



Sustainability Report 2022

EP Logistics International

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Welcome to the second
Sustainability Report published by
EP Logistics International^(EPLI)
**focusing on environmental, social and
governance^(ESG) issues important to our
company.**



Introduction

In this opening chapter of our report, a → [Letter from the CEO](#) presents EPLI's sustainability vision and key strategic ESG achievements in 2022.

This is followed by an introduction of our → [ESG Approach](#), including our strategy, goals and reporting methodology. To enable our readers a rapid snapshot of our achievements and goals in all three ESG pillars, we have also compiled a one-page overview of EPLI's 2022 → [ESG Highlights in Numbers](#).

In this section

1. Introduction

2. EPLI and Its Business
3. Environmental Impact
4. Social Impact
5. Governance
6. Annex

- Letter from the CEO
- ESG Approach, ESG Strategy
- Alignment with Global Goals
- ESG Reporting Methodology
- Material Topics and Goals
- 2022 ESG Highlights in Numbers

Introduction Letter from the CEO

Dear readers,

In 2021, EPLI released its inaugural environment, social, and governance (ESG) report and strategy, identifying our primary objectives and targets within each domain. Throughout 2022, we actively monitored the performance of the business across these domains and are pleased to announce progress in many areas. Despite global trade disruptions caused by the COVID-19 pandemic and the ongoing Ukrainian crisis, we have adapted to these challenges and expanded our business. We broadened existing sectors and pursued geographical growth through the acquisition of a 49% stake in Slovenian rail freight (SŽ - Tovorni promet and Fersped).

Although we have made significant strides, we recognize that our sustainability journey has just begun. As a logistics company, we play a crucial role in the contemporary interconnected economy and bear the responsibility to enhance its efficiency, innovation, and resilience. We understand that

technological advancements will transform our industry in the coming years – from alternative energy sources to artificial intelligence – and our business success relies on keeping pace with these innovations.

The events of 2022 have further emphasised the profound impact that social and environmental crises can have on the global economy and our operations. The Russian aggression against Ukraine that began in early 2022 introduced new disruptions to an already transformed logistics landscape due to COVID-19. This situation affected maritime transportation routes, the new silk route between China and the rest of the world and disrupted agricultural exports from Ukraine. Simultaneously, significant energy price increases (both electricity and diesel fuel) have put additional pressure on our costs, resulting in higher prices, lower volumes transported and less efficient use of our assets. Finally, yet importantly, climate change and biodiversity

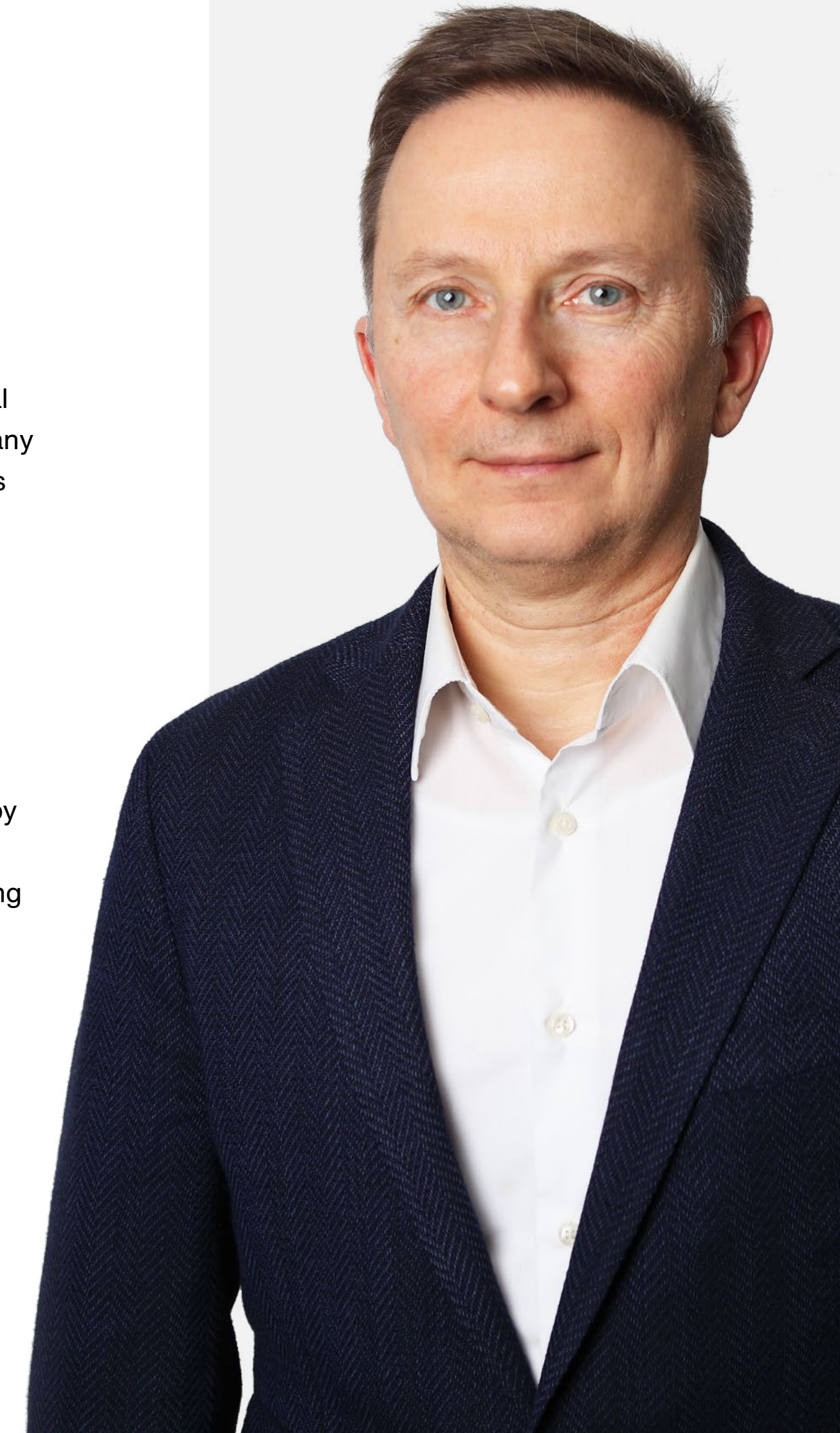
loss continue to escalate, necessitating increased regulation to mitigate these effects.

We remain steadfast in our commitment to the ambitious climate objectives and ethical standards established by our parent company EPH, and we support global efforts towards a more sustainable economy, including the EU Green Deal, Paris Agreement, and UN Sustainable Development Goals (SDGs). Building on our 2021 ESG achievements, we have further enhanced our operational efficiency, transitioned transport from road to rail where feasible, cut our emissions of CO₂ and promoted diversity and inclusion by hiring our first female drivers. Throughout these initiatives, we maintain our unwavering dedication to the health, safety, and development of our workforce.

We stand firm in our vision to become a trusted leader in European logistics.

Thanks for reading,

Zbigniew Klepacki
CEO EPLI



ESG Strategy

To adapt to the growing pressures on our industry, in 2021 EPLI developed its own ESG strategy, aligned with the sustainability and ESG-related agenda of our parent company Energetický a průmyslový holding (EPH) as well as its [→ ESG Master Policy](#). The EPLI ESG strategy is based on an internal analysis of where our company has its biggest impacts on its internal and external stakeholders (the key material topics), in addition to industry benchmarking and looking at global trends and risks in the ESG area. We have set long-term goals in each E, S and G pillar corresponding to these material topics (see [→ Material Topics and Goals](#)).

In the coming years, we aim to undertake a materiality analysis based on a thorough stakeholder assessment, to verify if our material topics and goals are correctly aligned and on track. We see room to report on further indicators, specify our long-term goals in greater detail, and improve our performance in all pillars.

ESG Reporting Methodology

This Sustainability Report lays out EPLI's achievements in each of the three pillars of Environment, Society and Governance, covering the timeframe of 1st January 2022 to 31st December 2022. The content of this report is based on the material topics defined in the ESG strategy and with reference to the Global Reporting Initiative (GRI) Standards. The Annex of this report contains all report [→ Abbreviations](#), [→ a List of Graphs, Tables and Figures](#), [→ our Report Boundaries](#) defining the geographic and operational scope, data tables with [→ Financial Results](#), and a [→ GRI Content Index](#) mapping our report content onto GRI's indicators. For further information, the reader can refer to our parent company EPH, which has been publishing annual sustainability reports since 2015. We aim to continue reporting annually and plan to issue our next Sustainability Report for 2023 in 2024.

Alignment with Global Goals

In addition to our internal ESG goals, we furthermore aim to remain aligned with the Sustainable Development Goals (SDGs), a set of 17 goals set up by the United Nations (UN) in 2015 to unify and guide global efforts towards a more sustainable future.

Of relevance to our business are the following SDGs:

- 

SDG 3:
Good health and wellbeing
- 

SDG 4:
Quality education and lifelong learning
- 

SDG 5:
Gender equality
- 

SDG 8:
Decent work and economic growth
- 

SDG 11:
Sustainable cities, communities and transport
- 

SDG 13:
Climate action
- 

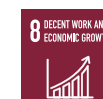
SDG 16:
Peace, justice and strong institutions
- 

SDG 17:
Partnerships for goals

Environment



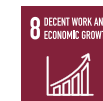
- **Reduction of Emissions**
(GHG emissions and other air pollutants; Transport efficiency)
- **Beyond Emissions**
(Noise pollution and supporting environmental projects)
- **Promoting Sustainable Rail Transport**



Social



- **Employment**
(Diversity & Inclusion and Training)
- **Health and Safety**
(Health & Safety management and certification)
- **Adding Value through Challenging Times**
(Ukraine crisis and COVID-19 disruptions to supply chain)



Governance



- **Governance Structure and Key People**
- **Ethics & Compliance**
- **Risk Management**
- **Quality Customer Experience**



- **Carbon neutrality by 2050**
and 60% reduction of 2020 CO₂ emissions by 2030
- **Increased use of innovative rail and intermodal solutions**
- **Use of expertise**
for active support of environmental projects

- **Zero fatalities**
- **Diverse and healthy workforce**
- **Helping communities through natural disasters and other humanitarian crises**

- **Compliance with Code of ethics**
and other regulatory policies
- **Ethical and transparent business**
- **Highest quality customer experience**
- **Zero fines**

Material Topics

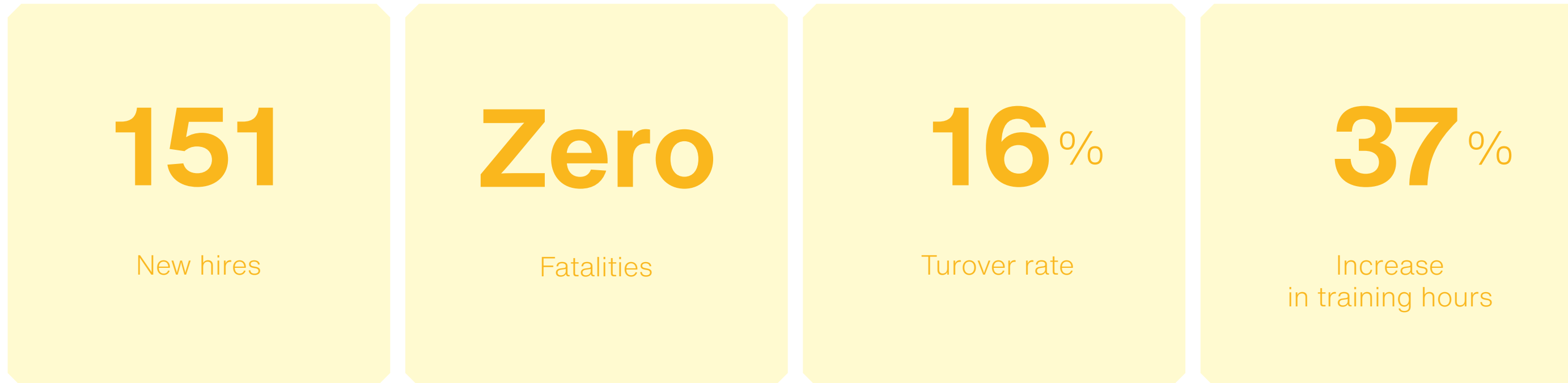
Goals



Environment



Social



Governance

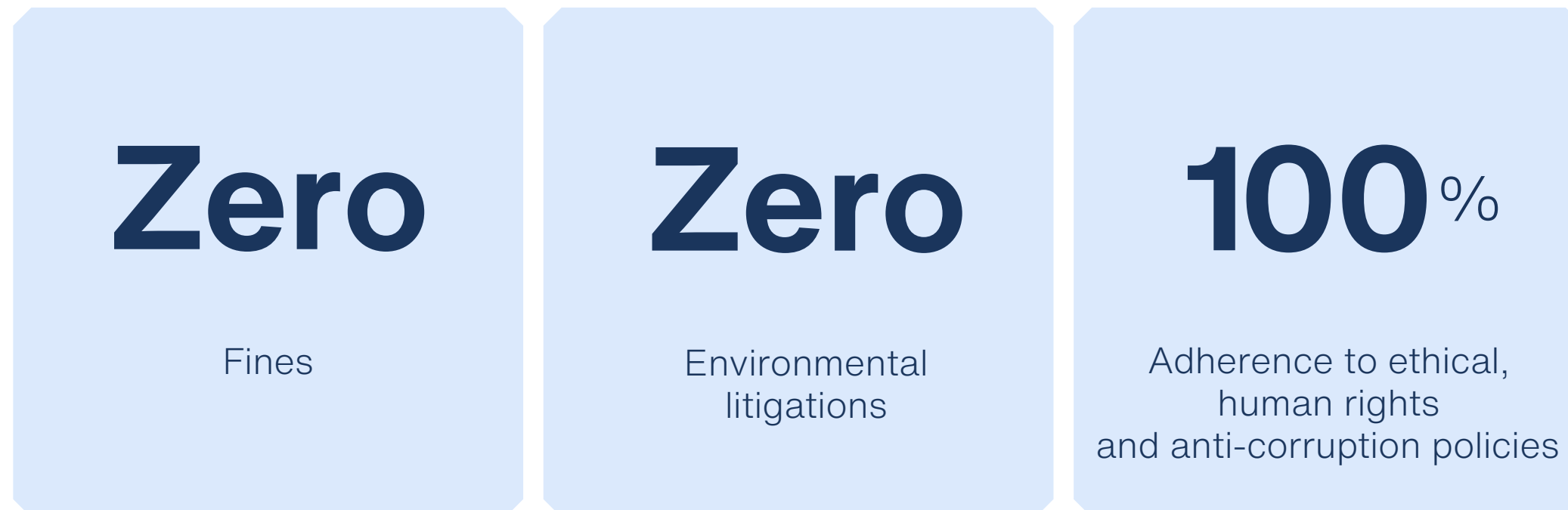


Table 1: Material Topics and Goals

ESG Highlights
2022 in Numbers*

* Excluding Slovenian operations, which are not fully consolidated.

** Due to reduced volumes transported, slight increase in empty kilometres and disruptions of transport routes.



EPLI and Its Business*

1. Introduction

2. EPLI and Its Business

3. Environmental Impact

4. Social Impact

5. Governance

6. Annex

In this section

→ 2022 Business Highlights

→ Subsidiaries

→ Business Segments

→ Geographical Presence

→ Vision & Mission

EPLI is a group of logistics companies of the Energetický a průmyslový holding (EPH) specialising in the transport needs of internal and external trading partners. Our business focuses on rail, road, and intermodal transport, providing complex logistical services and solutions.

We additionally offer staffing and employee training related to railway work as well as short- and long-term locomotive leasing. Since its inception, we have achieved steady and dynamic growth. To-date, we have transformed into a profitable company with a well-established reputation and a strong representation in the Czech Republic, Slovakia, Poland, and Germany.

* Note: data in this chapter includes newly acquired operations in Slovenia, which are not fully consolidated. Note that specific social and environmental indicators in the rest of this report do not include Slovenia.

