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



Introduction

1 Introduction

2 EPLI and Its Business

3 Environmental Impact

4 Social Impact

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In this section

- Letter from our CEO
- ESG Approach, ESG Strategy
- Alignment with Global Goals
- ESG Reporting Methodology
- Material Topics and Goals
- 2023 ESG Performance in Numbers

In this opening chapter of our report, a → **Letter from our CEO** Zbigniew Klepacki presents EPLI's sustainability vision and key strategic ESG achievements in 2023.

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 performance and goals in all three ESG pillars, we also present an overview of EPLI's → **2023 ESG Performance in Numbers**.

Dear readers,

reflecting on the past year, 2023 presented a landscape of both challenge and opportunity for EPLI. As the world navigated through the complexities of the Red Sea crisis, ongoing conflict in Ukraine, and a significant energy crunch at the start of the year, we too found our resilience tested.

In responding to these challenges, our focus was clear: to expand strategic business opportunities that not only further our growth but also align with environmentally beneficial practices, particularly in intensifying our efforts to facilitate the modal shift of freight from road to rail. This shift is not only integral to reducing our carbon footprint but also aligns with the EU's Green Deal strategy to achieve a 50% reduction in transport-related emissions and a 50% increase in rail freight performance by 2030. Our strategy clearly supports ramping up rail to contribute to the vital goal of greening the transport sector, which currently accounts for 27% of CO₂ emissions in the EU.



In line with the EU's vision, our investments in 2023 were focused on market expansion through greener alternatives to traditional road transport. We took several measured steps to expand our operational footprint and improve our services:

→ **German market expansion:** We acquired SGL-Schienen Güter Logistik GmbH, thereby enhancing our capabilities in railway cargo and construction logistics, a move that extends our market reach and supports more sustainable transport modes.

→ **Vojany terminal launch:** We opened a new terminal that enables the transfer of agricultural goods from Ukrainian wide-gauge rails to European standard-gauge lines, demonstrating our commitment to economic support and efficient cross-border logistics.

→ **Fleet enhancement:** We enlarged our fleet of electric locomotives by 47%, now totalling 59 locomotives. This significant investment not only expands our capacity but also decreases our reliance on more polluting transport methods.

→ **Intermodal business development:** By improving connections between different transportation modes, we've enhanced logistical flexibility and reduced unnecessary road haulage.

→ **Responsible growth and governance:**

Even amid economic uncertainties, we've grown our workforce and maintained strict governance standards, focusing on practical, achievable improvements in our social and environmental responsibilities.

→ **Technological innovations:**

We've implemented advanced IT solutions to enhance efficiency and customer interaction, ensuring our operations are both modern and competitive.

→ **Safety first:** We proudly uphold a record of zero fatalities, maintaining the highest safety standards in all our operations.

→ **Establishing the Ljubljana Line:**

Our joint venture SŽ - Tovorni promet now offers a regular rail connection to Germany, facilitating smoother, greener cross-border transport.

This year has seen a slight increase in our CO₂ emissions, driven by our shift towards electric rail transport, which currently still depends on a fossil fuel-based grid in most of the countries where we operate. As the region transitions towards clean energy in the coming years and decades, we foresee that our emissions will fall in parallel.

In the coming years, our focus will be on the expansion of the intermodal segment with rail representation. As well as our own efforts to move routes from road to rail, we support the deployment of EU initiatives such as the European Rail Traffic Management System (ERTMS) and the Trans-European Transport Network (TEN-T) policy, both which seek to improve railway capacity, infrastructure and connectivity in the bloc.

We are confident that our investments today will yield significant benefits for the environment, society, and EPLI. We appreciate your continued support as we progress on this journey.

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) and 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 with the requirements of new EU legislation including the Corporate Sustainability Reporting Directive (CSRD), the related European Sustainability Reporting Standards (ESRS) and EU Taxonomy. While we are not required to publish a separate ESRS-aligned report, our parent company EPH will be issuing one on behalf of the full consolidated group. As EPLI, we plan to continue issuing our

own ESRS-aligned sustainability reports on a voluntary basis. 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 2023 to 31st December 2023. 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, an overview of our 2023 → [Financial Results](#), and a → [GRI Content Index](#) mapping our report content onto GRI's indicators. For further information, readers can refer to our parent company EPH, which has been publishing annual sustainability reports since 2015. We aim to continue reporting annually and to issue our next Sustainability Report for 2024 in 2025.

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:



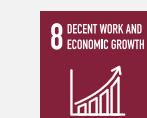
SDG 3:
Good health and wellbeing



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

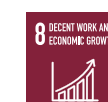


SDG 17:
Partnerships for goals

Environment



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

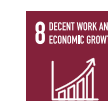


- **Achieving Net Zero by 2050**
and following the Below 2 Degrees Transition Pathway Initiative (TPI) pathway
- **Increased use of innovative rail and intermodal solutions**
- **Active support of environmental projects**
through use of our expertise

Social



- **Employment**
(Diversity & Inclusion; Training)
- **Health and Safety**
(Health & Safety management and certification)
- **Adding Value through Challenging Times**



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

Governance



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



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

Material Topics

Long-term Goals

Environment



6%

Increase in number of electric locomotives in fleet

1%

Increase in total CO₂ emissions**

2%

Increase in CO₂ emissions intensity**

41%

Alignment of revenues with EU Taxonomy

Social



139

New hires

Zero

Fatalities

20%

Increase in the number of female employees

47%

Increase in training hours

13%

Turnover rate

Governance



Zero

Fines

Zero

Sanctions or litigations

100%

Adherence to human rights and anti-corruption policies

Table 2: 2023 ESG Performance in Numbers

2023 ESG Performance in Numbers*

The above table provides a snapshot view of some key numbers representing our performance in 2023.

* Excluding Slovenian operations, which are not fully consolidated.
** Due to our fleet using more electricity instead of diesel, which paradoxically currently results in higher emissions per GWh due to an outdated electricity generation mix in most of our markets.



EPLI and Its Business

1. Introduction
2. EPLI and Its Business
3. Environmental Impact
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In this section

- 2023 Business Highlights
- Vision & Mission
- Subsidiaries
- Business Segments
- Geographical Presence

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 the company's inception, we have achieved steady and dynamic growth, transforming into a profitable company with a well-established reputation and a strong representation in the Czech Republic, Slovakia, Poland, Slovenia, and Germany.

Note: data in this chapter includes 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

1,879

Employees ●

119

Trucks

247

Locomotives ●
(129 electric,
118 diesel)

1.614

billion ntkm transported
(1.492 billion ntkm rail
vs. 122 million ntkm road)

249

million Euros consolidated
revenue in 2023

Note: Includes 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.
● Includes both consolidated and non-consolidated entities.



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.



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

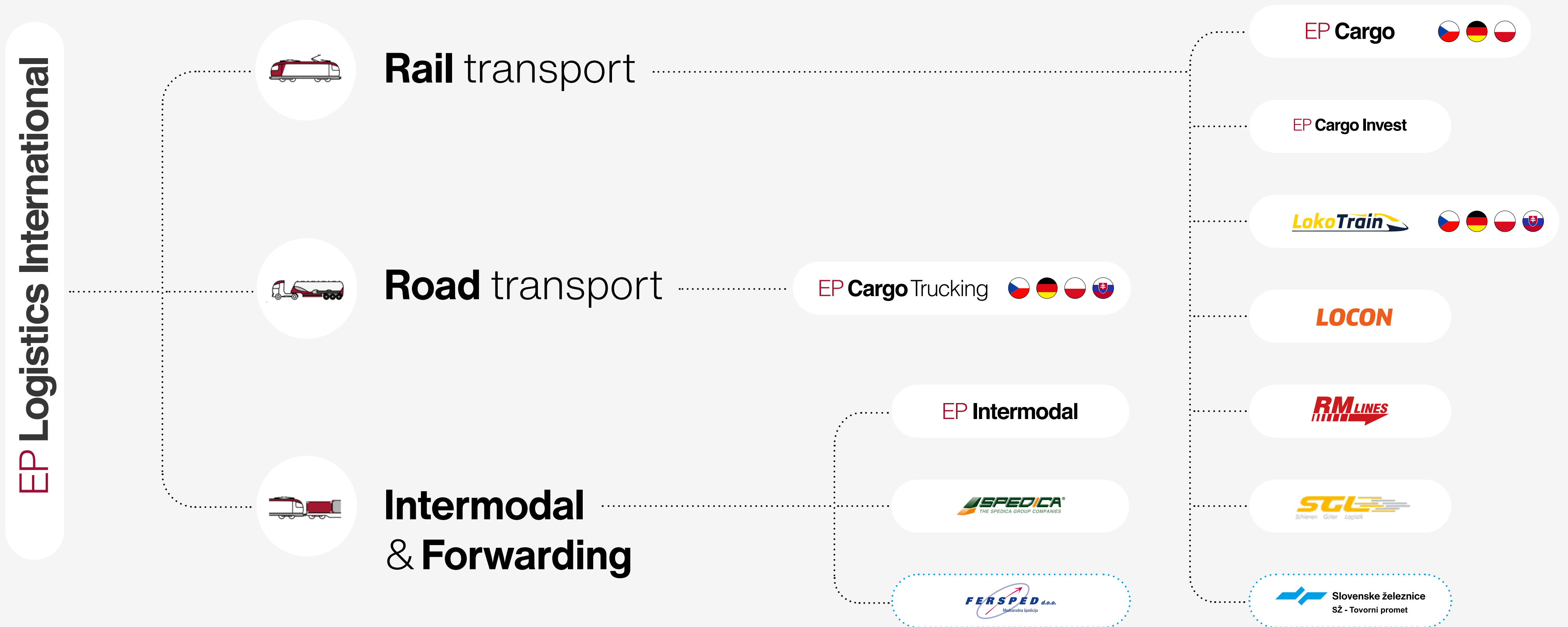
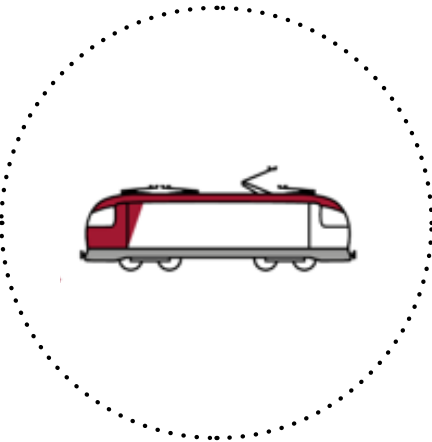


Figure 1: EPLI Subsidiaries

Rail transport



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 and training. Our subsidiaries are present in the Czech Republic, Poland, Slovakia, Germany, Slovenia, Serbia, Croatia and Bosnia, and operate across Europe, transporting a variety of materials, including agricultural commodities, wood, dry bulk, fuels and coal, energy by-products (energy gypsum, fly ash, coal dust) and railway construction waste and debris.

