list-style-type: none"> Validation of the targets Translating these into an actionable CO₂ reduction plan 	
Carbon footprint management	
<ul style="list-style-type: none"> SBT - Monitoring tool 	
Eco driving	-5%
<ul style="list-style-type: none"> Reduce energy consumption on traction and idle time 	
Lineas forest	2 Ha
<ul style="list-style-type: none"> Plant an additional 1 Ha 	
Environmental Mgt System	EcoVadis Gold
<ul style="list-style-type: none"> Policy definition, actionable KPI monitoring & reporting to ensure due management 	



Valuing human capital

Making all employees happy and proud to work for Lineas.

Lineas' staff are its greatest asset. The company is investing in the wellbeing, growth and development of its employees by launching initiatives that support every individual.

Action plan	Goal
Building Diversity, Equity & Inclusion (DE&I)	EcoVadis Gold Best employer
<ul style="list-style-type: none"> Policy & KPI definition KPI monitoring & reporting 5 improvement actions in 2023 	
Well-being	Best employer
<ul style="list-style-type: none"> "Our movement" project 	
Deploying human rights system	EcoVadis Gold
<ul style="list-style-type: none"> Policy & KPI definition KPI monitoring & reporting 	

Major achievement: validation by SBTi

In recognition of Lineas' ethos and its achievements, the company was validated by the Science Based Targets initiative in 2023. Through the targets that have been validated, Lineas commits:



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year.

- 42%

- to reduce absolute Scope 3 GHG emissions from purchased goods and services, and fuel and energy-related activities by 25% within the same timeframe.

- 25%

- to reduce absolute Scope 3 GHG emissions from the use of distributed but not sold fossil fuels by 42% within the same timeframe.

- 42%

- that 55% of its suppliers by emissions covering upstream transportation and distribution, will have science-based targets by 2026.

55%



Building sustainable
and resilient
supply chains

Lineas sees it as a duty to use its upstream power to create a better world.

Lineas is committed to developing supply chains that are sustainable and resilient in the face of challenges, by targeting pollution and monitoring an EcoVadis score.



Engage through
making Lineas'
efforts visible

Sustainability is everyone's business
and everyone's contribution counts.

Lineas believes in transparency and actively engages with stakeholders to create positive change by increasing trainings and monitoring progress based on feedback.

Action plan	Goal
Reduction noise pollution	100 %
<ul style="list-style-type: none"> • Program completion • Ensure future compliance 	
Reviewing subcontractor Mgt System	EcoVadis Gold
<ul style="list-style-type: none"> • Policy & KPI definition • KPI monitoring & reporting 	
Mobility policy	- 50 % CO ₂ Eq.
<ul style="list-style-type: none"> • Roll out of the new policy • KPI setting and reporting 	
Ensuring sustainable procurement	EcoVadis Gold
<ul style="list-style-type: none"> • Policy & KPI definition • KPI monitoring & reporting 	

Action plan	Goal
Deploying the code of conduct	EcoVadis Gold
<ul style="list-style-type: none"> • Revise • Translate to day-to-day • Training & awareness building • Policy & KPI definition • KPI monitoring & reporting 	
CO ₂ external reporting	Top 3 Leading RU (EU)
<ul style="list-style-type: none"> • Focused, automated reporting of customer's CO₂ safeguard (benchmarking against the truck) • Integration in tender and invoice process as well as our Web site 	
Collaborating on sustainability benchmarks	Top 3 Leading RU (EU)
<ul style="list-style-type: none"> • Industry Benchmark 	