3

Segments
(Rail, Road, Intermodal)

11

Countries

Czech Republic, Slovakia, Poland, Germany, Austria, Hungary, Romania, Slovenia**, Croatia**, Serbia**, Italy**

232

Locomotives
(122 electric, 110 diesel)

1,738

Employees

6.4

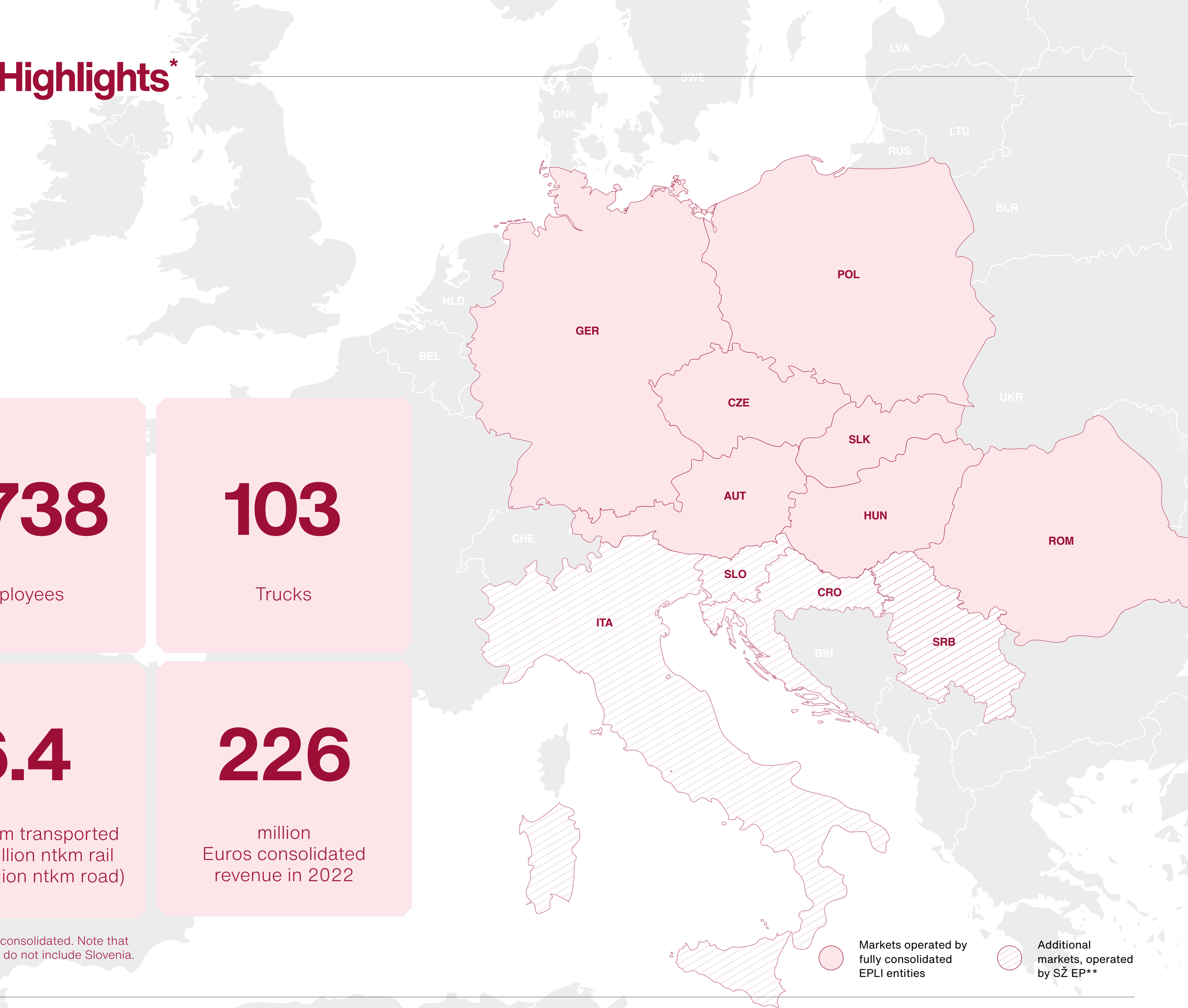
billion ntkm transported
(6,310 million ntkm rail
vs. 131 million ntkm road)

103

Trucks

226

million
Euros consolidated
revenue in 2022



*Includes newly acquired operations in Slovenia, which are not fully consolidated. Note that specific social and environmental indicators in the rest of this report do not include Slovenia.

** Not fully consolidated

● Markets operated by fully consolidated EPLI entities

▨ Additional markets, operated by SŽ EP**



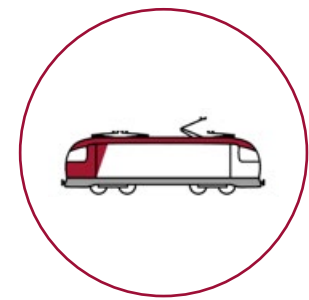
An aerial photograph of a large intermodal yard. In the foreground, there are several stacks of shipping containers in various colors (red, yellow, green, blue). A red forklift is visible in the middle ground, and a train with several containers on its flatcars is on the right side. The background shows a line of trees under a blue sky with scattered clouds. The text is overlaid in white on the image.

EPLI is made up of multiple subsidiaries providing services in three main segments:
Rail, Road and Intermodal.

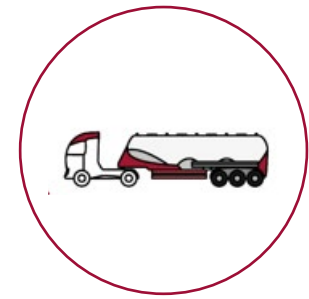
Segments are described in more detail below.



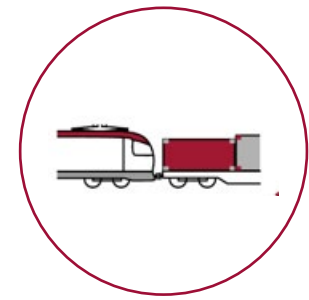
Business Subsidiaries



→ Rail



→ Road



→ Intermodal

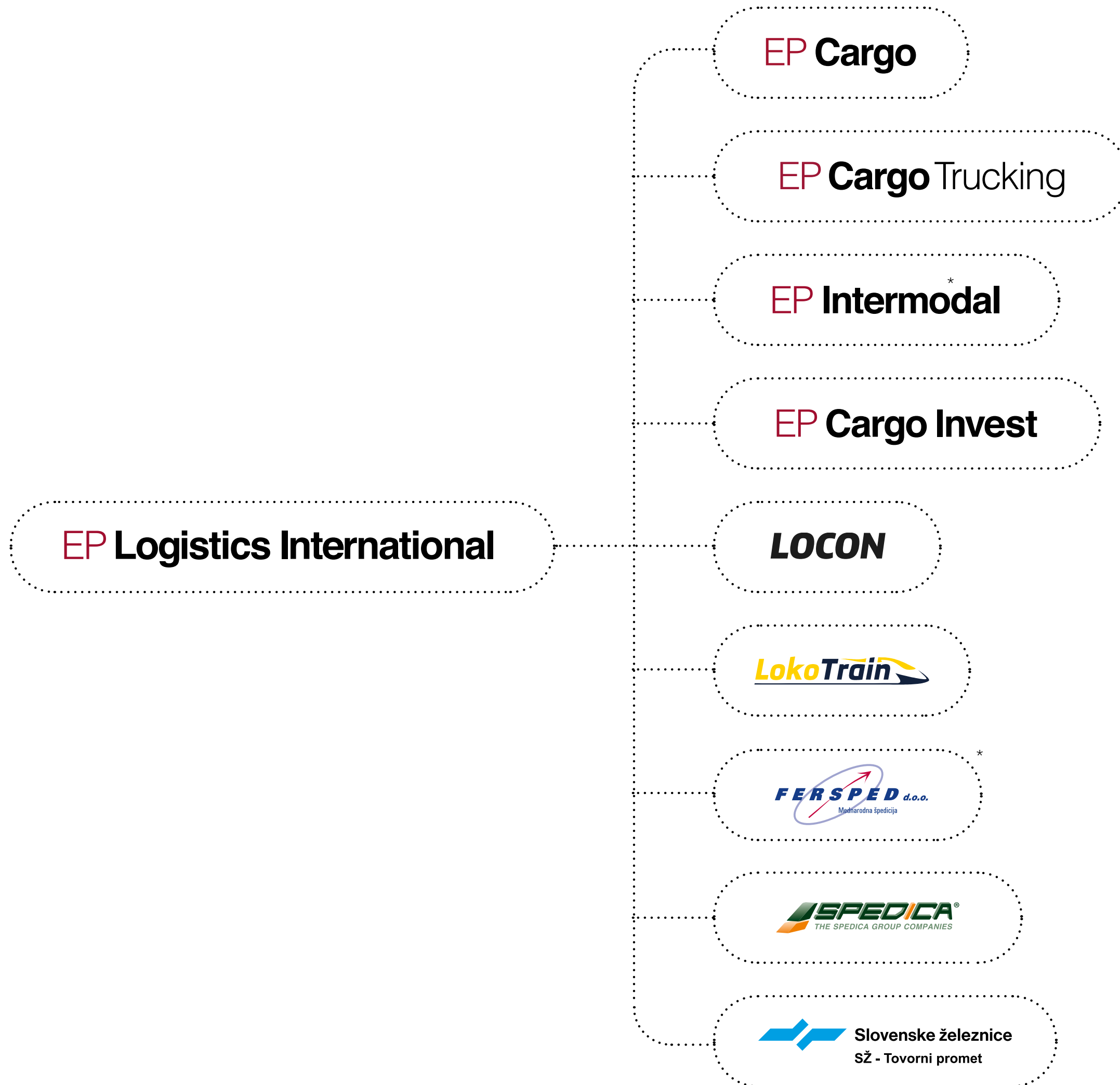
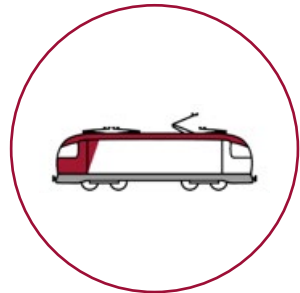


Figure 1: EPLI Subsidiaries





Rail

Overview

The Rail business segment includes a range of offerings, from specialised national and international rail transport, forwarding, first and last mile service, optimisation, and logistics solutions, to the provision of freight wagons, trains, railway personnel, training, and insurance. Our subsidiaries are present in the Czech Republic, Poland, Slovakia, and Germany, and operate across Europe, transporting a variety of materials, including dry bulk, agricultural commodities, wood, fuels and coal, energy by-products (energy gypsum, fly ash, coal dust) and railway construction waste and debris.

In 2022, we acquired 20 specialised side-tipping wagons for our Baulogistics centre in Germany and one diesel locomotive for operations in the Czech Republic, Slovakia and Hungary. In Slovenia we finished remotorisation of 12 old diesel locomotives of the type 642/643 from 1970, cutting their fuel consumption by 30% and prolonging their lifetime for another 20-30 years ([→ See Case Studies: Improving the Efficiency of Road and Rail](#)).

* EPLI closed a strategic partnership agreement with Slovenian SŽ d.o.o. in January 2022. As of the date of publication of this report, it is not yet fully consolidated.

**Includes newly acquired operations in Slovenia (100% share), which are not fully consolidated. Note that specific social and environmental indicators in the rest of this report do not include Slovenia unless noted.

Highlights**

We focus on continuously modernising and upgrading our fleet of wagons and locomotives to achieve greater efficiency and to offer specialised forms of transport.

6.3 billion

ntkm transported by rail in 2022

232

Locomotives operated
(122 electric and 110 diesel)

Companies

EP Cargo

EP Cargo Deutschland

EP Cargo Polska

EP Cargo Invest

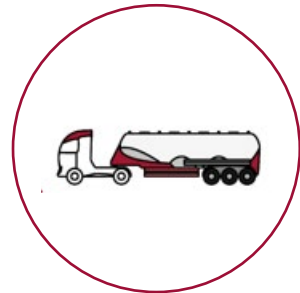
LokoTrain

LOCON

RM LINES

* Slovenske železnice
SŽ - Tovorni promet





Road

Overview

The Road segment provides a complete logistics solution for customers, specialising in the transport of bulk materials such as fly ash, coal dust, cement, lime, calc, and chemical granulates using silo trucks, tipping semi-trailers, or sliding floors. Most of these bulk materials are primarily industrial waste that we transport for further processing, thereby reducing their ecological burden. We focus on road freight transport both with our own fleet of vehicles and using forwarding services.

Highlights

EPLI's Road segment has almost 30 years of experience in the field of handling bulk substrates in the areas of thermal power plants and coal mines. This includes finding solutions to transport secondary energy products (fly ash, energy gypsum, slag, etc.).

EPLI belongs among the largest silo truck transportation companies in the Central European region (Czech Republic, Slovakia, Poland, Hungary, Austria, and Germany) with its fleet of 103 trucks.

Companies

EP Cargo Trucking

30

years of experience in the field

103

trucks in the fleet





Intermodal

Overview

The Intermodal business division at EPLI is centred on the integration of road and rail transport, emerging as our most rapidly growing sector. This new initiative for EPLI has significant growth potential, due to the advantages of rail transport: a lower environmental impact and heightened reliability. It entails moving goods in transportation units, for example, ISO containers of varying sizes like dry, reefer, and tank containers, swap bodies, and semi-trailers, by employing different modes of transport without managing the goods inside. Often, the most efficient and economical approach is to transport these units by train, and then shift them to trucks for the final leg of delivery, known as 'last mile delivery', to the customer.

9 terminals

where we are active

Highlights

EPLI creates independent and flexible service through our knowledge and long-term experience in the development and sustainability of our intermodal transport network.

EPLI has expertise in hauling transport units by rail in multiple weekly roundtrips between various destinations (e.g., Paskov, Czech Republic to Trieste, Italy; Budapest, Hungary to Koper, Slovenia; Brno, Czech Republic to Budapest, Hungary; Malaszewicze, Poland to Nuremberg, Germany).

EPLI has a strong focus on establishing intermodal services in the corridor between Europe and Turkey.

A joint venture concluded in January 2022 with the Slovenian state railways (Slovenske železnice, SŽ - Tovorni promet) expanded EPLI's complex intermodal service coverage to the south-eastern European countries.

Via the acquisition of Fersped in 2022 (as a part of the SŽ EP Logistika deal), EPLI has gained a strong position in the port of Koper in forwarding services, transshipment and customs clearance, which offer new growth opportunities for our Intermodal business.