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.

In 2023, we:

Operated 247 locomotives
(129 electric and 118 diesel)*

Transported 1.492 billion ntkm by rail
(92% of total freight)

Renewed our safety certification

Launched the process of acquiring 30 new multi-system electric locomotives to be used across Europe**

Upgraded our fleet to safer and more efficient wagons

Began developing our first rail simulator for locomotive drivers

Companies

EP Cargo

EP Cargo Invest

LokoTrain

LOCON

RM LINES

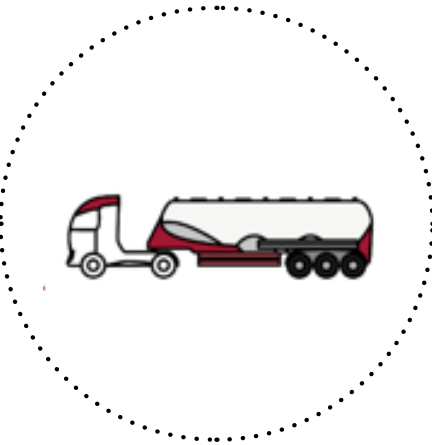
STL
Schienen Güter Logistik

**
Slovenske železnice
SŽ - Tovorni promet

* Includes 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.

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

Road transport



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 granulate 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 **119 trucks**.

In 2023, we modernized our fleet of trucks, replacing 19 trucks with more fuel-efficient models, **resulting in an 18% reduction in diesel consumption**.

Companies

EP Cargo Trucking

119 trucks

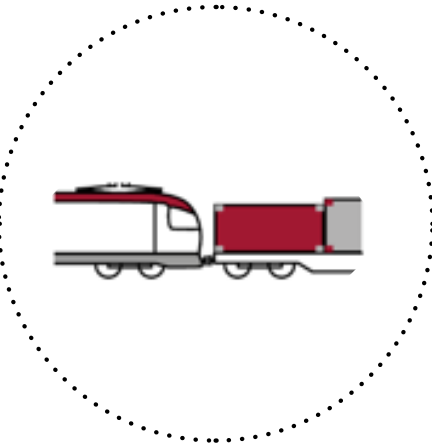
fleet size

18%

reduction in diesel consumption



Intermodal



Overview

The intermodal segment entails employing different modes of transport to move goods in transportation units without the need to unload the contents. 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. EPLI creates independent and flexible intermodal service through our knowledge and long-term experience in the development and sustainability of our intermodal transport network, centred on the integration of road and rail transport. This segment has significant growth potential due to the advantages of rail transport, namely a lower environmental impact and heightened reliability.

Highlights

EPLI has expertise in hauling transport units by rail in multiple weekly round trips between various destinations (e.g. Germany to Poland, Slovenia to Hungary, Croatia to Hungary).

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 offers new growth opportunities for our Intermodal business.

Companies

EP Intermodal

SPEDICA®
THE SPEDICA GROUP COMPANIES

FERSPED d.o.o.
Mednarodna Spedicija

Europe ↔ Turkey

establishing intermodal services

Expansion

to the south-eastern European countries



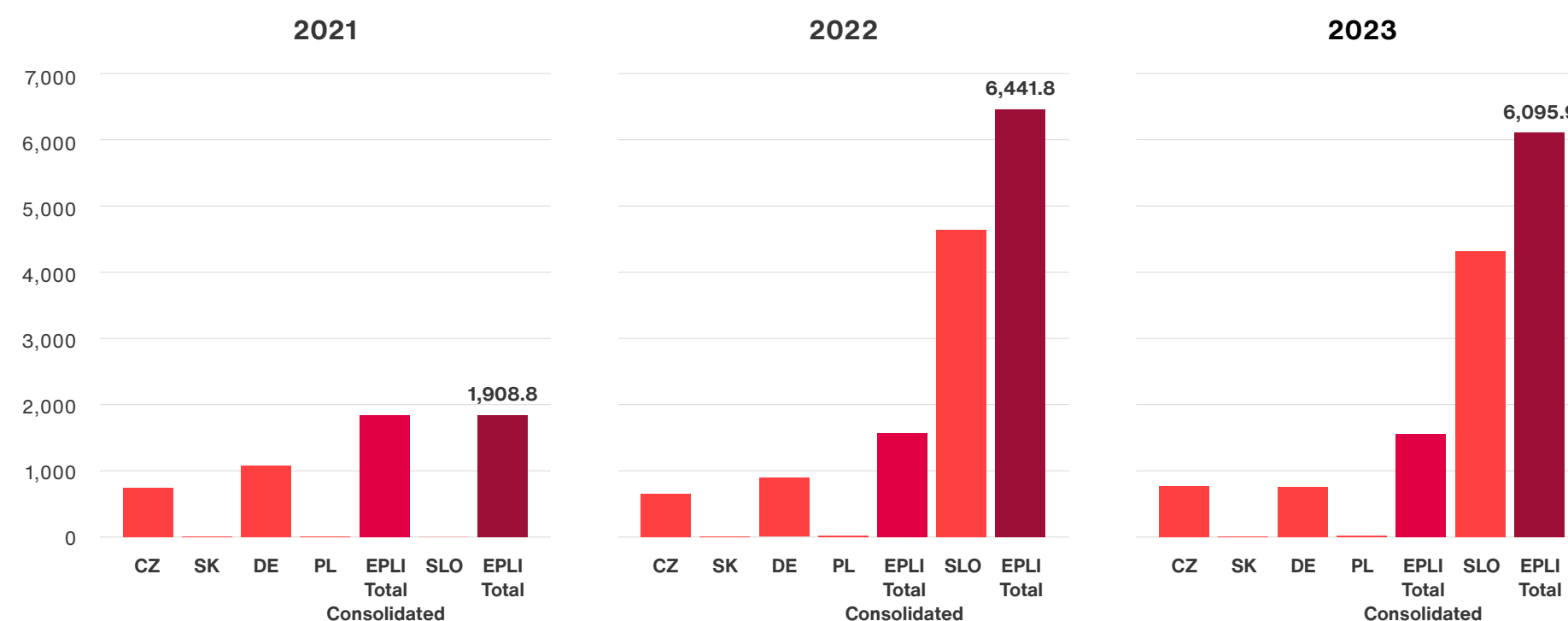
EPLI and Its Business

Geographical Presence

In 2023, our fleet travelled a total of 19.3 million kilometres*, with routes stretching across the European continent. In total, we transported 6.1 billion ntkm* in our main geographies of the Czech Republic, Slovakia, Poland, Germany and Slovenia.

Ntkm Driven by Country

(million ntkm)



Graph 1: Tonne-kilometres Driven by Country

6.1b

ntkm transported in 2023*

19.3m

kilometres travelled in 2023*

* Includes 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.