Companies

EP Intermodal







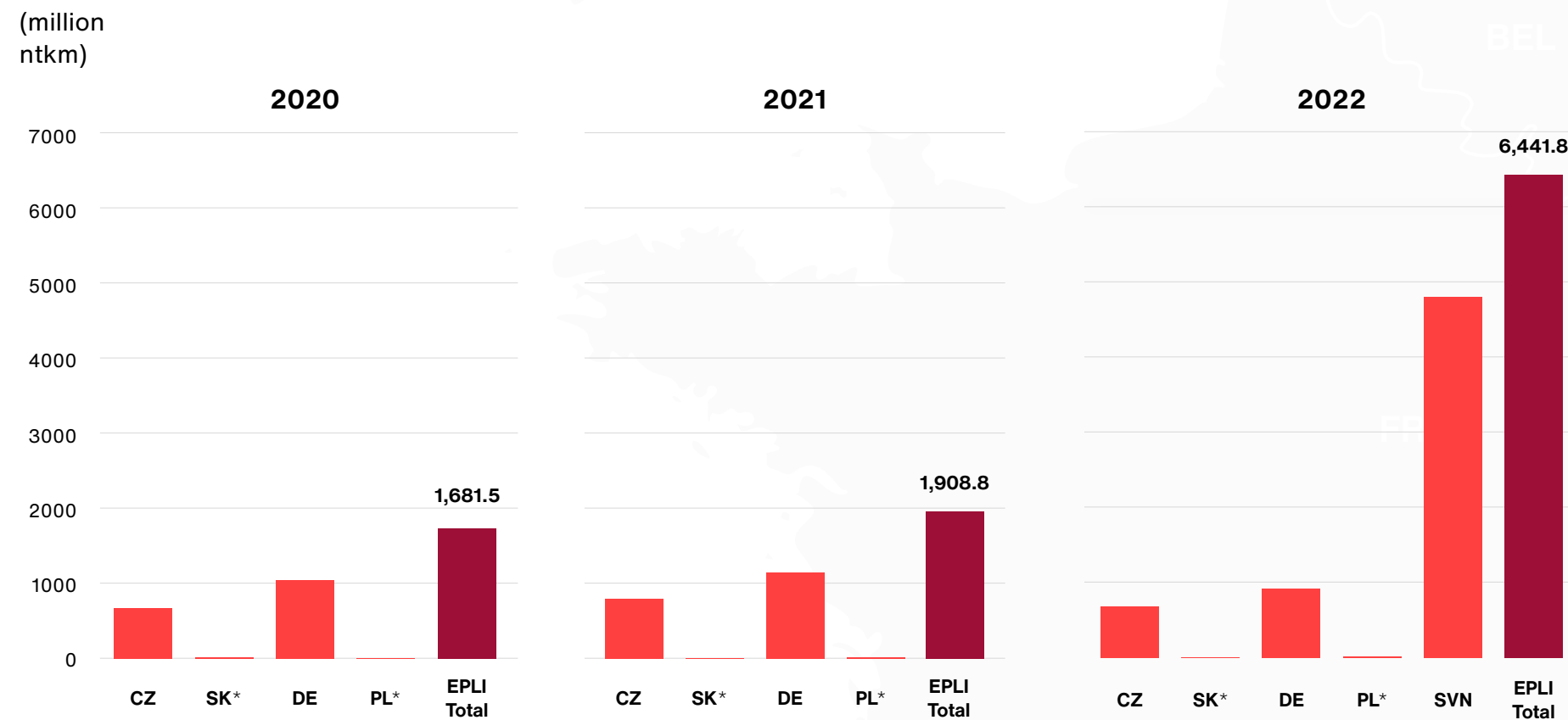


Business Geographical Presence

In 2022, our fleet travelled a total of 19.3 million kilometres, with routes stretching across the European continent. In total, we transported 6.4 billion ntkm in our main geographies of the Czech Republic, Slovakia, Poland, Germany and Slovenia.

6.4 b ntkm transported in 2022
19.3 m kilometres travelled in 2022

Ntkm Driven by Country



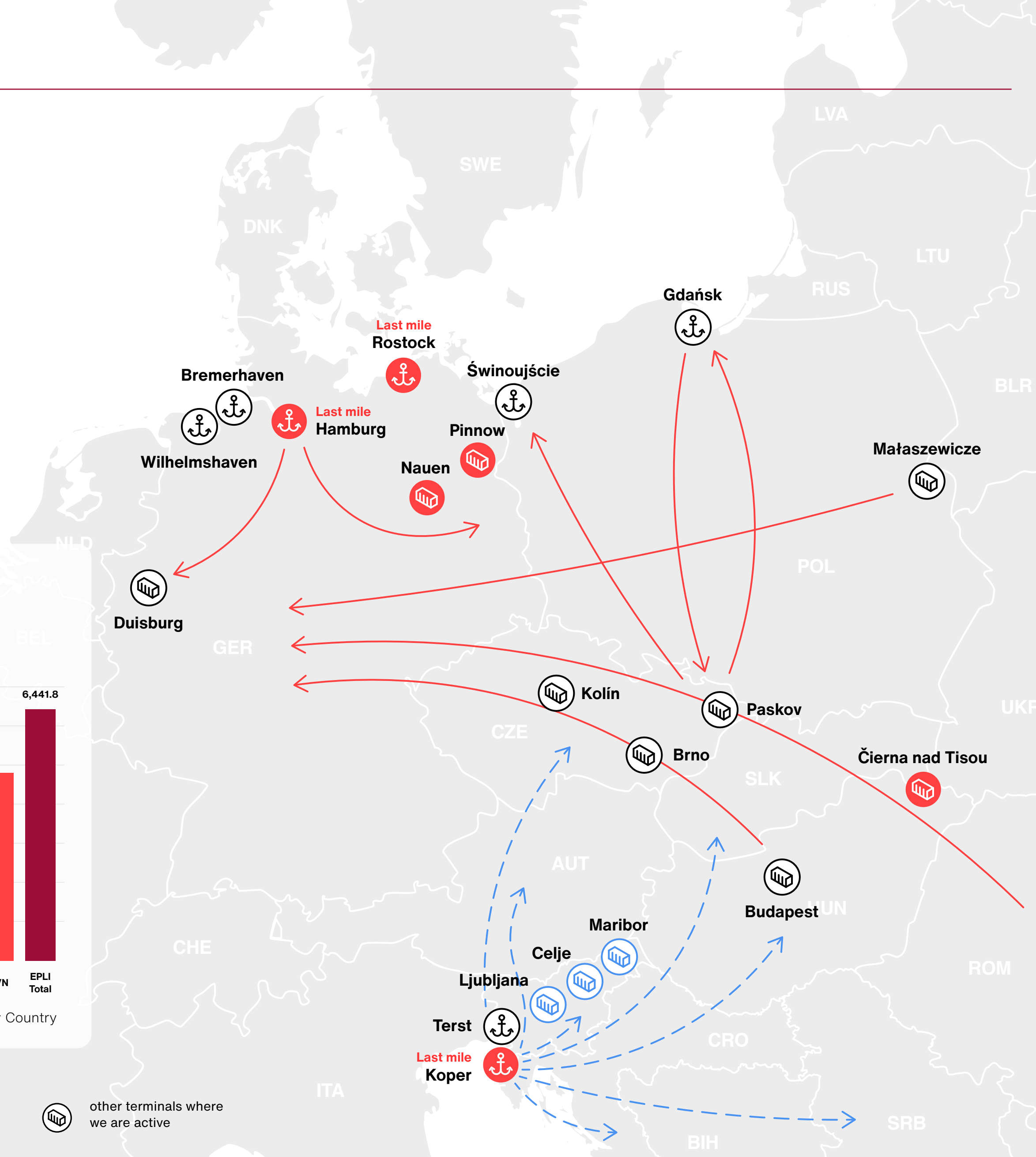
Graph 1: Tonne-kilometres Driven by Country

Ports

- last mile and shunting by own locomotives
- ports where we are active

Terminals

- owned and operated by EPH
- owned and operated by SŽ EP
- other terminals where we are active



Our goal is to become a trusted European leader in logistics with interconnected professionals, hardware, and service.



Customer orientation

We emphasise the reliability, efficiency and high quality of transport services offered both in rail and road freight transport. It is important for us to be a reliable and responsible partner for our customers.



Complexity of offered services

Our goal is to offer top and reliable services in all areas of freight transport, which include rail, road, intermodal, and freight forwarding services. Thanks to the wide range of our services, we can propose complex transport solutions.



Development

As we grow, we are becoming a flexible and innovative private operator in the countries of Central Europe. We are constantly developing the combined transport segment to enable unique tailor-made solutions and to move less traditional commodities from road to rail.

We are expanding to other countries across the continent and continue to enlarge and renew our extensive fleet of locomotives and trucks.



Environmental Impact*

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2. EPLI and Its Business
- 3. Environmental Impact**
4. Social Impact
5. Governance
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In this section

- Environmental Overview
- Reduction of Emissions
- Beyond Emissions
- Promoting Sustainable Rail Transport

EPLI is aware of the impacts of our industry on the environment, in particular emissions from road transport and their contribution to climate change and air pollution.

Both our industry as a whole and our own businesses are growing, highlighting an urgent need to come up with more environmentally friendly ways of transporting goods. We know that the transition to a zero-carbon economy and more efficient use of natural resources is both inevitable and desirable for the long-term continuation of our services, as well as the wellbeing of society and the environment we operate in. Therefore, we are embarking on a path to achieve greater environmental sustainability.

* Note: all data reported in this chapter is excluding our newly acquired operations in Slovenia, which are not yet fully consolidated.

A high-angle photograph of a LokoTrain electric locomotive pulling a passenger train through a dense, green forest. The locomotive is white with green and blue accents, featuring the 'LokoTrain' logo and the number '193 222'. The train consists of several passenger cars, including a yellow and blue one at the front. The background shows a forested hillside under a clear sky.

Our goal is to achieve zero emissions by 2050, guided by both the SDGs and EU legislation, as well as the goals of our parent company EPH.

Overview

As we work to identify additional material topics relevant to our business in the environmental pillar, as described in the [→ ESG Approach section](#) of this report, we will strive to monitor and report on other relevant indicators. We also will keep monitoring all legislative developments within the EU such as the new Taxonomy regulation and the new Corporate Sustainability Reporting Directive (CSRD) and ensure our compliance with them.

This chapter covers the activities we undertook in 2022 to achieve greater environmental sustainability, in particular our GHG-reduction efforts, driven by improvements to the efficiency and modernity of our fleet and our innovative approach to transporting goods by rail that would normally be moved by road.

Our contribution to the environment-related SDGs:



SDG 3: We know that reducing emissions is vital not only for tackling climate change, but for the wellbeing of our stakeholders.



SDG 11: We are conscious that sustainable transport is a key element of creating safe, resilient and sustainable cities and human settlements.



SDG 13: We are striving to better understand the impacts of our business on climate change.

Reduction of Emissions

EPLI is aware that the emissions associated with rail and road freight transport, and the resulting consequences in terms of both climate change and air pollution, represent our largest environmental impact. Therefore, we are working to reduce our emissions, in alignment with our parent company EPH's goal of achieving **carbon neutrality by 2050 and a 60% reduction of 2020 CO₂ emissions by 2030.**

→ GHG emissions

We aim to fully understand the direct and indirect impact that our business has on GHG emissions. Through our continual modernising and optimisation of our fleet and operations, EPLI aims to align with our parent company EPH's decarbonisation goals and GHG emissions reduction targets.



→ Other air pollutants

We are aware of the significant impact of road transport on air pollution and therefore monitor the air pollutants associated with our operations and are committed to decreasing these emissions in future. We are in contact with truck producers to search for more sustainable options, including efficient combustion engines, electric motors, liquified natural gas (LNG), hydrogen technologies, and others.



→ Transport efficiency

Since 2016, we have been measuring our transport efficiency in order to track improvements in the amount of cargo we are able to transport relative to our consumption of energy. This is one of the most important indicators we track, as improving efficiency is core to our emissions reduction strategy.



→ Emissions reduction efforts

Given the importance of reducing our emissions of CO₂ and other air pollutants, we are engaging in several activities to improve transport efficiency and make our fleet greener.



Climate Change and common goals

We recognise the urgency of addressing climate change and as a result, committing EPLI to participating in joint global efforts to lower global temperatures. In particular, the 2015 Paris Agreement, adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21), aligned participants on emissions reduction commitments to restrict the rise in average global temperatures above pre-industrial levels to at most two degrees Celsius.

EPLI welcomes the Paris Agreement and fully supports its goal. As of 2021, we are committed to the EPH's goals of achieving **carbon neutrality by 2050 and 60% reductions by 2030**, also in line with the official 2050 EU climate-neutrality objective.



GHG emissions 1/2

EPLI recognises that the freight transport industry produces significant greenhouse gas emissions, in particular CO₂ from the combustion of diesel fuel. This is why in 2020 we decided to focus on tracking our CO₂ emissions and aim to reduce them in line with our parent company EPH's goal of decarbonisation, as well as broader European and international GHG emissions reduction targets.

Total CO₂ Emissions & Emissions Intensity

Overall, we emitted 30,723 tonnes of CO₂ in 2022, an 11% reduction compared to the previous year. This reduction was primarily a result of a decrease in the transport volume (-15 %) resulting from the energy crisis and subsequent transport market disruptions, as well as some minor gains in efficiency (→ [See Case Study: Improving the Efficiency of Road and Rail](#)). See the section → [Adding Value Through Challenging Times](#) for an overview of how we have been affected by and are adapting our business to the disruptions in freight transport that have resulted from the COVID-19 pandemic and ongoing crisis in Ukraine.

When viewing our CO₂ emissions per ntkm transported, known as emissions intensity, we saw a slight worsening of 4% from 18.1g/ntkm in 2021 to 18.8g/ntkm*. This was due to sub-optimal use of our assets in both rail and road, due to less cargo transported. Rail made up 73% of our total emissions in 2022 (while transporting 92% of freight in terms of ntkm and generating 88% of our revenues), given the possibility of higher volumes of transported goods and longer distances compared to our road business. Indeed, in terms of ntkm, we transported nearly 1.5 billion ntkm by train in 2022, compared to approximately 131 million ntkm by road.

30,723
tonnes of CO₂ emitted

1.5 billion
ntkm transported by train in 2022**

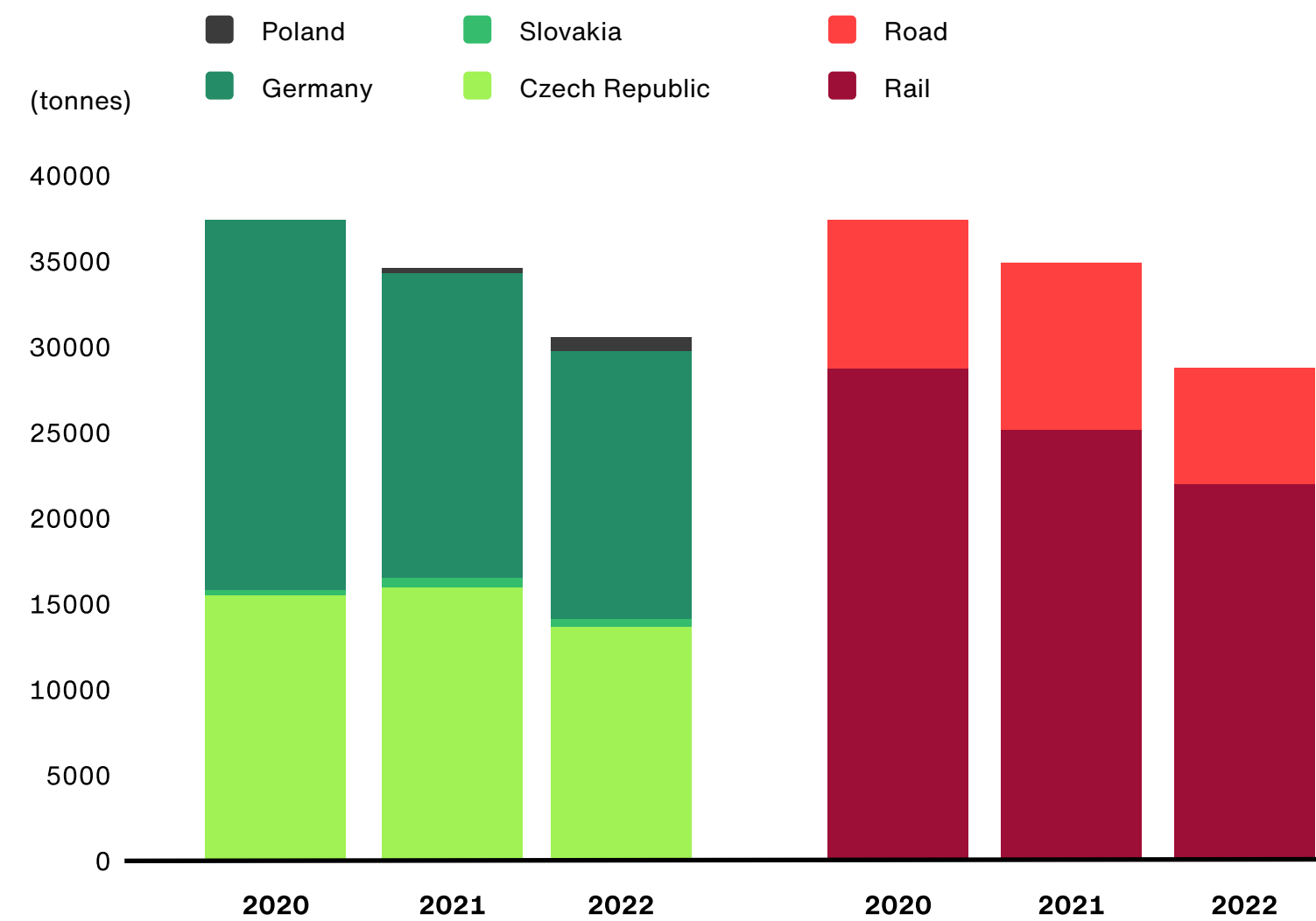
* Based on a new ntkm measurement methodology established in 2022, using actual kilometres driven instead of estimates. 2020 numbers have been restated according to the new, more accurate methodology.

** Does not include Slovenian operations, which are not fully consolidated.

GHG emissions 2/2

Geographically, roughly **50%** of our total emissions came from our business in Germany, about **45%** originating from our Czech business, plus small contributions from Poland.

EPLI 2022 CO₂ Emissions by Segment and Geography



Graph 2: EPLI 2022 CO₂ Emissions by Segment and Geography



GHG emissions

Scope 1 and 2 Emissions

Our Scope 1 emissions, which include direct emissions from diesel consumption in our fleet, comprised approximately 27% of our total emissions and decreased by 14% in 2022 relative to the previous year.

Our Scope 2 emissions, which include indirect emissions from purchased electricity for operation of our electric locomotives, decreased by 10%. The decrease in both scopes 1 and 2 has been driven by the drop in transported volume (-15%) and some minor gains in efficiency, especially in rail freight.



	Description	2022 emissions (tonnes CO ₂)	Change vs. previous year
Scope 1	Direct emissions from diesel consumption of our fleet	8,152	-14%
Scope 2	Emissions from energy purchase for electric locomotives	22,571	-10%
Total emissions	Scope 1 + Scope 2	30,723	-11%

Table 3: EPLI Scope 1 and 2 Emissions

-11%
Change in emissions
2022 vs. 2021

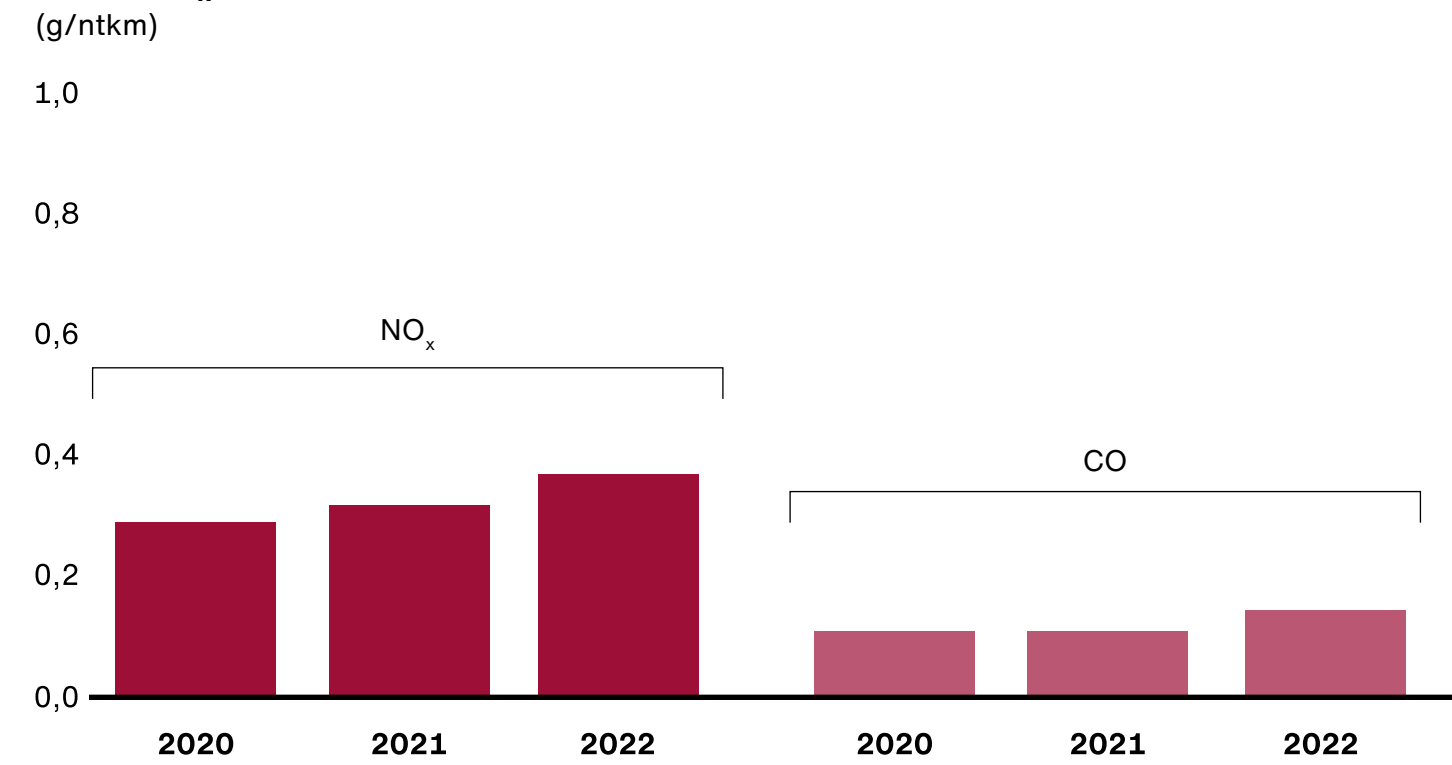


Other Air Pollutants

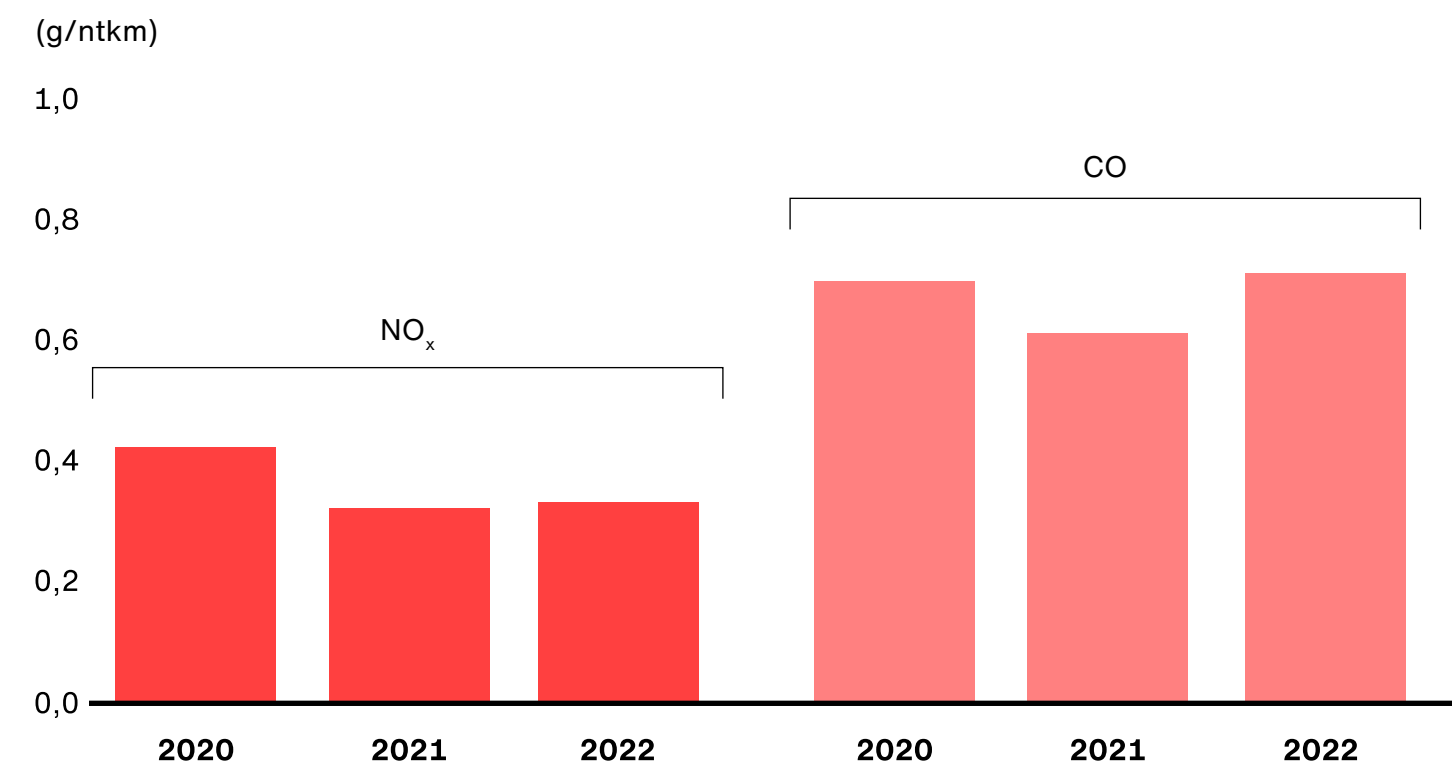
In addition to CO₂, it is well known that the transport industry contributes to the emission of other pollutants into the atmosphere. More than two thirds of global NO_x emissions and approximately 10% of other air pollutants come from transport, particularly road transport and rail transport carried out by diesel locomotives.*

To keep track of our impacts in this area, we therefore started measuring our NO_x and CO emissions intensity in 2020. Both increased in 2022, by 12% and 8% respectively. This increase was caused by a drop in transport efficiency as well as higher utilisation of diesel locomotives, which was required by specific transport routes, where electric locomotives could not be used given the lack of available infrastructure in the regions where we operate.

EPLI NO_x and CO Emissions Intensity – Rail



EPLI NO_x and CO Emissions Intensity – Road



Graph 3: EPLI NO_x and CO Emissions Intensity

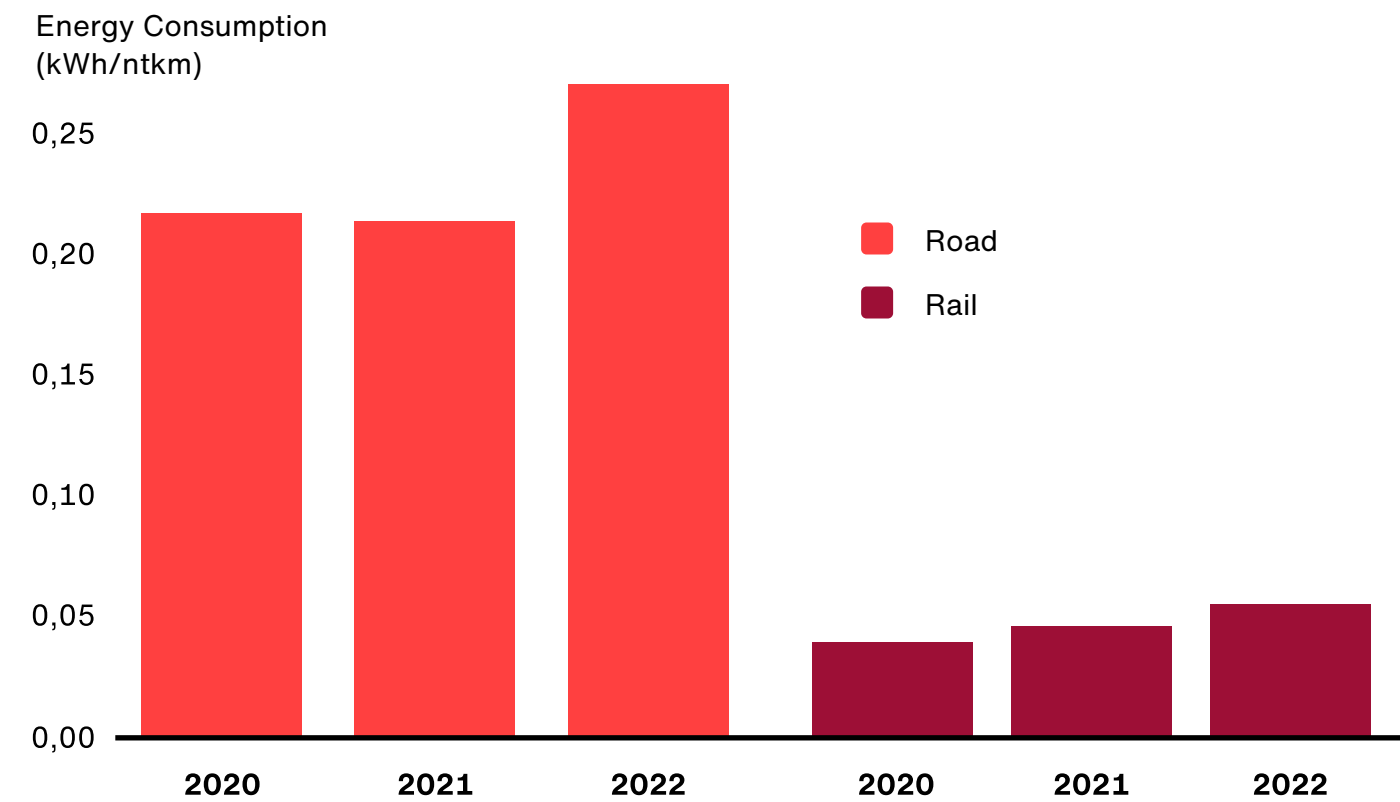
* European Environment Agency (2021). Emissions of air pollutants from transport. Available at: <https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-air-pollutants-8/transportemissions-of-air-pollutants-8>



Transport Efficiency

A cornerstone of our emissions reduction efforts is optimising the volume of material we can transport per unit of energy consumed, also known as transport efficiency. However, we faced challenges in 2022 related to the major upheavals in freight that have arisen in the wake of the COVID-19 pandemic and continue to intensify as the war in Ukraine and energy crisis continue. In 2022, despite a 7% decrease in our overall energy consumption, our transport efficiency decreased by 9%. This was a result of disruption of transport routes, a decrease of volumes transported, and a slight increase of empty kilometres driven.

EPLI Transport Efficiency 2020 – 2022



Graph 4: EPLI Transport Efficiency 2020 and 2022



Emissions Reduction Efforts 1/2

Our main strategy for achieving emissions reductions is through modernising and increasing the efficiency of our fleet. Primarily this is through our innovative use of rail, particularly electric locomotives. However, this does not mean that we plan to abandon our trucks, which still offer superior flexibility in route planning for specific materials despite overall lower energy efficiency. Rather, as described below, we are working on ways to improve the efficiency of our road business, including technology modernisation, optimisation through IT solutions and fuel-efficient driving techniques. In future, we will continue our efforts to reduce our emissions, in line with EPH's goals of achieving zero emissions by 2050.

Electric locomotives

In 2022, EPLI expanded its fleet of 31 by 29%, bringing it to a total of 40 vehicles*. Our Siemens electric locomotives are energy efficient in both their production and operation. They are built to recover excess kinetic energy when braking and convert it into electrical energy for reuse within the system. Furthermore, they also save energy while waiting at stations by disconnecting unnecessary circuits, such as the transformer refrigerant pump or electric rectifier. In many cases, these and other benefits have convinced customers to use electric locomotives instead of trucks ([→ see our Promoting Sustainable Rail Transport section](#)) and have also led us to convert routes from diesel to electric locomotives.

Truck Modernisation

In 2021, a pilot trial of compression trailers was run, which confirmed the operational benefits of using this technology. Such trailers contain a compressor, which enables the remote loading and unloading of bulk materials. These improve transport efficiency and are useful especially in combined transport, as part of the journey can be completed via rail. In the case of a road accident, bulk materials can be safely reloaded into a new trailer and the discharged trailer can be manipulated more easily, resulting in safety benefits. The first trailer was delivered in January 2022 and is fully deployed in operations. It has also been deployed in interventions on third-party sites (especially pumping material out of contaminated silos or third-party vehicles), which further extends the usability of the compression trailer.

* This is a consolidated number; including equity participation SŽ - Tovorni promet (100% share), it is more than 100 locomotives.

Emissions Reduction Efforts 2/2

IT Solutions

In 2021, we implemented a software tool for our road business that enabled more efficient planning and utilisation of resources, real time monitoring of our trucks and better allocation of costs, therefore allowing us to analyse the profitability of individual customers and destinations almost entirely online. This project has resulted in savings of 1% of trucking kilometres, 20% of human resources in dispatching and one headcount in administration. For our rail business, we launched a project with specialised consultants in 2022 to describe the current processes and needs and to help us define processes and IT tools to automate and increase the efficiency of our business.