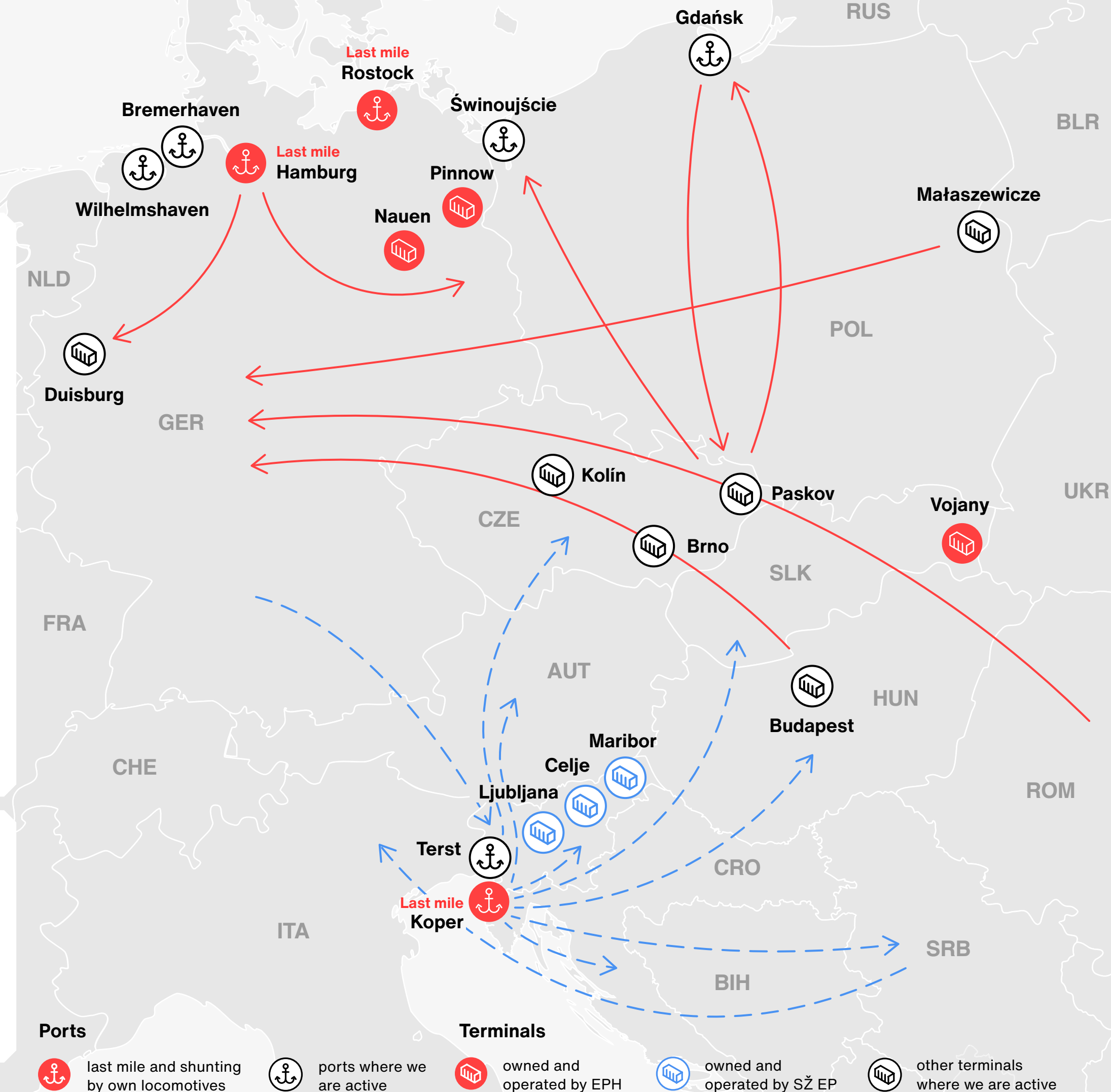


Figure 2: EPLI Terminals and Ports

Environmental Impact

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In this section

- Environmental Impact 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 operations in Slovenia, which are not yet fully consolidated.



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

Environmental Impact 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 Taxonomy regulation and the Corporate Sustainability Reporting Directive (CSRD) and ensure our compliance with them. In 2023, we calculated our alignment with the EU Taxonomy, showing that 41% of our overall revenues are Taxonomy-aligned.

This chapter covers the activities we undertook in 2023 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 traditionally 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 – and resulting climate change and air pollution – associated with rail and road freight transport represent our largest environmental impact. Therefore, we are working to reduce our emissions in alignment with our parent company EPH’s goal of achieving **Net Zero by 2050 and following the Below 2 Degrees Transition Pathway Initiative (TPI).**

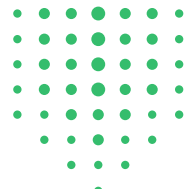
→ GHG emissions

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



→ Other air pollutants

Road transport has a significant impact on air pollution, and we therefore monitor and are committed to decreasing the air pollutants associated with our operations. 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 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. 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 well below two degrees Celsius above the pre-industrial level, while pursuing limiting the rise to 1.5 degrees Celsius. EPLI welcomes the Paris Agreement and fully supports its goals, as well as those agreed by the Parties at the 2022 COP27, to implement rapid, deep, and sustained reductions in global greenhouse gas emissions, reducing them by 43% by 2030 relative to the 2019 level in order to achieve the 1.5-degree target. We are committed to these goals, also in line with the official 2050 EU climate-neutrality objective, and are actively working on substantially reducing our carbon footprint.



GHG Emissions* 1/3

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 31,752 tonnes of CO₂ in 2023 (Scope 1 and Scope 2 emissions combined), a 1% increase compared to the previous year. Rail made up 73% of our total emissions, accounting for transport of 92% of freight in terms of ntkm and generating 87% of our revenues. When viewing our emissions intensity (CO₂ emissions per ntkm transported), we saw a slight worsening of 2% from 19.4g/ntkm in 2022 to 19.7g/ntkm.

Paradoxically, these increases were from our fleet using more electricity instead of diesel, which currently results in higher emissions per GWh due to an outdated electricity generation mix in most of our markets. This is a temporary effect, which will disappear with the transition towards more carbon neutral energy production.

31,752

tonnes of CO₂ emitted

1.6 billion

ntkm transported by train in 2023**

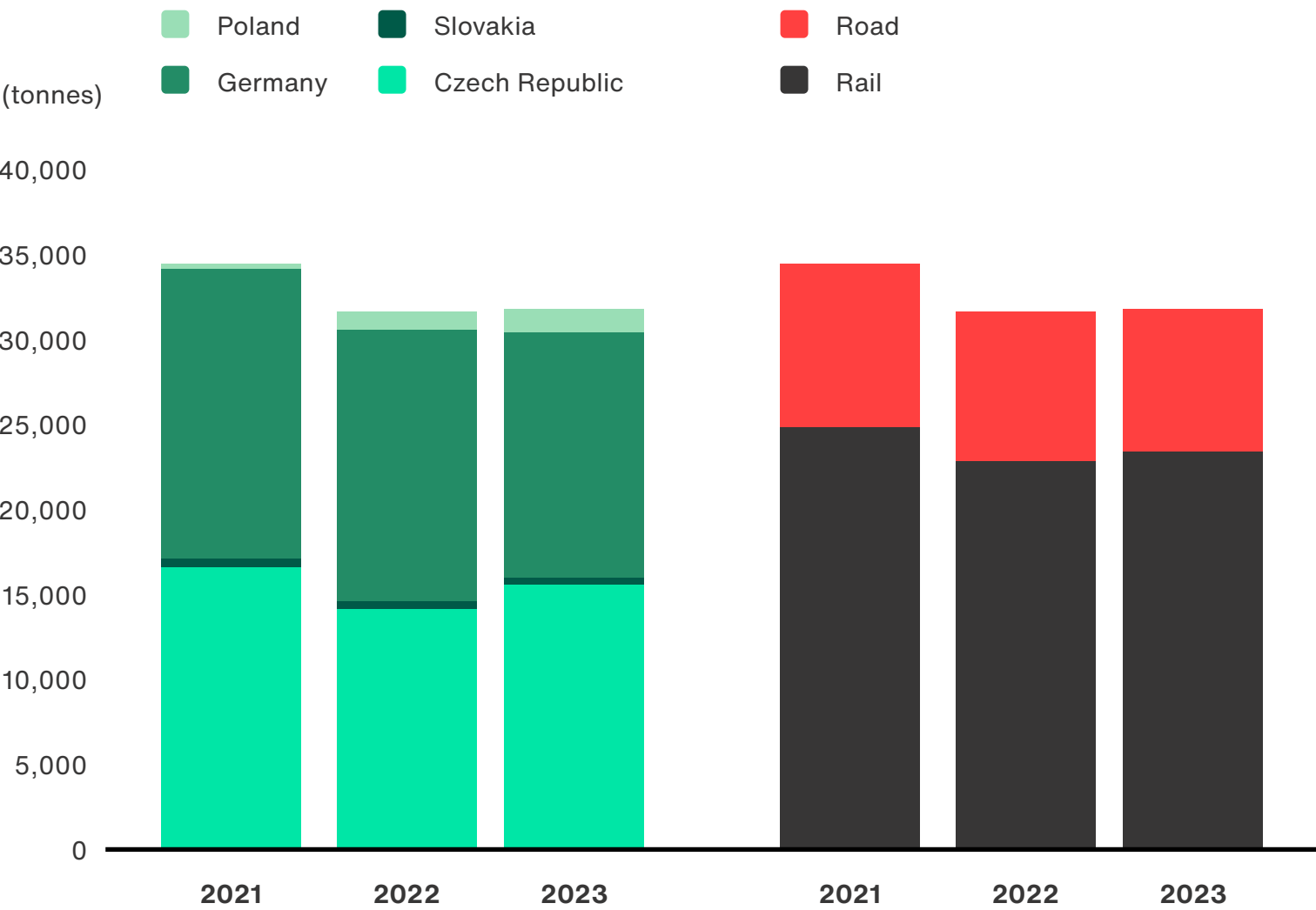
* CO₂ emissions for 2022 and 2021 have been restated in this report due to the utilization of a new reporting and calculation methodology, which is more accurate and unified across all countries. Data calculated based on CO₂ emissions, such as emissions intensity, has also been updated accordingly.

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

GHG Emissions 2/3

Geographically, roughly **49%** of our total emissions came from our business in the Czech Republic and about **45%** from our German business, with small contributions from Poland and Slovakia.

EPLI 2023 CO₂ Emissions by Segment and Geography



Graph 2: EPLI 2023 direct (Scope 1) and indirect (Scope 2) CO₂ Emissions by Segment and Geography



GHG Emissions 3/3

Scope 1 and 2 Emissions

Our Scope 1 emissions, which include direct emissions from diesel consumption in our fleet, comprised approximately 56% of our total emissions and decreased by 7% in 2023 relative to the previous year.

Our Scope 2 emissions, which include indirect emissions from purchased electricity for operation of our electric locomotives, increased by 13%, mainly driven by our increased use of electric rail transport, which currently still relies on a fossil fuel-based electricity in the countries where we operate.

In 2024 we plan to kick off the process of mapping and measuring our Scope 3 emissions, which we will start reporting from 2025.

Description		2021 emissions (tonnes CO ₂)	2022 emissions (tonnes CO ₂)	2023 emissions (tonnes CO ₂)	Change vs. previous year
Scope 1	Direct emissions from diesel consumption of our fleet, both rail and road	19,355	19,249	17,837	-7%
Scope 2	Emissions from energy purchase for electric locomotives	14,968	12,322	13,915	+13%
Total emissions	Scope 1 + Scope 2	34,322	31,570	31,752	+1%

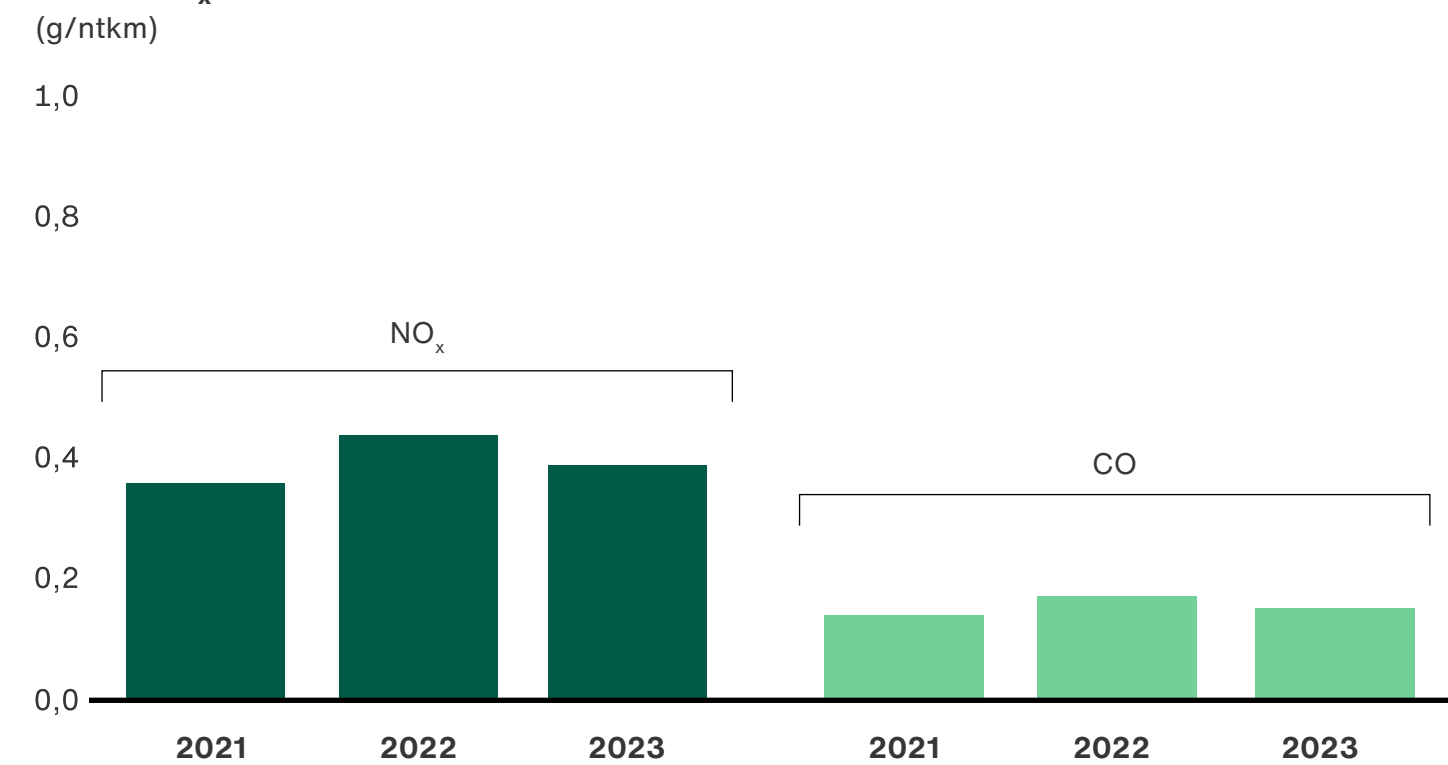
Table 3: EPLI Scope 1 and 2 Emissions

Other Air Pollutants

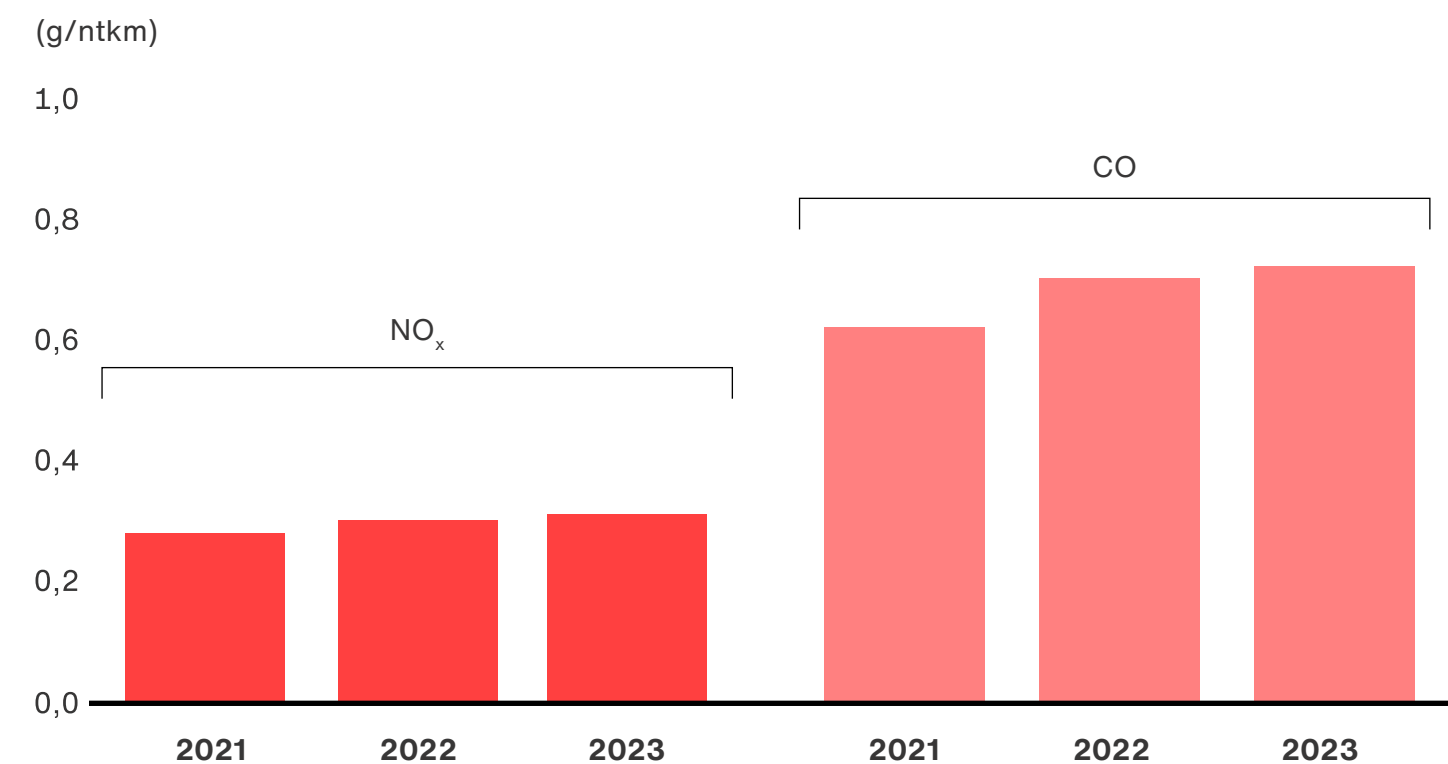
In addition to CO₂, it is well known that the transport industry contributes to the emission of other pollutants into the atmosphere. Nitric oxide (NO_x) and carbon monoxide (CO) are both air pollutants associated with freight transport, and in the EU, road transport accounts for 85% of total NO_x emissions.*

To keep track of our impacts in this area, we started measuring our NO_x and CO emissions intensity in 2020. In 2023, NO_x and CO emissions intensity decreased by 9% and 8% respectively. These decreases were driven by better transport efficiency and higher utilisation of diesel locomotives on specific transport routes where electric locomotives could not be used given the lack of available infrastructure, currently resulting in relatively lower emissions due to the energy mix in those regions.