Fuel-Efficient Driver Training and Incentives

Since 2016, we have implemented a Driver Training and Remuneration System based on fuel efficiency, which considers four parameters for economical driving. Driver remuneration can be either increased or decreased based on the results, resulting in total estimated savings of 1-4l/100km, i.e., up to 3-10% of total fuel consumption.

3-10%

total fuel consumption saved through driver training





LOCON: Digitalisation Initiative

In 2022, LOCON introduced a Document Management System (DMS) that encompasses contract administration, invoice processing, accounting, financial control, payroll, and HR management. This system offers numerous benefits, such as accelerated and more efficient processes, minimised human effort, reduced errors, enhanced data protection, and compliance with regulations like GDPR and legal retention periods. Additionally, the DMS has contributed to environmental sustainability by decreasing electricity consumption, reducing paper usage, and lowering CO₂ emissions.

Improving the Efficiency of Road and Rail

Case Study

EP Cargo Trucking: Streamlining Vehicle Dispatch in Poland

In 2022, our company implemented a new dispatching system for six trucks in our fleet to enhance fuel efficiency. Previously, all trucks operated from a central home base and travelled daily to customer sites for transportation services. In 2022, we began parking the trucks at customer locations during the week, only returning to the home base weekly for technical inspections and basic maintenance. This change resulted in yearly savings of 129,000 empty kilometres, equating to 40,000 litres of diesel, 3,000 litres of AdBlue synthetic urea solution, and reduced wear on trucks, tires, and engine oil. The diesel savings alone reduced CO₂ emissions by 108 tonnes.

Case Study

SŽ - Tovorni promet – Diesel Locomotive Modernisation

In December 2022, a five-year project to modernise 12 diesel locomotives was completed. These class 642/643 locomotives, manufactured between 1970 and 1977, no longer met the demands of contemporary railway freight transport. Maintenance costs for the outdated engines and equipment exceeded the price of new diesel engines.

SŽ-VIT, a sister company within the Slovenske železnice group, refurbished crucial components of the locomotive, including replacing the old diesel engines with modern MTU-manufactured engines. Along with the new diesel engines, the following equipment was installed: a primary generator, electric

drives for cooling traction motors, an electric drive for cooling the diesel engine, a new compressor with a compressed air-drying device, an updated braking system, new driver cabin interior equipment, instruments, regulation and device protection, and insulation for the cabin and engine compartment.

The modernisation not only improved reliability and safety but also reduced fuel consumption by 30%, leading to an annual CO₂ reduction of 486 tonnes. Furthermore, the lifespan of these locomotives is expected to be extended by an additional 20 to 30 years.



Beyond Emissions

Beyond the vital importance of reducing emissions and fighting climate change, we are also aware that our business has other interrelated environmental impacts, including noise pollution that could disturb surrounding ecosystems and communities.

From a more positive perspective, we also see how our unique logistics network and expertise have the potential to support projects that benefit the environment and encourage customers to consider more sustainable forms of freight transport in future.

→ Noise pollution



Aside from emissions and energy use, noise pollution is another area in which our industry, particularly road freight transport, has a significant impact. We therefore are conscious of how our vehicles affect the noise landscape and are working to reduce this impact, as we describe below.

→ Supporting environmental projects



Supporting environmental projects, including the building of rail infrastructure and the transport of materials for reuse that would otherwise be deposited in landfill, is another area in which we are able to contribute using our unique network and expertise. In many cases, clients choose us as a supplier based on our specific vehicles, expertise, certification, and track record.

Noise Pollution

According to the World Health Organisation (WHO), noise pollution is the biggest environmental stressor on society after air pollution, resulting in numerous health problems.* Road traffic is the biggest source of noise pollution in Europe.** EPLI is conscious of the noise pollution resulting from our road transport and is working to mitigate this impact in accordance with EU legislation. We are doing this by finding ways to keep trucks off European roads with our innovative approach to rail, and growing the number of electric locomotives in our fleet (→ [see our Promoting Sustainable Rail Transport section](#)).

EPLI owns 40*** electric locomotives, which provide a significant contribution to the reduction of noise in our transport operations. Our own Siemens electric locomotives are equipped with silent brakes and thereby meet the noise pollution criteria set by the European Railway Authority (ERA). Additionally, these locomotives reduce noise while waiting at stations by disconnecting unnecessary circuits, such as the transformer refrigerant pump or electric rectifier.

We are conscious of the benefits of rail transport when it comes to reduction of noise pollution and are therefore looking at ways of capitalising on our strategic advantages in this segment, particularly through our new intermodal business.



* World Health Organisation Regional Office for Europe (2018). Environmental Noise Guidelines for the European Region. Available at: https://www.euro.who.int/__data/assets/pdf_file/0008/383921/noise-guidelines-eng.pdf

** European Environment Agency (2020). Road traffic remains biggest source of noise pollution in Europe. Available at: <https://www.eea.europa.eu/highlights/road-traffic-remains-biggest-source>

*** This is a consolidated number; including equity participation SŽ - Tovorni promet (100% share), it is more than 100 locomotives.

Supporting Environmental Projects



Our environmental focus is just as much about reducing our negative impact as it is about increasing our positive impact. Given our range of offerings, from our network of routes to our modern fleet, trained personnel, and unique innovative approaches that we have honed over years of experience, we are often able to help customers achieve pro-environmental outcomes that would not be possible without our expertise. This includes transporting waste materials for reuse and repurposing and facilitating the building of sustainable transport infrastructure.

Enabling circular use of wood waste

One excellent example of our ability to realise environmental benefits thanks to our specific value proposition, is a project which involved transporting German wood waste, which would otherwise be discarded, to a factory in Slovakia where it could be transformed into valuable wooden boards for furniture production. This project was only possible because of our specific ability to transport this material to the relevant destination in Slovakia, due to our existing rail coverage and expertise, which allowed for a favourable price-quality ratio. Had we not enabled the transport of this material by train, it would have proved too costly, resulting in the wood waste being disposed of and not reused in this circular economy approach.

Facilitating railway infrastructure projects

Our German subsidiary LOCON has become a key partner in several projects to repair, modernise and expand the German railway infrastructure. In Germany, the government plans to invest billions in expanding the railway infrastructure with more numerous construction projects planned than ever before. Since it was founded, LOCON has provided railway construction services in the construction logistics division and thus made a significant contribution to the expansion of the railway infrastructure in Germany.



Promoting Sustainable Rail Transport

Our activities in rail demonstrate how EPLI's work contributes across a spectrum of environmental impacts.

Our rail activities show how we not only prioritise reducing GHG emissions and consequently fighting climate change and air pollution, but also how we are minimising noise pollution and energy consumption, supporting environmentally friendly projects and ultimately, changing the behaviour of our clients in favour of more sustainable forms of transport.

Developing rail is part of our long-term strategy. We see this fast, climate neutral, and cost-effective form of transport as key to the future sustainability of our industry. Trains show clear benefits over trucks in terms of emissions per tonne of material transported. Electric trains in particular show the greatest benefits, outperforming both diesel trains and trucks in terms of reducing noise and air pollution, and emissions. With our intermodal business, which we have launched and plan to develop in future, we explore ways of combining road and rail to achieve the most efficient and effective outcome.

Similar to previous years, in 2022 EPLI moved several routes from road to rail, driven by our expertise in this segment and partially facilitated by government subsidies to rail transport. The below case studies demonstrate how these activities were able to keep trucks off the road and resulted in reduced CO₂ emissions.



Case Studies: EPLI's Road to Rail Expertise

Case Study

SŽ - Tovorni promet: Single wagon transport

In 2022, SŽ - Tovorni promet reviewed and strengthened the transport of trains composed of individual wagons, gathered and dropped in different locations. This activity is more demanding when it comes to planning and flexibility, compared to full train delivery. Using this form of transport, a wood transport project brought 2,628 wagons to rail in 2022, with a total of 97,535 tonnes of wood, which is typically primarily transported by truck. In total, 58,626 individual wagon shipments with 2.1 million tonnes of goods of various product groups were transported. This took 58 thousand trucks off Slovenian roads. With an average distance of 246 km (one way), savings in CO₂ emissions reached 27,600 tonnes.

Case Study

EP Cargo: Asphalt transport

In 2022, due to extensive construction activity on roads and a lack of required trucks on the market, there was a need to provide rail transport of stone aggregate from a quarry in Jakubčovice nad Odrou to an asphalt plant in Ostrava. EP Cargo carried out this transport in October and November 2022, covering a distance of 50km (one way) three times a week with 20 wagons per train, with a total of 25,000 tonnes of aggregate. This replaced 833 semi-trailer road sets which would have been used in other circumstances. The reduction of CO₂ emissions was 40 tonnes.



Case Studies: EPLI's Road to Rail Expertise

Case Study

LOCON's Innovative Approach to Last Mile Rail

In past years, our German subsidiary LOCON has been successful in convincing both new and existing customers regarding the sustainability of rail cargo transport. Some of these customers had previously used trucks to transport goods from their plants. Due to LOCON's innovative strategy – including its last mile rail technology and loading/ unloading expertise – it was possible to shift these transports to rail and to develop a concept tailored precisely to customer needs. As a result, customers benefited from both a more efficient workforce and higher CO₂ savings.

Rail technology for the last mile

LOCON uses a series 187 Bombardier TRAXX F160 AC3 (LMD) electric locomotive that offers the option of last-mile diesel; this makes it possible for LOCON to use it as a shunting locomotive without an available traction power line in the final port and thus offers increased flexibility and efficiency.

Offering a full and tailored service

LOCON has developed a tailored approach to meeting its client's needs with professional personnel and expertise. On its Nauen-Hamburg route, LOCON provides not only the wagon fleet, wagon inspector and shunting team, but is also responsible for loading and unloading the wagon fleet using two modern reach stackers, allowing its customers the highest degree of flexibility. In 2022, the customers on this route decided to continue their cooperation with LOCON, confirming the high quality and added value of this service.



Social Impact*

1. Introduction
2. EPLI and Its Business
3. Environmental Impact
- 4. Social Impact**
5. Governance
6. Annex

In this section

- Social Impact Overview
- Employment
- Health & Safety
- Adding Value Through Challenging Times

With **656 employees** and a fleet transporting goods across multiple European countries, the needs and expectations of our customers are our focus, and our workforce is our most important asset. Therefore, we aim to offer a high-quality service while prioritising health, safety, fairness and inclusion.

We are also aware that the systemic nature of our business makes it essential that we protect our employees and keep operating smoothly even through times of crisis.

* Note: all data reported in this chapter is excluding our newly acquired operations in Slovenia, which are not yet fully consolidated.



Social Impact Overview

To ensure we keep meeting the needs of our employees and customers, our goal is to continue offering a safe work environment with zero fatalities and accidents.

Furthermore, we aim to offer secure, fairly paid and rewarding jobs with the opportunity for flexibility. Finally, we strive to increase the training and development opportunities for our workforce as we believe that qualified and motivated employees are the key to our success.

This chapter focuses on issues relating to employment, health and safety and our response to social crises, including the COVID-19 pandemic and war in Ukraine. We give an overview of our hiring practices, employment conditions and training programs, our efforts to keep our employees and customers healthy and safe, and our achievements in offering high-quality service regardless of challenging external situations.

Our contribution to the social-related SDGs:



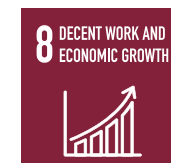
SDG 3:
We prioritise the health and wellbeing of our employees and communities.



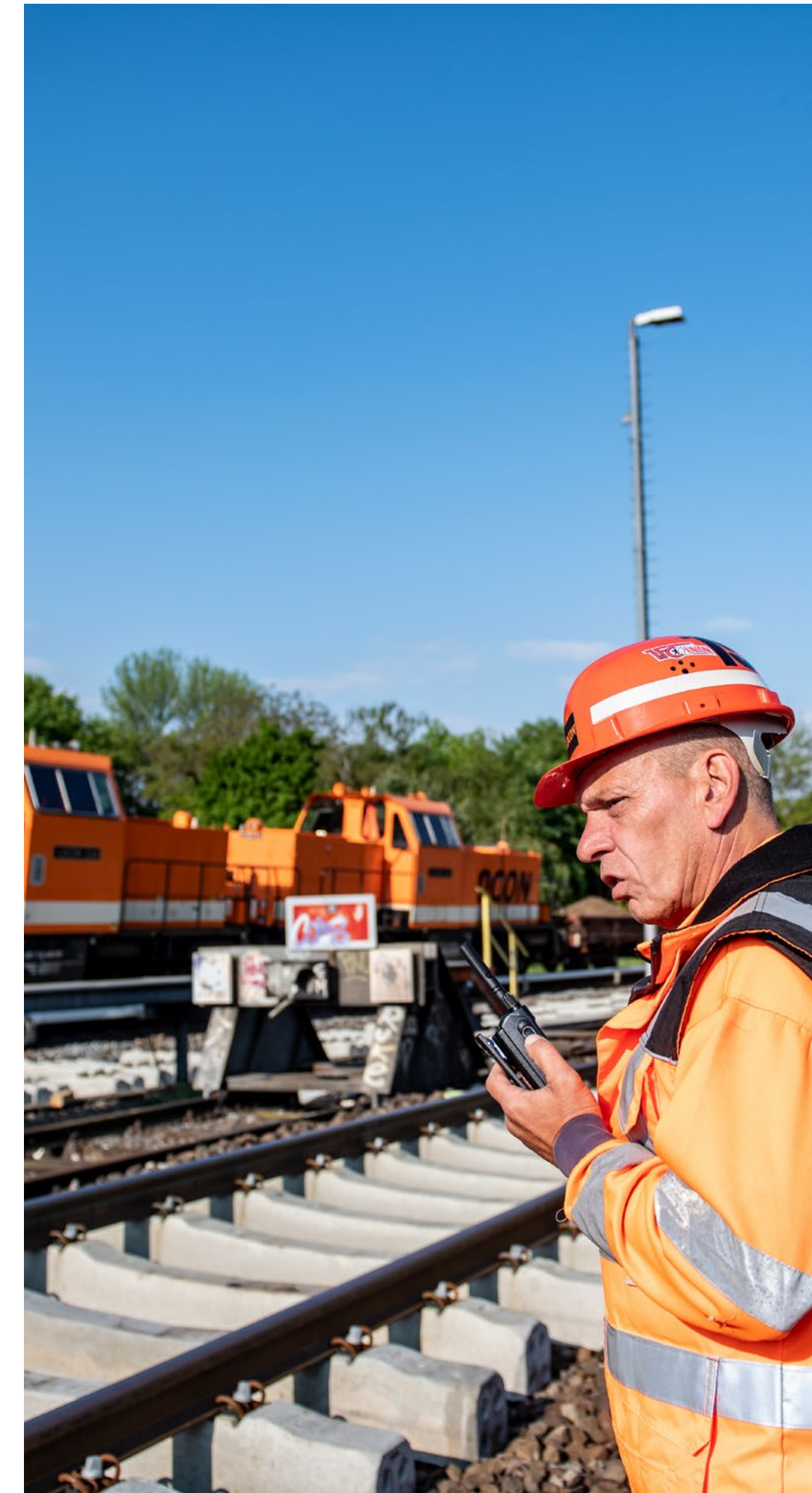
SDG 4:
We offer our employees opportunities for lifelong learning.



SDG 5:
We strive to offer equal opportunities for women.



SDG 8:
We are proud that our business contributes to regional and national economic growth and provides decent work opportunities.



Employment

Despite ongoing challenges in the logistics sector, our company continued to grow in 2022 with 151 new hires, bringing our total number of employees in 2022 to 656. Our turnover rate was 16%, which is below the industry average.

We strive to create a diverse and inclusive work environment in which each of our employees benefit from fair contracts, a pleasant work environment, opportunities for training and development and additional benefits such as a year-end bonus and extra week of vacation.

We value our employees and aim to offer most of them permanent contracts after completion of their first year, thereby giving them the stability of long-term work. We are proud that about 65% of our employees had permanent contracts and 95% of our workers were directly employed in 2022. Unions are active in one of our companies, EP Cargo Trucking CZ, where a collective agreement has been signed for three years and management meets union representatives every quarter.