EPLI NO_x and CO Emissions Intensity – Rail freight



EPLI NO_x and CO Emissions Intensity – Road Freight

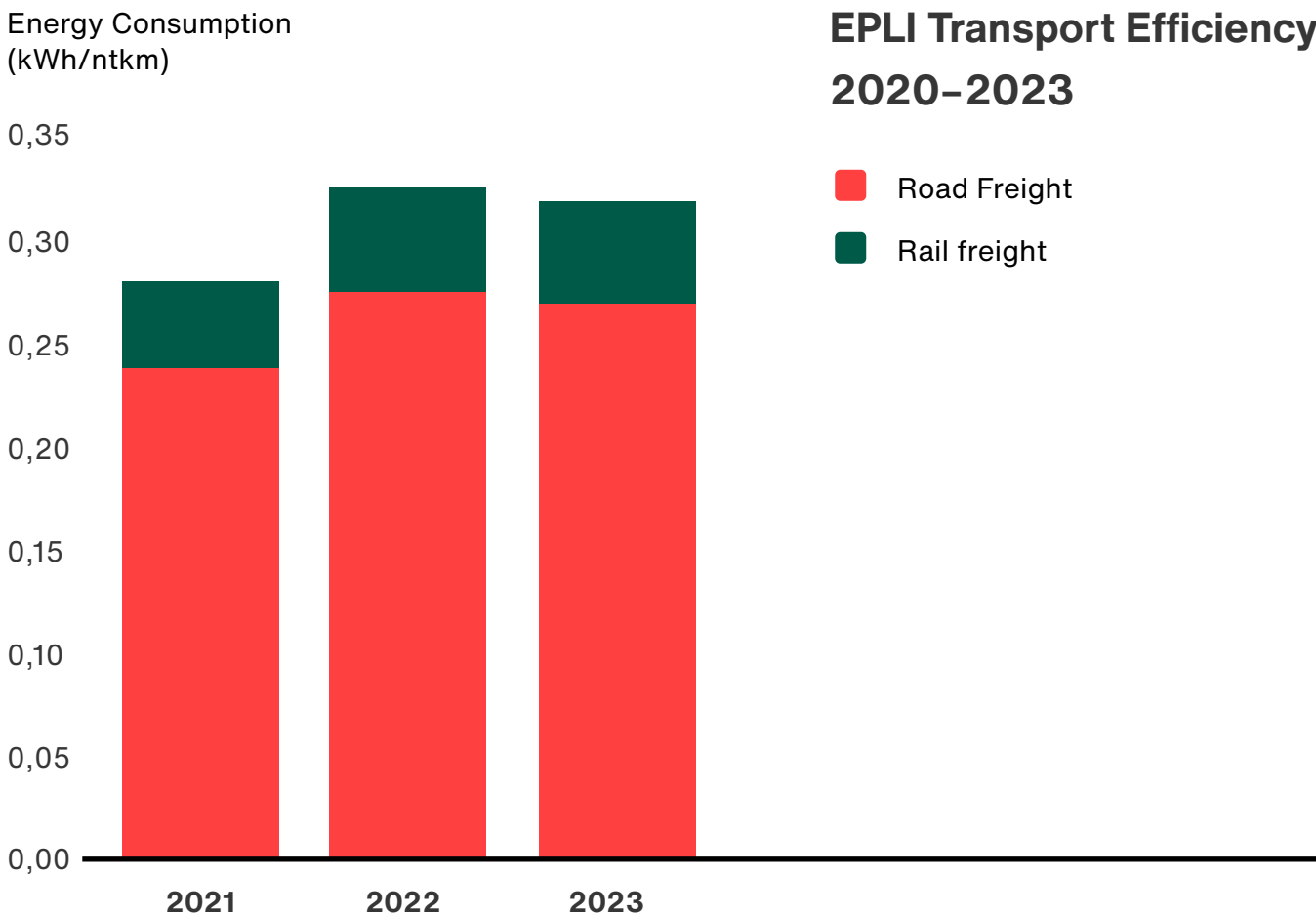


Graph 3: EPLI NO_x and CO Emissions Intensity

* Statista. "Nitrogen Oxide (NO_x) Emissions in the European Union (EU-28) from 1990 to 2016 (in 1,000 Metric Tons)." Statista, Statista Inc., 2024, www.statista.com/statistics/791209/nitrogen-oxide-emissions-european-union-eu-28/.

Transport Efficiency

A cornerstone of our emissions reductions efforts is optimising the volume of material we can transport per unit of energy consumed, also known as transport efficiency. In 2023, we managed to lower our overall energy consumption by 2%. Nevertheless, our transport efficiency decreased by 2% resulting from higher utilisation on existing transport routes, coupled with a slight decrease in transport volume and an increase in empty kilometres driven.



Graph 4: EPLI Transport Efficiency





In the first half of 2023,
EP Cargo Trucking undertook
a fleet modernization effort, replacing
19 trucks with more fuel-efficient models.

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. We continuously increase our efforts to reduce our emissions, in line with EPH’s goals of achieving zero emissions by 2050.

Electric Locomotives

In 2023, EPLI increased its fleet by 47%, reaching a total of 59 locomotives*, with Siemens electric locomotives that are designed to be energy-efficient, recovering kinetic energy during braking for reuse and minimizing energy waste at stations. These features have encouraged a shift from trucks to electric locomotives and the conversion of routes from diesel to electric. Additionally, SŽ - Tovorni promet is in the process of acquiring 30 new multi-system electric locomotives, expected to replace the older class 363 models and to be used across multiple countries in Europe. These new models, anticipated to start delivery in 2025, will use 30% less electricity, be capable of feeding energy back into the grid, operate more quietly, and reduce the need for oil and lubricants, thereby cutting operational costs and lessening environmental impacts.

Truck Modernisation

In the first half of 2023, EP Cargo Trucking undertook a fleet modernization effort, replacing 19 trucks with more fuel-efficient models. Despite both the old and new vehicles complying with EURO VI emissions standards, the upgrade resulted in an 18% reduction in diesel consumption (approximately 100,000 litres), leading to a substantial decrease in CO₂ emissions by 265 tonnes annually.

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. The acquired transportation software is continuously being upgraded to make it as user-friendly and efficient as possible. Currently, together with the supplier, we are developing a tool called “Drag and Drop”, which allows users to assemble route lines directly from the list of orders with accompanying information on cost, revenue, and empty kilometres. In the near future, we are considering the integration of AI, which will expedite and streamline the routine tasks in this process.

* This is a consolidated number; including equity participation
SŽ - Tovorni promet (100% share), it is more than 129 locomotives.

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. Since the launch of the initiative, incoming invoice processing has been fully digitalized, saving over 350 hours of manual work annually and significantly reducing the risk of mistakes.



Emissions Reduction Efforts 2/2

Fuel-Efficient Driver Training and Incentives

Since 2016, we have been implementing 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. In 2023, we introduced a “driver trainer” role in our EP Cargo Trucking business (→ [see Case Study: EP Cargo Trucking: Innovations in Driver Training and Operational Efficiency](#)).



The background image shows two men in grey EP Cargo Trucking uniforms. They are standing in front of a white truck with 'EP Cargo Trucking' written on the side. The man on the right is holding a tablet and pointing at the screen, while the man on the left looks on. The scene is outdoors with a clear blue sky. A semi-transparent green banner is overlaid across the middle of the image, containing the text.

3–10%
of total fuel consumption
saved through driver training.

Case Studies: **SŽ - Tovorni promet – Improving Rail Fleet Efficiency**

Case Study

Recertification According to Highest Environmental and Energy Efficiency Standards

SŽ - Tovorni promet is committed to environmental protection and energy efficiency, adhering to the highest international standards set in Slovenia and the EU. Recently, in November 2023, the company underwent a recertification audit to ensure compliance with these standards. The audit was successful, resulting in the extension of the ISO 14001:2015 certificate for the transportation of goods by rail, both domestically and internationally, until January 22, 2027.

This recertification reaffirms the company's dedication to environmental stewardship and prudent energy use. SŽ - Tovorni promet ensures the availability of requisite resources and conducive conditions for the effective implementation of these standards, fostering a culture of continuous improvement in processes impacting the environment and energy conservation.

Modernisation of Wagons

Investing in modern wagons is crucial for enhancing the efficiency of rail transport and minimising its environmental footprint. Such investments typically have long lead times, meaning actions taken today will impact operations and emissions only years later.

On December 4, 2023, SŽ - Tovorni promet signed a contract for 20 new modernised Sggrs-type wagons equipped with containers for transporting ore. These wagons offer numerous benefits, including higher transport quality and capacity. They replace older Tadds wagons that no longer satisfy customer needs. The new wagons facilitate significantly faster cargo unloading, each carrying more than twice as much as the older wagons. These versatile low-floor wagons can be customised with various superstructures to transport different types of goods, utilising the latest technology to enhance service quality for major clients.