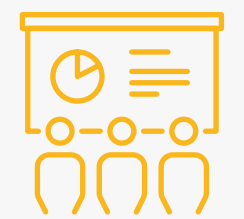
→ Diversity & Inclusion

We believe in the value of diversity and inclusion in our hiring, in line with the EPH Policy on Equality, Diversity and Inclusion, which was implemented in 2022.

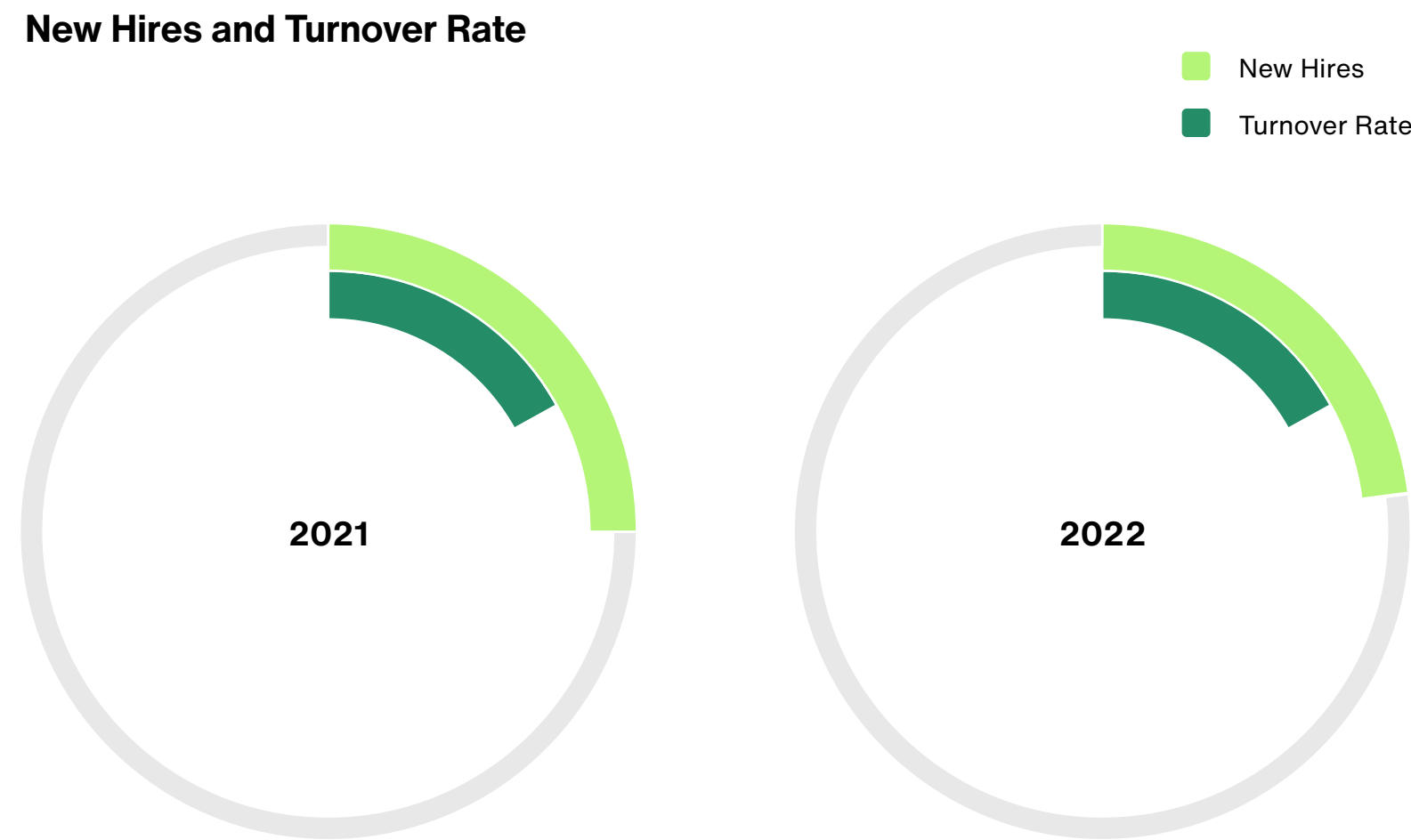


→ Training

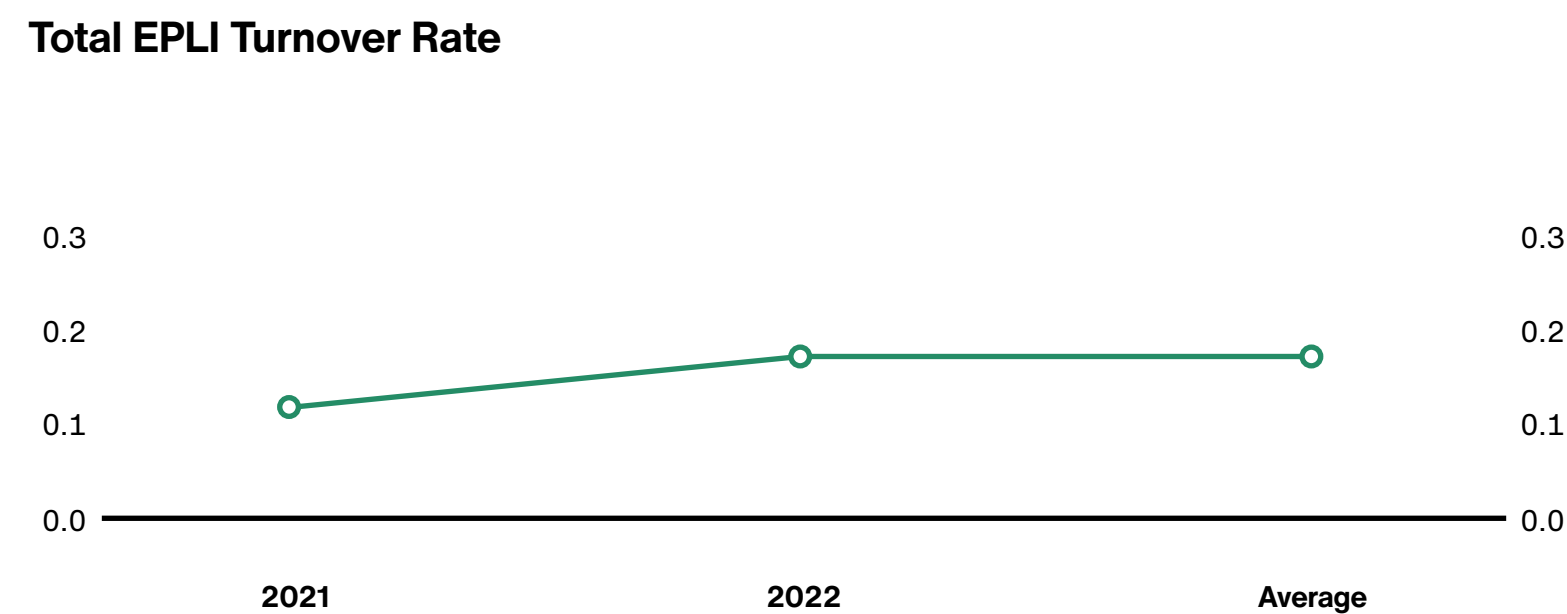
We ensure that our employees complete legislated training to be able to provide our services at the highest safety standard, while also offering our employees the means to develop their skills according to their specific needs.



Our company continued to grow in 2022 with the hiring of **151 new employees.**



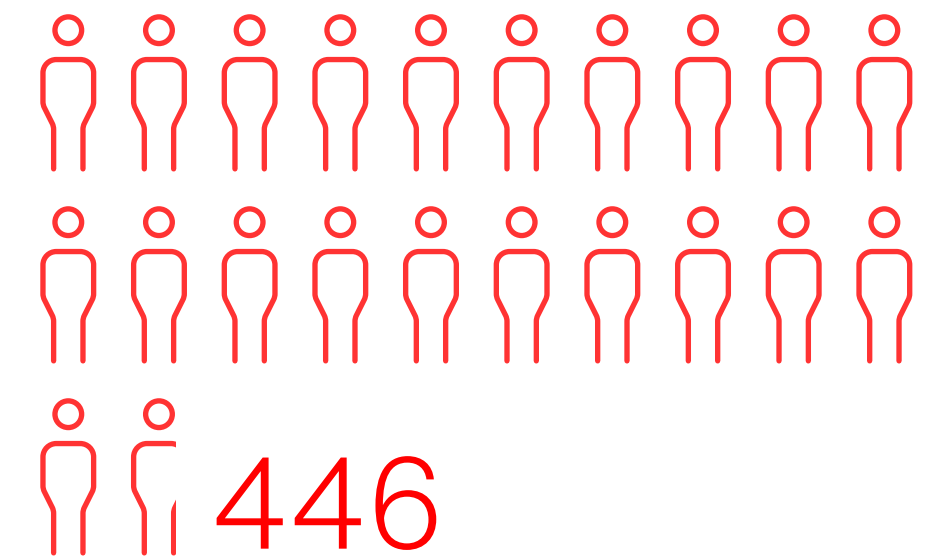
Graph 5: New Hires and Turnover Rate, 2021-2022



Graph 6: Total EPLI Turnover Rate

EPLI Headcount by Country 2022

Czech Republic



Germany



Poland



Slovakia



Figure 3: 2022 EPLI Headcount by Country

Diversity & Inclusion

Since 2021, EPLI formally adheres to EPH's [Equality, Diversity and Inclusion Policy](#), committing to inclusive and respectful treatment of our employees.

We believe that diversity provides a rich source of innovation and creativity in our company, and we employ people without discrimination based on age, disability, gender, or other factors.

We are conscious that our industry as a whole is still male dominated. In the EU, women make up only 22% of the transport industry.* Therefore, we are proud that in 2022 there was an 8% increase in the number of female

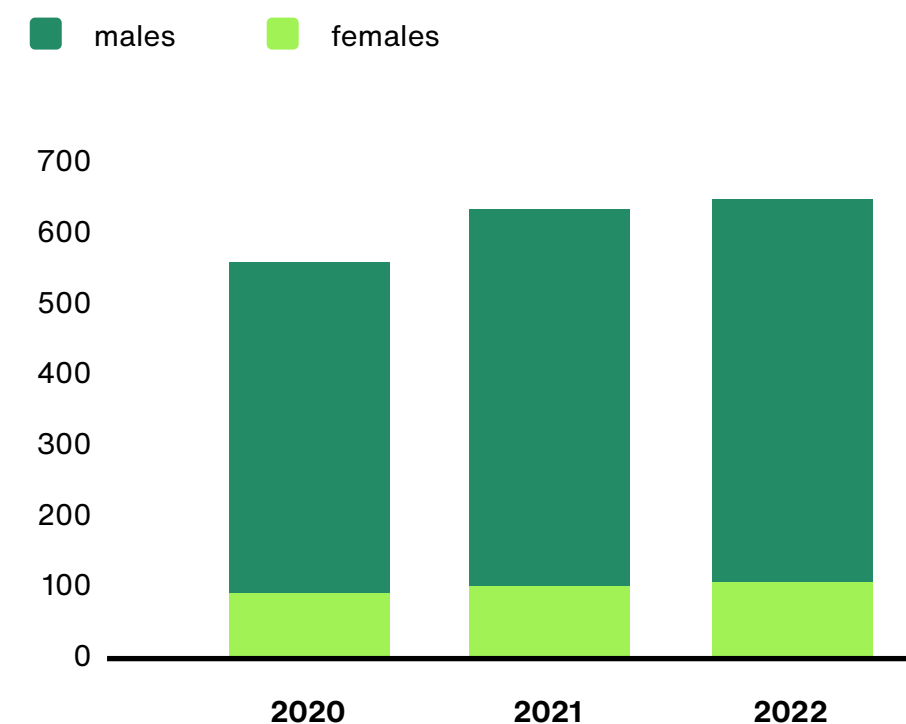
employees at EPLI, and we also hired our first two female drivers. We have recorded a higher interest of females in the traditionally masculine profession of truck driving and are happy to support this trend.

Overall, women make up 17% of the company's employees, and 15% of our top and middle management. We are exploring ways of creating more opportunities for women within our company.

We furthermore are proud to employ the most experienced members of society, with around 32% of our employees over the age of 50, a subsegment of our workforce that increased by 9% in 2022. We also offer increasing opportunities for younger employees at the beginning of their careers.

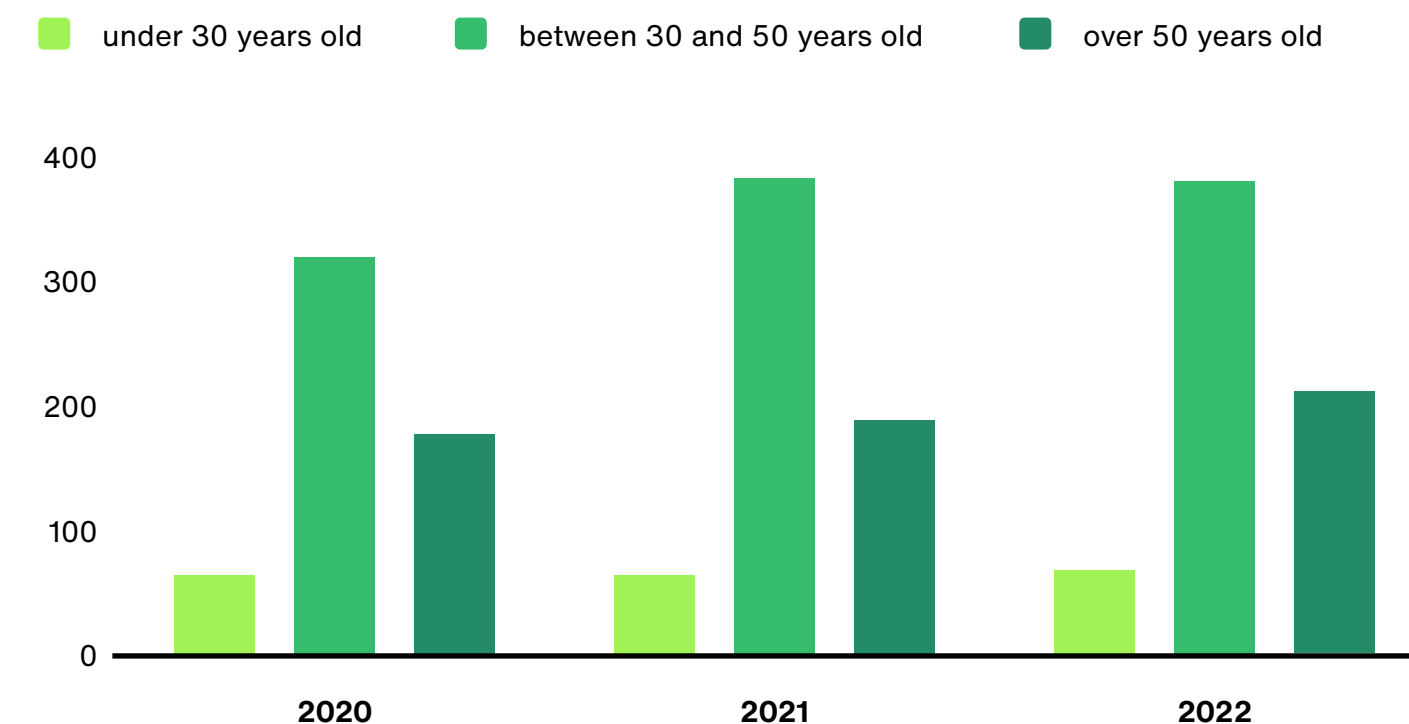


Headcount by Gender



Graph 7: Headcount by Gender, 2020–2022

Headcount by Age Group



Graph 8: Headcount by Age Group, 2020–2022

* European Commission (2017). Women in Transport: EU Platform for Change. Available at: https://transport.ec.europa.eu/transport-themes/social-issues/women-transport/women-transporteu-platform-change_en

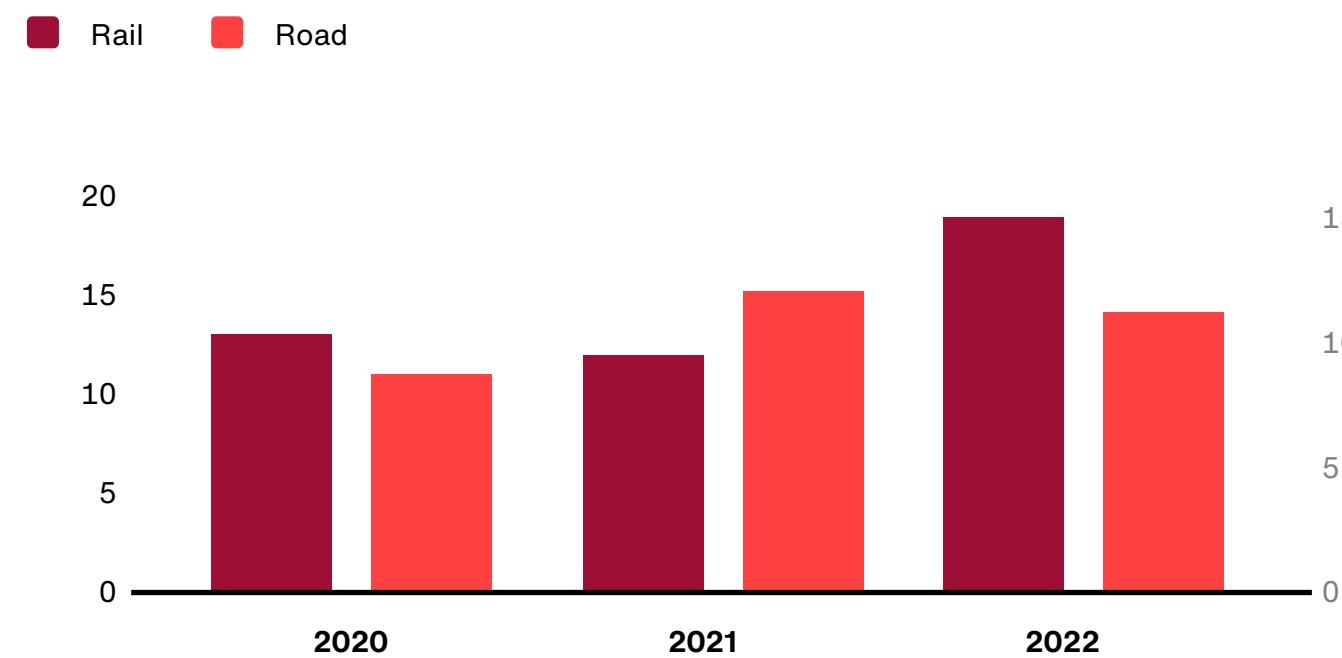
Training ^{1/2}

We believe that providing training is an important way to give our employees a sense of fulfilment and personal growth while also developing the skills they need to excel in their work. In 2022, the number of training hours at EPLI was up 37% compared to the previous year. A total of 11,278 hours of training were completed by employees*, consisting of an average of six hours of training per employee. EPLI has increased trainings in health and safety, fire protection and driver safety.

For all employees at EPLI companies, training is offered to develop soft skills such as communication and negotiation, as well as management skills training for 100% of our managers. Trainings are tailored to the needs of each subsidiary, which are regularly given the opportunity to submit any special training needs to our human resources team.

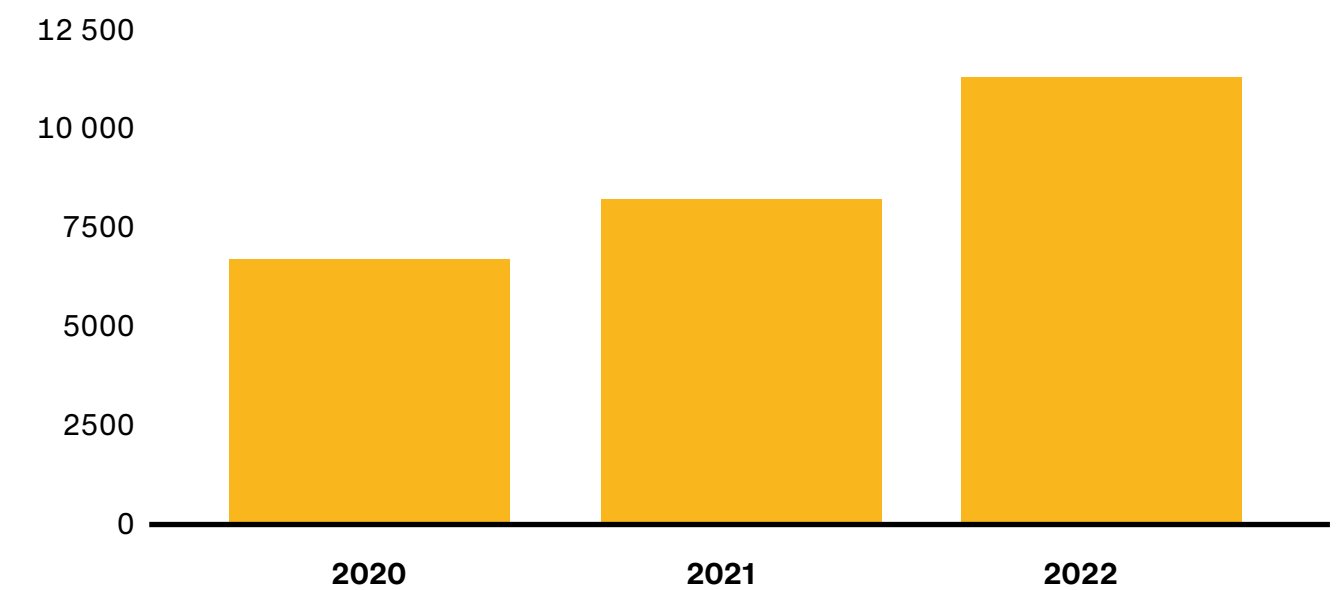
In addition to soft skills training, we provide professional training required by legislation or to develop special skills related to our railway and road operations. This includes a yearly preventive training to promote safe driving, and a biennial occupational health and safety and fire safety training.

Training hours per employee 2020 – 2022



Graph 9: Training hours per employee 2020 – 2022

Total training hours 2020 – 2022



Graph 10: Total training hours 2020 – 2022

* This number excludes the training hours of our operations in Slovenia, which are not yet fully consolidated. Training data for SŽ - Tovorni promet are reported separately in the following Case Study.



Training 2/2

Case Study

Empowering Employees through Comprehensive Training and E-Learning Initiatives at SŽ - Tovorni promet

Education and training form a vital component of SŽ - Tovorni promet's personnel strategy, as providing quality education and accessible content for all employees is essential for successful development. To this end, professional training sessions were conducted for employees performing safety-critical tasks at the Slovenian Railways training centre.

In 2022, 55 SŽ - Tovorni promet employees participated in theoretical training for shunters, train drivers, and train conductors, completing a total of 758 professional training sessions for safety-critical tasks.

In 2022, we also continued our e-learning initiatives, which were rapidly adopted during the COVID-19 pandemic. The Slovenian Railways Educational Center developed a variety of e-materials and tests across multiple fields, with contributions from numerous external experts. Alongside the existing Academy of Management courses, we launched a new series of foreign language

courses in 2022 for employees in key positions. 14 employees took part, with the courses set to continue in 2023.

2,082

Total training sessions completed by SŽ - Tovorni promet in 2022.



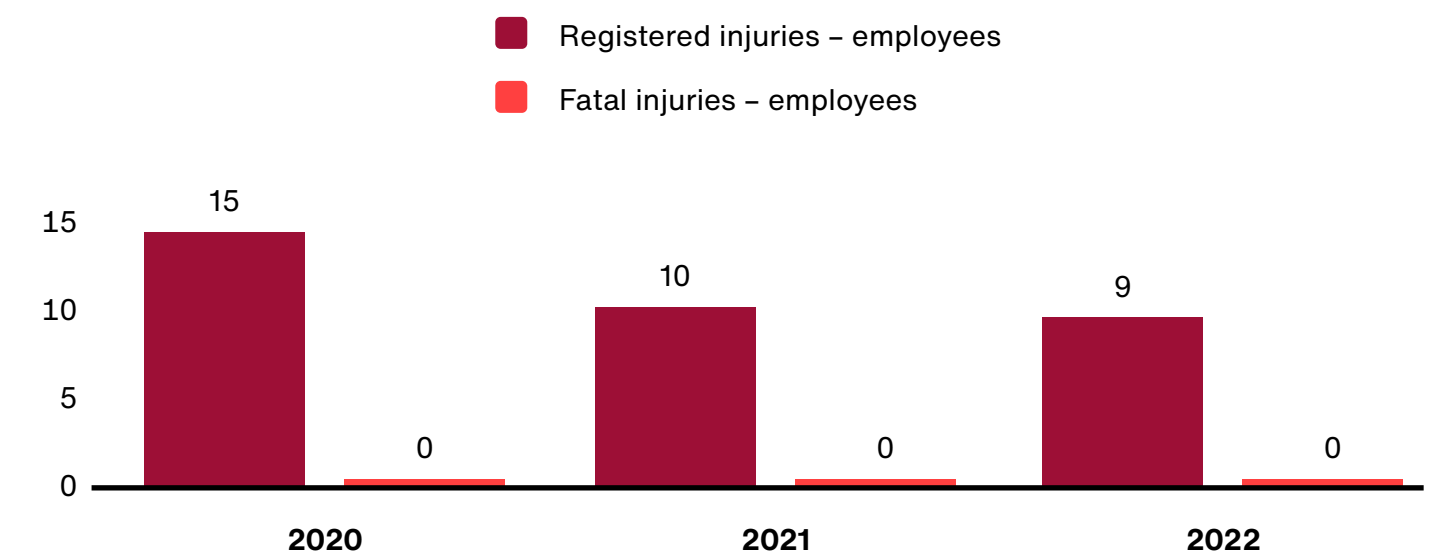
Health & Safety 1/3

EPLI prioritises the health and safety of all its employees, whether administrative or operational. We are proud to have maintained a record of zero road fatalities of drivers or third parties in all of our years of operation.

In 2022, there was only one accident in our entire fleet and the total number of registered injuries among our employees dropped by 10% compared to 2021, with nine minor injuries occurring in 2022. No injuries or deaths were reported by our contractors.

Zero
road fatalities of drivers or third parties

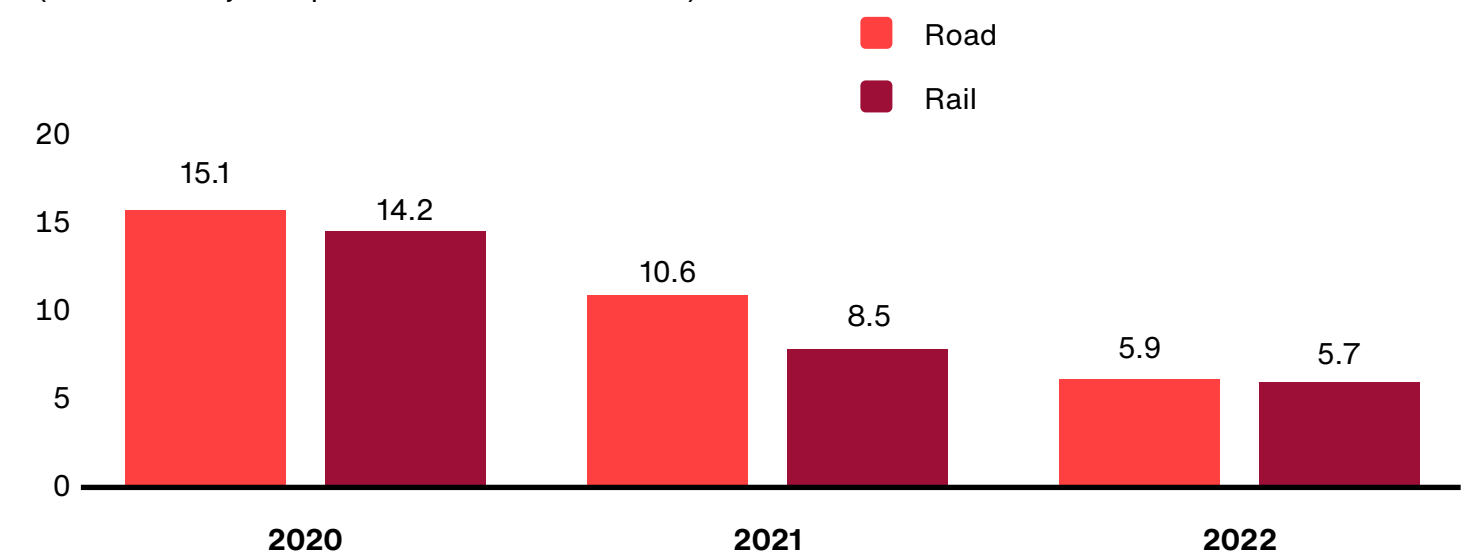
Registered Injuries



Graph 11: Registered Injuries 2020–2021

Injury Frequency Rate

(Number of injuries per million of worked hours)



Graph 12: Injury Frequency Rate, 2020–2022

Health & Safety 2/3

„We take care to ensure that our working spaces adhere to **national and international guidelines.**“

Health & Safety Management

To achieve our goals of zero fatalities and accidents, we ensure that our employees fulfil legislated occupational health and safety and fire safety training every second year as well as a yearly preventive training.

We furthermore are looking into new technologies that can improve the safety of our business. For example, in our road business, we ran a pilot program in 2021 for compression trailers that improve safety on the roads. These trailers enable the remote loading and unloading of ashes, meaning that in the case of road accidents the ashes can be safely unloaded to a new trailer and the discharged trailer manipulated more easily. The first such trailer was delivered in January 2022 and is now fully deployed in operations.

Health & Safety Certification

We take care to ensure that our working spaces adhere to national and international guidelines and operate according to the Operational Policy of EPH as well as having ISO 45001 (formerly OHSAS 18001) certification.

To ensure safety and prevent accidents, all locomotives in EPLI's fleet are certified according to mandatory EU regulations. Currently, the certification process for the "Entity in Charge of Maintenance" ("ECM") safety certification as defined by the Directive (EU) 2016/798 is ongoing for two of EPLI's companies, RM Lines and LOCON, and is completed for LokoTrain. As the name suggests, this certification ensures that all railway vehicles are operated in a safe and serviceable condition. Besides the legislative obligation valid as of June 2022, ECM certification will also secure higher quality, security and tracking of the performed maintenance.

Health & Safety 3/3

Case Study

Case Study: LOCON's Safety Focus – Monthly Reports and Proactive Measures

LOCON is committed to safety and has implemented a monthly safety development report to heighten awareness of potential hazards. This report encompasses incidents resulting in damages, violations of substantive laws, work accidents, and any other occurrences that could have posed a safety threat. The report details the causes and consequences of each incident, along with

preventative measures that could have been taken. This initiative supplements the mandatory annual safety training required by the German Railway Agency (Eisenbahnbundesamt EBA). The heightened awareness of potential risks fostered by our training has proven effective in enhancing safety, as exemplified by a locomotive driver who quickly reacted in July 2022 to avert a collision with a car stranded on the tracks.



Adding Value Through Challenging Times



The COVID-19 pandemic and the conflict in Ukraine are two recent events that have highlighted the interdependence of the global economy. Both crises have resulted in significant direct and indirect costs, impacting lives and disrupting supply chains. In response, the logistics industry has been forced to adapt quickly, creating new routes and strategies. As a logistics company, we must anticipate such events occurring more frequently and be prepared to adapt swiftly.

COVID-19 Impact on the Global Supply Chain

COVID-19 caused lasting disruptions to the global supply chain. Paralysed seaports and grounded aircraft led to discussions about alternative transportation routes across industries. Companies increasingly adopted combined transport solutions, such as short-sea modalities connected to intermodal rail services or expanded rail transportation throughout Europe. This shift led us to adapt to our clients' needs to prioritise flexibility in transportation methods over cost-effectiveness.