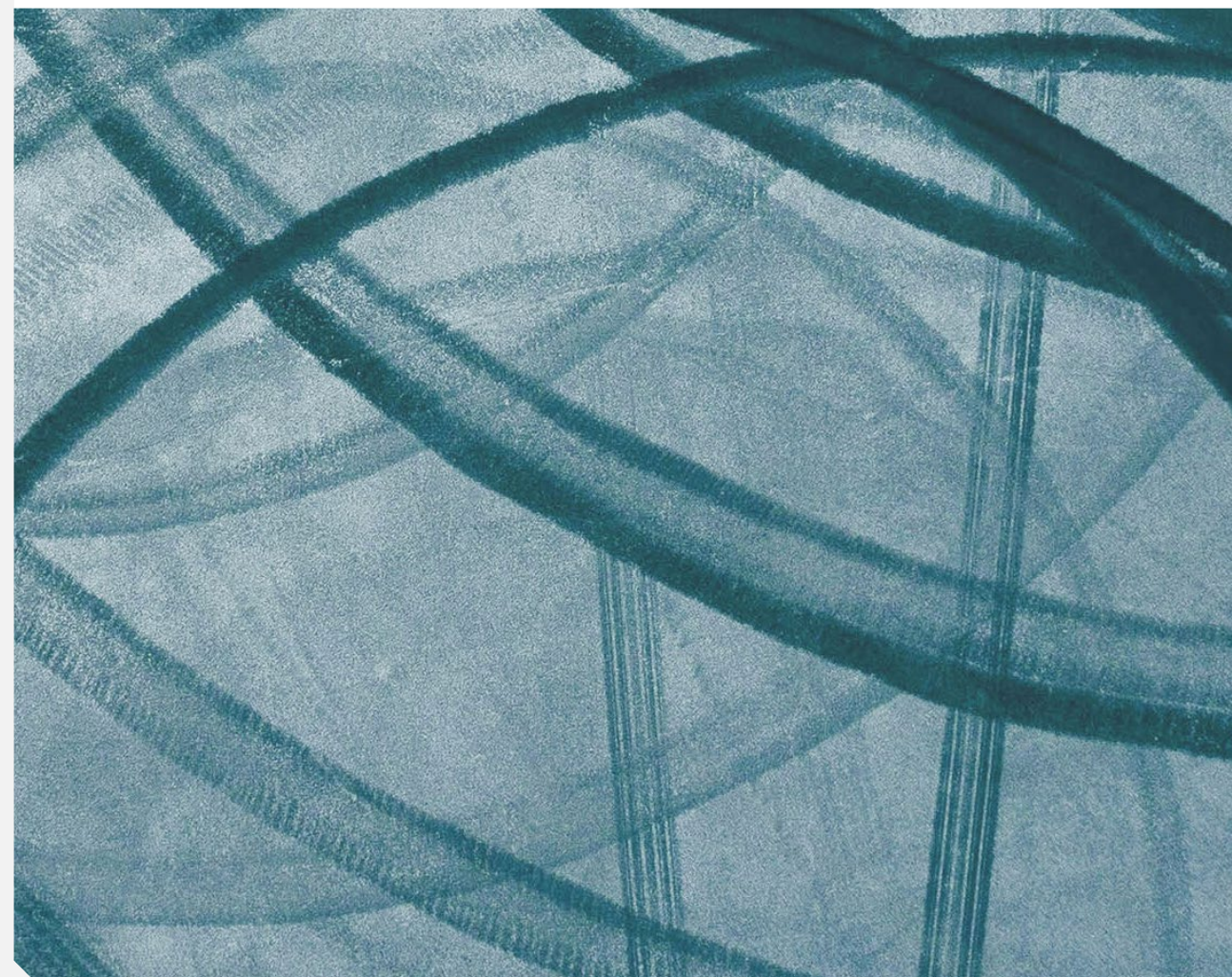
Beyond Emissions

Beyond the vital importance of reducing emissions and fighting climate change, we are also aware that our business has other interrelated environmental impacts, both positive and negative.

On one hand, we are conscious that our business creates 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. With our innovative approach to rail and the growing number of electric locomotives in our fleet, we are increasingly finding ways to keep trucks off European roads (→ [see our Promoting Sustainable Rail Transport section](#)).

EPLI owns 59*** 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 intermodal business.



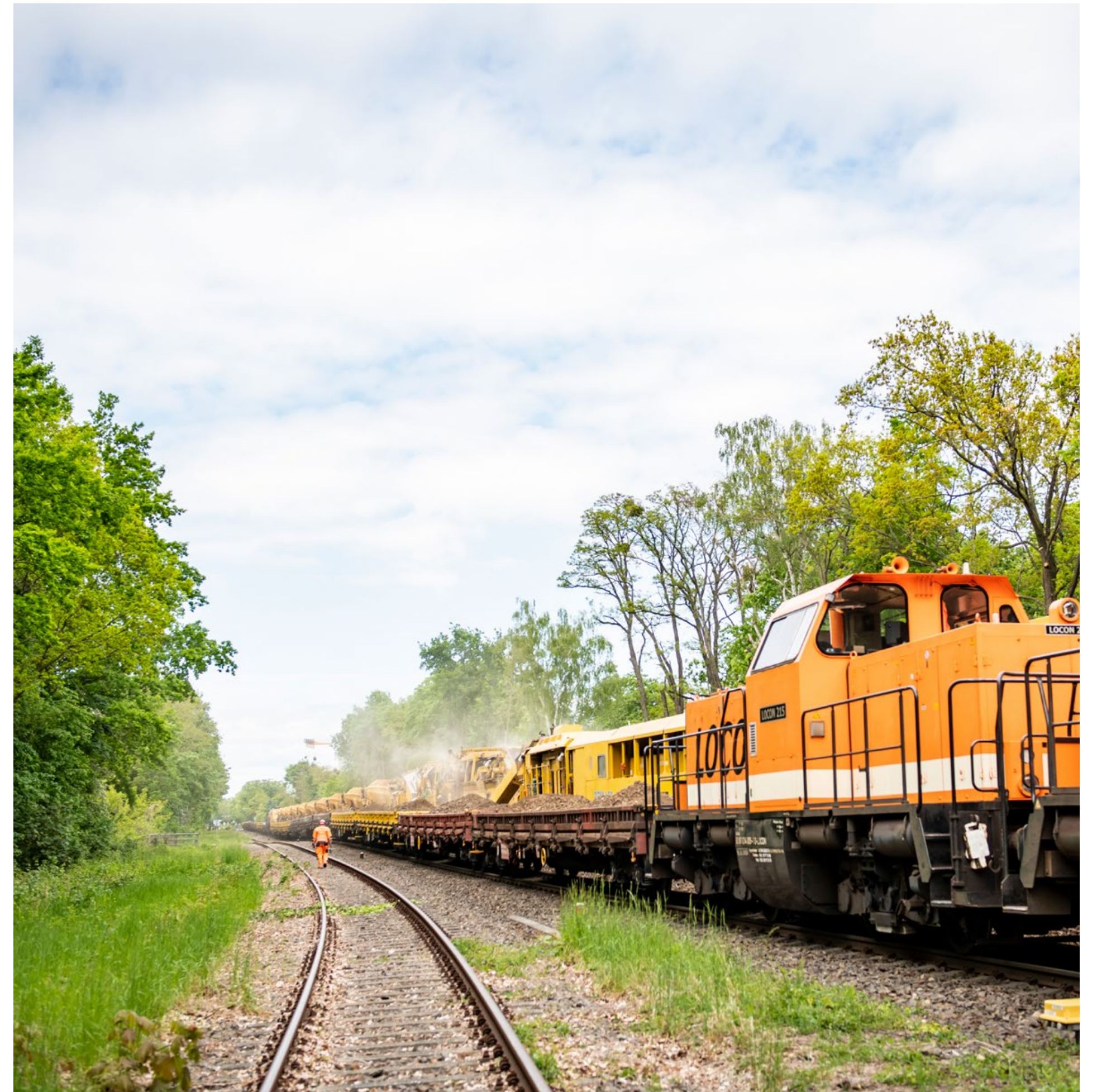
* World Health Organisation Regional Office for Europe (2018). Environmental Noise Guidelines for the European Region. Available at: <https://iris.who.int/bitstream/handle/10665/279952/9789289053563-eng.pdf?sequence=1>

** 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 129 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.



Case Study: Compression Trailer

Case Study

EP Cargo Trucking – Compression Trailer

In 2023, our compression trailer, which we deployed in operations and on third-party sites in 2022, assisted in three transportation accidents and seven cases of material contamination in silos. In the event of transportation accidents, the undeniable added value of such compression trailers lies in the salvage of material that would otherwise become waste under normal circumstances. The compression trailer extracts material from overturned tankers, preventing material degradation and minimizing damage to the

silos during subsequent handling back onto wheels/roads. Use of compression trailers is the customer's last resort when material contamination occurs due to the storage of improper material in construction silos with capacities ranging from hundreds to thousands of tons. Through early detection and extraction of contaminated material from silos, we have managed to save thousands of tons of construction material. Furthermore, compression trailers help improve transport efficiency through remote loading and unloading of bulk materials, and enable the use of combined transport, as part of the journey can be completed via rail.

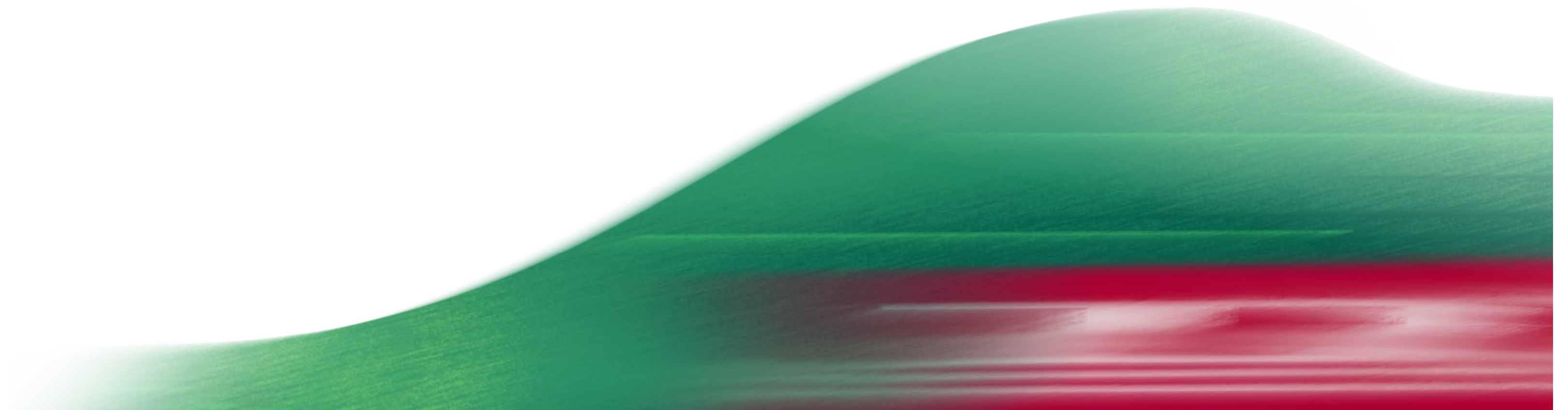


Our activities in rail demonstrate how EPLI's work contributes across a spectrum of environmental impacts.

These rail activities show how we not only are working to reduce GHG emissions and air pollution, but also how we are trying to minimise 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, cost-effective and potentially carbon-neutral 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, consuming seven times less energy and emitting nine times less CO₂. 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.

As in previous years, in 2023 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

Energy Gypsum Transport

One of EPLI’s core competencies lies in providing rail transport for bulk goods, a service that offers a sustainable alternative to traditional truck transport. In 2023, EPLI secured a contract for the rail transportation of flue gas desulfurization (FGD) gypsum from the Opatovice power station in Czech Republic, to Germany. This material, boasting a 97–98% chemical purity, is crucial for the production of various construction materials, including cement, aerated concrete blocks, plasterboard and other gypsum products used in the construction industry. Previously,

the transport of FGD gypsum from this plant was managed by trucks. In 2023, since the initiation of this contract in September, EPLI successfully organised five train shipments, each with a capacity of 2,030 tonnes, covering 1,600 km and replacing 66 trucks per route. This shift to rail significantly reduced CO₂ emissions, with a single train producing just eight tonnes of CO₂ compared to the substantially higher emissions associated with truck transport.

Emission comparison for the entire transport in 2023:


Rail

40 tonnes of CO₂



Road

522 tonnes of CO₂



Case Study

The Ljubljana Line

In collaboration with DB Cargo, SŽ - Tovorni promet offers the Ljubljana Line, facilitating the transport of individual shipments and wagon groups between Germany and Slovenia at competitive rates. Operating its own locomotives, the company manages the complete train hauls from Salzburg Gnigl station to the Ljubljana Zalog shunting station, a pivotal regional logistics hub. This service primarily converts cargo previously transported by road to rail. In 2023, this initiative successfully transferred 114,000 tonnes of cargo, equivalent to removing 3,800 trucks from the roads and saving 1,830 tonnes of CO₂. This shift not only promotes environmental sustainability but also leverages the strategic geographic positioning of Slovenia as a logistical nexus.

Case Studies: EPLI's Road to Rail Expertise

Case Study

Intermodal: From Germany to Poland

Since spring 2023, EPLI has launched regular intermodal train operations between Germany and Poland, expanding our intermodal rail services for a long-term client in Germany. Our international team excels in operational customer support, managing rail traffic, terminal operations, and door-to-door deliveries across these countries.

Additionally, we oversee a fleet of 200 containers designated for this extensive project. In total, in 2023 we transported 2,500 containers over a distance exceeding 1,100 km. This shift from road to rail has removed 2,500 trucks from highways, resulting in a CO₂ reduction of 1,570 tonnes. We have established a dependable service for our customer and anticipate further expansion of this intermodal transport in the future.



Social Impact

With **790 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.

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

Note: all data reported in this chapter is excluding our 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. 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:



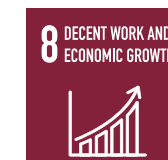
SDG 3:
We prioritise the health and wellbeing of our employees and communities.



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 2023 with 139 new hires, bringing our total number of employees in 2023 to 790. Our turnover rate was 13%, 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 85% of our employees had permanent contracts and 96% of our workers were directly employed in 2023. 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.

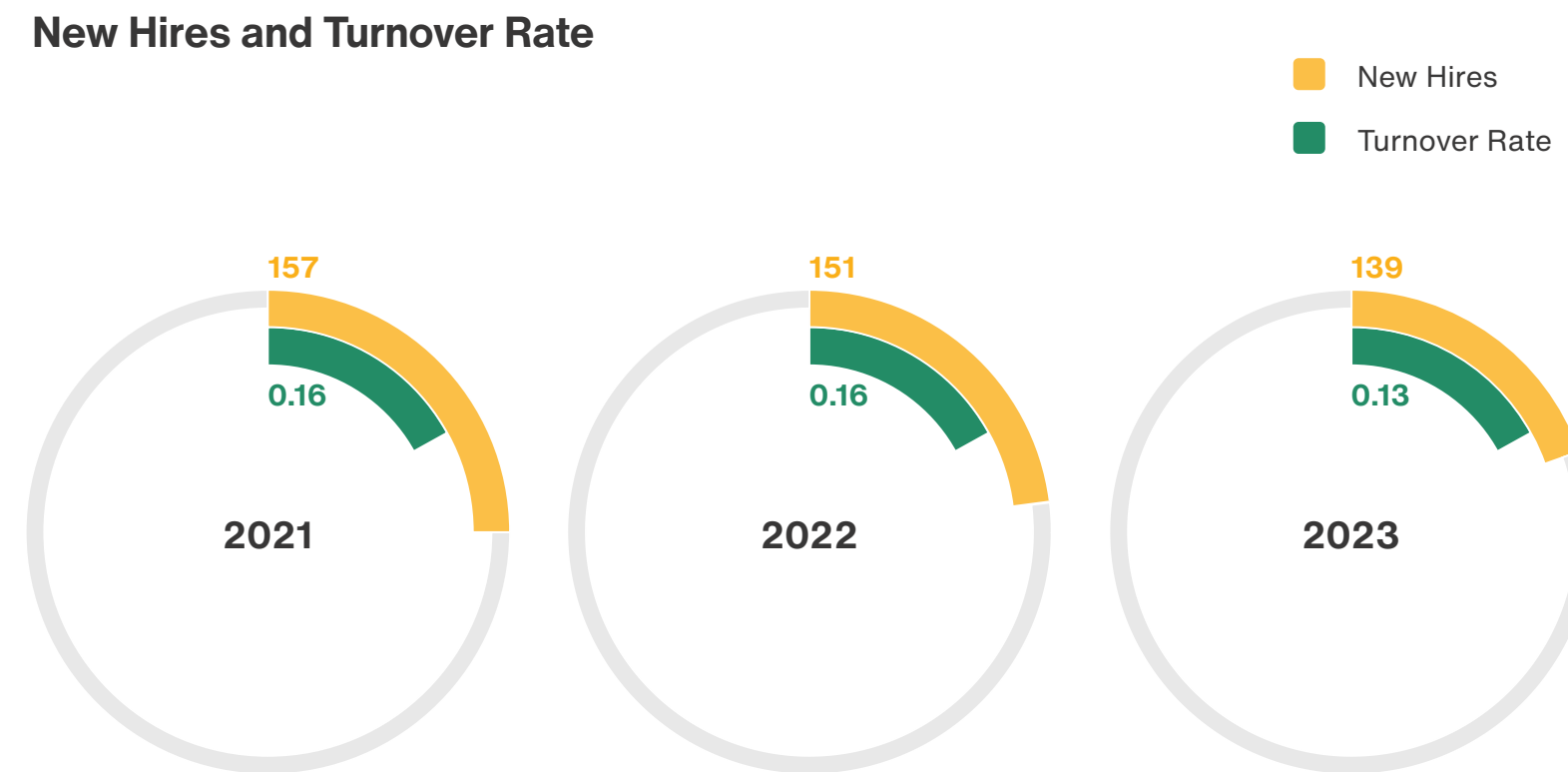


→ Training

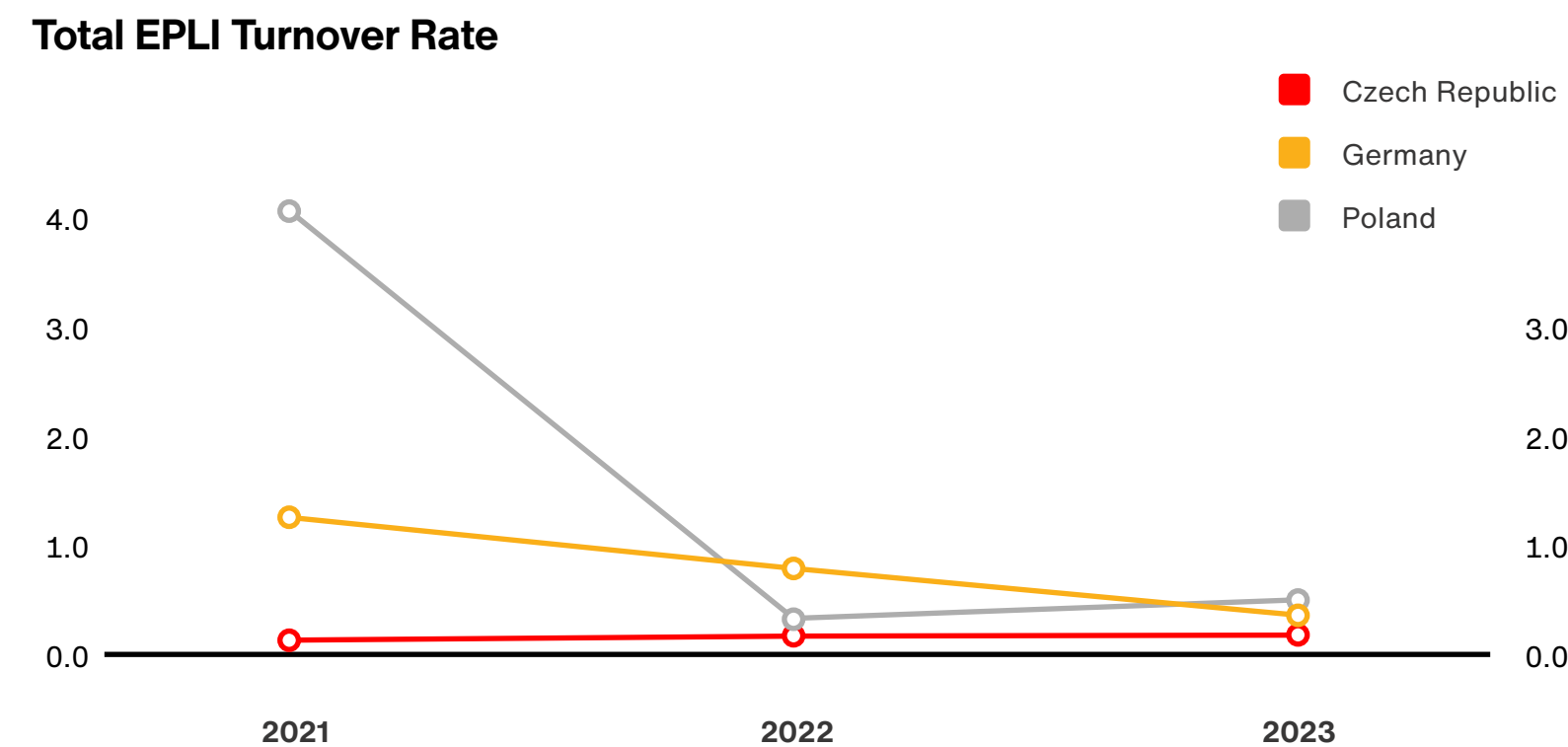
We ensure that our employees complete legislated training to be able to offer our services at the highest safety standard, while also offering our employees the means to develop their skills according to their specific needs.