Conflict in Ukraine

The conflict in Ukraine has created massive uncertainties in transportation and increased fuel and energy costs across the global transportation network. European companies are likely to reevaluate the risks associated with international suppliers and consider local sourcing despite higher costs. This presents an opportunity for Europe to strengthen its internal manufacturing sector. We are actively adapting to new routes that have been established, such as rail transports from Asia through the southern corridor via Turkey, bypassing Russia and Belarus, with additional corridors and routes still to come. In 2023, we are preparing the opening of a terminal in Vojany in eastern Slovakia, on the railway route from Ukraine to central Europe.

EP Cargo Trucking:

Humanitarian Aid for Ukraine

In response to the humanitarian crisis in Ukraine, EP Cargo Trucking supported the EPH Foundation's solidarity initiative by providing a truck and two drivers to transport **13 pallets of medical supplies and diesel generators** to a humanitarian warehouse in Uzhhorod, Ukraine.

The materials were then distributed to Kyiv and other areas impacted by the conflict.



Governance

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In this section

- Governance Overview
- Governance Structure and Key People
- Ethics & Compliance
- Risk Management
- Quality Customer Experience

At EPLI, we know that the protection of our employees and customers is central to our success, as is our company's reputation in the communities in which we operate.

Therefore, we take good governance seriously and believe it is an essential pillar of corporate sustainability. Having a strong governance structure and policies in place ensures the fair treatment of all our stakeholders, from our drivers to our customers, as well as the stability of our company. We see this as an essential element of our vision of becoming a leading freight transport company in Europe.

Overview

In 2021, EPH formalised its commitment to ethics and risk management through the implementation of a [→ set of policies](#) approved by the board of EPH the same year, and EPLI implemented these policies in 2022.

This also includes the Code of Conduct, which covers our activities with key stakeholders: business partners, customers, employees, suppliers, and communities. Handling all these stakeholders with an ethical and transparent approach is of utmost importance to us.

This chapter looks at our approach to responsible governance, including our company’s management structure, consisting of our Senior Management team, Board and Supervisory Board, as well as the policies we comply with on ethics and risk management.

Our contribution to the governance-related SDGs:



SDG 16: We aim to be an effective, accountable and inclusive organisation.



SDG 17: We strive to be a supplier of choice in the pursuit of excellence and sustainability.



Supervisory Board

- Three members elected by the General Meeting of Shareholders.
- Responsible for revising the activities of EPLI and the Board of Directors in its management of EPLI.
- Power to inquire into all documents concerning financial matters and review year-end financial statements, including profit allocation proposals.

Pavel Horský
Chairman of the Supervisory Board

Marek Spurný
Member of the Supervisory Board

Petr Sekanina
Member of the Supervisory Board

Board of Directors

- Eight members, representing EPLI in all matters related to daily business management.
- Approves EPLI's ESG strategy and goals and monitors progress to achieving targets. Approves annual sustainability reports.

Tomáš Novotný
Chairman of the Board of Directors

Radim Kotlář
Vice Chairman of the Board of Directors

Jana Vlášková
Member of the Board of Directors

Zbigniew Klepacki
Member of the Board of Directors

Petr Kudela
Member of the Board of Directors

Martin Luňák
Member of the Board of Directors

Roman Nábělek
Member of the Board of Directors

Juraj Kačuriak
Member of the Board of Directors

Senior Management

- Responsible for day-to-day operations as well as key business decisions.
- Drives sustainability commitment, ensuring it is embedded at every level of the business.
- Monitors the ESG indicators and analyses the state of EPLI's progress towards its goals and targets.

Zbigniew Klepacki

CEO – development and strategy of EPLI

Juraj Kačuriak

CFO – management of financial issues of EPLI

Jana Vlášková

Executive Director EP Cargo – development and strategy-setting of Rail Freight Segment

Roman Nábělek

Executive Director EP Cargo Trucking – development and strategy-setting of Road Freight Segment

Martin Luňák

Executive Director EP Intermodal and Business Development Manager – development and strategy-setting of Intermodal & Forwarding Segment

Compliance Committee EPH level

- Focuses on ensuring compliance with new legislation.
- Reviews existing EPH policies and identifies new areas that should be covered by those policies.
- Addresses issues of non-compliance reported by EPH operational companies and provides support regarding these incidents.

Risk Committee EPH level

- Helps to develop a culture of enterprise risk and credit risk across EPH.
- Integrates risk management into the organisation's goals.
- Creates a corporate culture such that people at all levels manage risks rather than reflexively avoid or heedlessly take them.

Ethics & Compliance

At EPLI, we are committed to upholding the highest standards of business ethics throughout our companies. We take our commitment very seriously, as it not only ensures good business practices, but also strong relationships with all our stakeholders. We always ensure that we act in accordance with local and EU legislation. To our knowledge, all subsidiaries are fully compliant with the current legislation and regulation in their respective countries of operation. Currently, there are no open material cases of investigation, litigation, or sanction.

Our inherent approach to Ethics and Compliance was formalised in 2022 through the implementation of the policies of EPH (see Figure 4), including an Ethical Code of Conduct. Among the key policies that we deem very important to us are those covering Human Rights, Anti-bribery, Anti-corruption, and Cybersecurity. We believe that embedding high standards of business behaviour into the day-to-day activities of all our employees will help strengthen the foundation on which EPLI's performance and reputation are built.

EPH Policies	Policy description
ESG Master Policy	The document sets out a comprehensive policy framework and basic guidelines for the EPH as well as defining the core principles for sustainability related policies within the EPH and its subsidiaries. Specific policies described below act as add-ins to this Master policy.
Environmental Policy	The policy describes basic principles we follow in terms of the climate change and carbon footprint reduction, protection of biodiversity, Environmental Management System, environmental impacts of the product portfolio, customer efficiency, regulatory compliance, renewable and clean energy promotion, resource and energy efficiency, waste management and end cycle management.
Biodiversity Policy	Protecting biodiversity in the areas where the EPH operates is among the top goals of the EPH. The purpose of the policy is to provide a comprehensive and consistent framework of commitments and underlying principles in the area of biodiversity.
Operational Policy	The policy covers the basic principles we follow in matters of the access to basic services, health and safety management, environmentally safe operation of facilities, social impacts of our products, innovation and modernisation, emergency management, stakeholder engagement and responsible marketing.
Procurement Policy	The policy is focused especially on the monitoring of our supply chain and encouraging that our suppliers, as well as our customers, are compliant with local regulations and with our internal policies related to human rights, employees, and environmental matters.
IT Cyber security Policy	The EPH companies follow as minimum the key group cybersecurity principles (security governance, access control management, malware protection, network security, cyber resilience, ICS, remote workplace, etc.) and are responsible for a selection and implementation of specific security measures to meet these principles.
Code of Conduct	The EPH Group Code of Conduct contains standards of behavior to be upheld by all employees and is designed to ensure good relationships with all stakeholders.
Tax Governance Policy	The purpose of the policy is to ensure compliance with tax rules in various countries and territories in which the Group operates, prevention and reduction of significant tax risks and strengthening of the relationships with tax authorities.
Equality, diversity and inclusion Policy	The purpose of this policy is to provide equality, fairness and respect for all in our employment and to oppose and avoid all forms of unlawful discrimination.
Whistleblower Policy	The purpose of this policy is to provide EPH employees with the means of reporting compliance concerns and compliance violations without fear of retaliation or retribution
Asset integrity management Policy	The policy outlines the principles and practices that govern decisions on asset management at EPH to ensure that EPH responsibly manages asset integrity risks across all facilities that we design, construct or operate.
Anti-corruption and anti-bribery Policy	Acceptance of gifts and donations including charitable donations is regulated. Receipt or payment of bribes including facilitation payments is strictly prohibited.
Anti-money laundering Policy	The so-called four-eyes principle is applicable for business transactions, and cash payments above a predefined cash limit.
Sanctions Policy	We do not establish or maintain business relations with persons, entities or countries that are subject to economic or financial sanctions, trade embargoes or other restrictive measures imposed by the European Union, the United Nations, the United States of America, or the United Kingdom.
Anti-trust Policy	All employees and directors are obliged to observe anti-trust laws and are aware of serious consequences that any infringement of anti-trust laws may have.

Figure 4: EPH Policies



Quality Customer Experience

As a provider of premium transport services, we aim for quality in all that we do, underlined by a responsible, ethical, flexible, and bespoke approach to our business. This means that we work together with our customers to develop tailor-made solutions, implementing unique aspects of our fleet, expertise, and network to ensure the best possible outcome. This approach has allowed us to become the supplier of choice for many of our major customers, as demonstrated in the following case study.

Case Study

Case Study: LOCON as a Supplier of Choice

Professional and responsible approach

Thanks to its professional and ethical approach, certified management of waste and transparent record keeping, our German subsidiary LOCON has become a supplier of choice for several railway infrastructure projects in Germany. Certification by the German Waste Management Association for Transport and Environment (Entsorgungsgemeinschaft Transport und Umwelt e.V.) is a sign of our awareness and an important prerequisite for the professional implementation of construction site transport.

Long-term Partnership with DB Netz

For several years, LOCON has been a reliable framework contract partner of DB Netz AG (a subsidiary of Deutsche Bahn operating most of the German railway system) and is therefore one of a small group of selected railway companies that are exclusively commissioned with the supply and disposal of railway construction sites. Our traction vehicles and railway carriages are used throughout Germany for DB Netz AG. In 2021, this long-term contract was extended for the coming years.

Excellent customer relationships

We cooperate in a network with selected partner companies to fully optimise capacity utilisation and bundle traffic and keep an eye on our principle of sustainable resource planning. Thanks to this we have excellent customer relationships with all players, and it is possible to implement the entire transport chain across all trades – including loading and unloading within the construction sites – with the same locomotive and wagon. In most cases, this means that no intermediate storage or handling of building materials is necessary, which, in addition to the high level of cost effectiveness and efficiency, also means considerable savings in resources, energy and storage space.

Annex

1. Introduction
2. EPLI and Its Business
3. Environmental Impact
4. Social Impact
5. Governance

6. Annex

In this section

- Report Boundaries
- Abbreviations
- List of Graphs, Tables and Figures
- Financial Results
- GRI Content Index

Report Boundaries

The content of this report is based on data, information and case studies gathered in the 2022 calendar year. The report content includes all of our operations in the Czech Republic, Slovakia, Germany and Poland. For more information on our countries of operation and legal entities, please refer to the [→ EPLI and Its Business section](#) of this Report.

The list of EPLI subsidiaries covered by this report can be found in the table below. According to the EPLI reporting approach, data from newly acquired entities is included in the consolidated reporting of information, but only if they were acquired within the first two quarters of the reporting period and are fully consolidated.

Rail freight	Trucking
EP Cargo Invest, a.s.	EP Cargo Trucking CZ s.r.o.
EP Cargo a.s. (EŽC a.s.)	EP Cargo Trucking PL Sp. z o.o.
LOCON Logistik & Consulting AG	EP Cargo Trucking SK s.r.o.
LokoTrain s.r.o.	
EP Cargo Deutschland GmbH	
EP CARGO POLSKA s.a.	
EP Intermodal a.s. (AVE SR Východ a.s.)	
SPEDICA LOGISTIC, s.r.o.	
RAILSPED, s.r.o.	
RM LINES, a.s.	
Spedica s.r.o.	

CEO Chief Executive Officer

CFO Chief Financial Officer

CO₂ Carbon dioxide

COP 21 2021 Conference of the Parties to the United Nations Framework Convention on Climate Change

DMS Document Management System

ECM Entity in Charge of Maintenance

EPH Energetický a průmyslový holding

EPLI EP Logistics International

ERA European Railway Authority

ESG Environment Social Governance

EU European Union

GHG Greenhouse Gases

GRI Global Reporting Initiative

HR Human Resources

ISO International Organisation for Standardisation

LNG Liquefied Natural Gas

LOCON Locon Logistik & Consulting AG

NO_x Nitric Oxide

CO Carbon Monoxide

SDGs Sustainable Development Goals

SŽ-TP SŽ - Tovarni promet

UN United Nations

YoY Year-on-Year

Units

Number

% Percentage

Gm Gram

Km/h Kilometres per hour

Km Kilometres

L Litre

KWh Kilo-watt hour

Mil. ntkm Million tonne-kilometres

TEU Twenty-foot equivalent

Ntkm Netto tonne-kilometers

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Further financial data can be found in the [EPH Consolidated Annual Report 2022](#).

EBITDA and Revenues*

Revenues	2021 (mEUR)*	2022 (mEUR)*	Change 2022 vs. 2021
Total	192	226	+18%
(out of which)			
Rail	170	198	+16%
Road	21	28	+33%

* Numbers are rounded.

EBITDA	2021 (mEUR)*	2022 (mEUR)*	Change 2022 vs. 2021
Total	37	30	-18%

* Numbers are rounded.

* Amounts before IC eliminations. When calculating indicators, we use EBITDA without considering intercompany transactions.

Statement of use

EP Logistics International has reported the information cited in this GRI content index for the period 1. 1. 2022 - 31. 12. 2022 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD

DISCLOSURE

LOCATION

GRI 2: General Disclosures 2021

2-1 Organizational details

- a. EPH Consolidated AR 2022 p. 152-153
- b. EPH Consolidated AR 2022 p. 152-153
- c. EPH Consolidated AR 2022 (Notes to the Czech statutory financial statements), p. 10
- d. EPLI and its Business, Geographical presence, p. 16

2-2 Entities included in the organization’s sustainability reporting

- a. Annex, Report Boundaries, p. 57
- b. No differences
- c. Annex, Report Boundaries, p. 57

2-3 Reporting period, frequency and contact point

- a. 1. 1.2022 - 31. 12.2022
- b. 1. 1.2022 - 31. 12.2022
- c. July 2023
- d. sustainability@eplogistics.cz

2-6 Activities, value chain and other business relationships

- a. EPLI and its Business, Business Segments, p. 12
- b. EPLI and its Business, Business Segments
- c. Governance, Quality Customer Experience, p. 55

2-7 Employees

- a. Social Impact, Employment, Diversity and Inclusion, Graph 7, p. 42
- b. Employment, p. 40
- c. Employment, Annex, Report Boundaries, p. 40, p. 56 – 57
- d. Employment, p. 48
- e. Acquisition of new operations in Slovenia increased headcount by 173%, however, Slovenian operations are not yet fully consolidated. Employment, Graph 5, p. 41

	2-8 Workers who are not employees	a. 202 b. On-site contractors, temporary agency workers, consultants and freelancers c. Number of workers who are not employees increased from 19 in 2021 to 35 in 2022.
	2-9 Governance structure and composition	a-c. Governance Structure and Key People, p. 52 – 53
	2-10 Nomination and selection of the highest governance body	Governance Structure and Key People, p. 52 – 53
	2-11 Chair of the highest governance body	Governance Structure and Key People, p. 52 – 53
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	2-13 Delegation of responsibility for managing impacts	Governance Structure and Key People p. 53 (EPLI Senior management),
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GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG Approach, ESG Strategy, p. 5
	3-2 List of material topics	ESG Approach, Material Topics and Goals, p. 6
	3-3 Management of material topics	Described under each specific material topic

GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Risk Management, p. 55
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Governance, Quality Customer Experience, p. 55
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Governance, Ethics and Compliance, p. 54
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Impact, Reduction of Emissions, Transport Efficiency, p. 20 – 27
	302-3 Energy intensity	Environmental Impact, Reduction of Emissions, Transport Efficiency, p. 20 – 27
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Impact, GHG Emissions, p. 23 – 25
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Impact, GHG Emissions, p. 23 – 25
	305-4 GHG emissions intensity	Environmental Impact, GHG Emissions, p. 23 – 25
	305-5 Reduction of GHG emissions	Environmental Impact, GHG Emissions, p. 23 – 25
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Impact, Other Air Pollutants, p. 26
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Impact, Employment, Graph 6, p. 41
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Impact, Employment, p. 41
	403-1 Occupational health and safety management system	Social Impact, Health and Safety Management, p. 43

GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Social Impact, Health and Safety Management, p. 43
	403-9 Work-related injuries	Social Impact, Health and Safety, Graph 10&11, p. 45
	403-10 Work-related ill health	Social Impact, Health and Safety, p. 45
	404-1 Average hours of training per year per employee	Social Impact, Training, p. 43
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Social Impact, Training, p. 43

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