Our company continued to grow in 2023 with the hiring of 139 new employees.



Graph 5: New Hires and Turnover Rate, 2021–2023

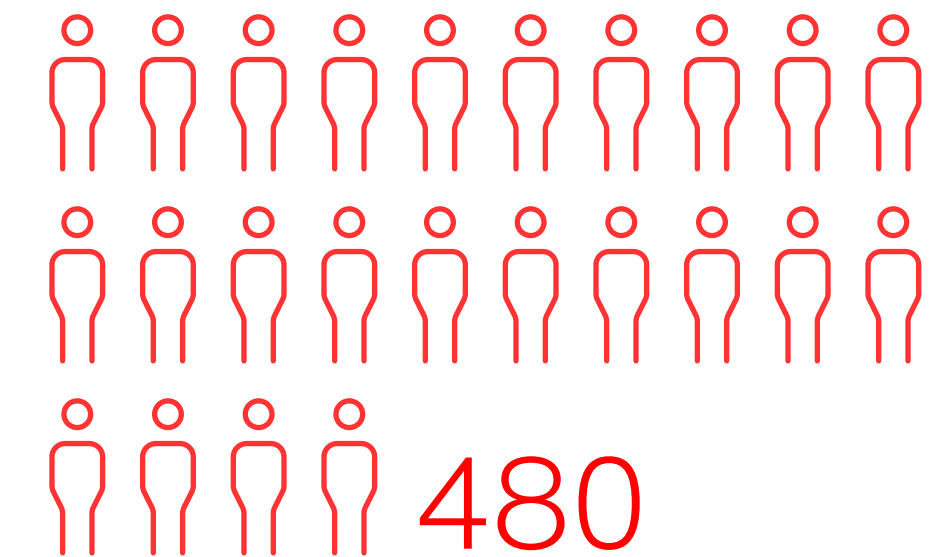


Graph 6: Turnover Rate by Country 2021–2023

* Czech Republic includes Headquarter employees and forwarding segment companies.

EPLI Headcount by Country

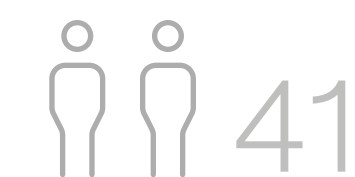
Czech Republic*



Germany



Poland



Slovakia



Figure 3: 2023 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.

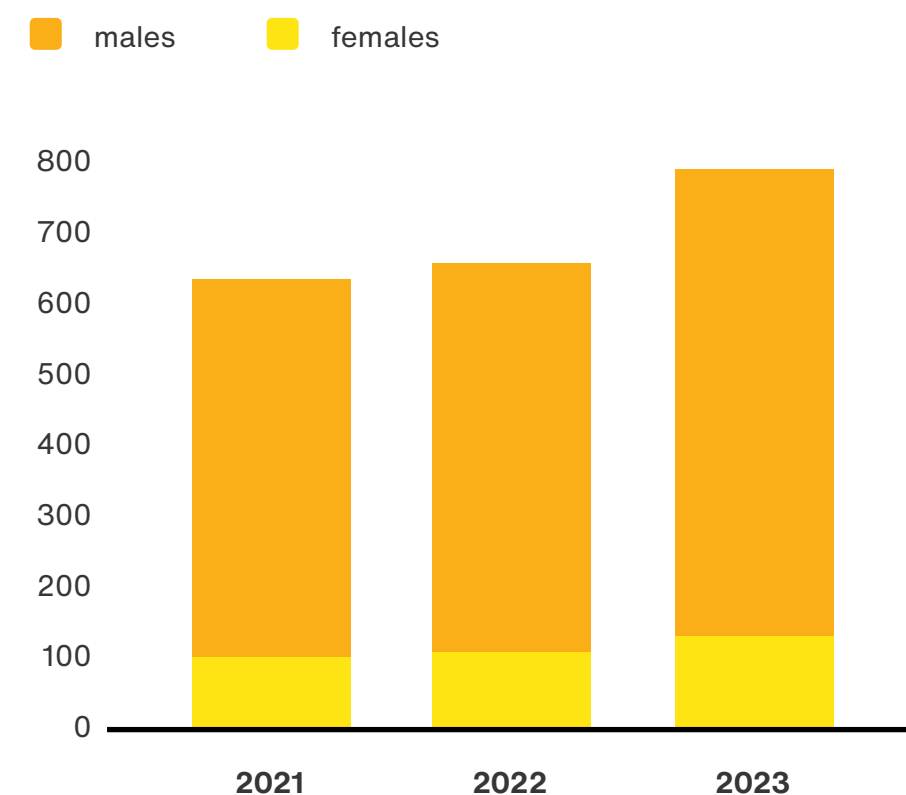
We believe that diversity provides a rich source of innovation and creativity in our company, and we employ people without discrimination based on age, disability, gender, or other factors.

We are conscious that our industry is still male dominated. In the EU, women make up only 22% of the transport industry.*

Therefore, we are proud that in 2023 there was a 20% increase in the number of female employees at EPLI. Overall, women make up 17% of the company’s employees, and 18% of our top and middle management. We are exploring ways of creating more opportunities for women within our companies.

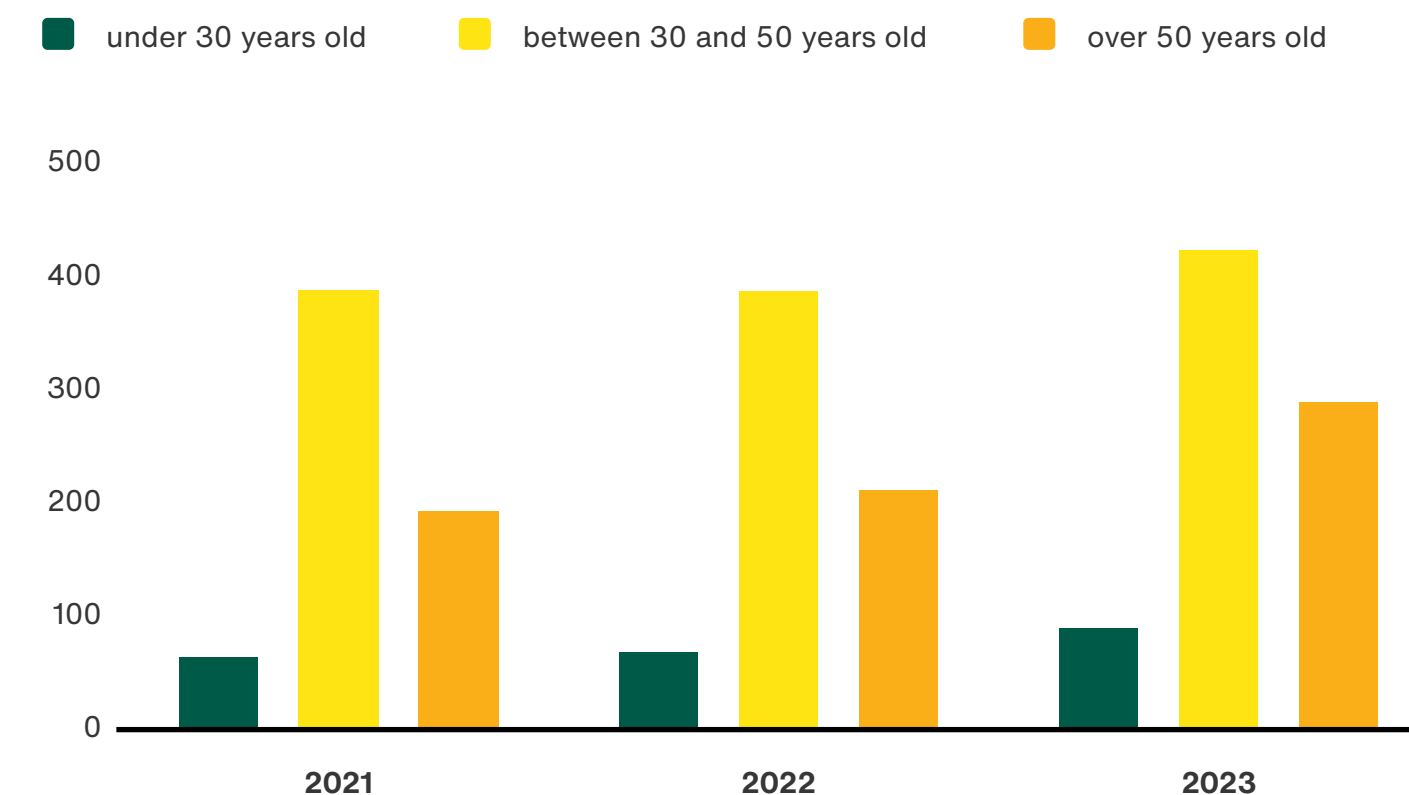
We furthermore are proud to employ the most experienced members of society, with around 36% of our employees over the age of 50, a subsegment of our workforce that increased by 37% in 2023. We also offer increasing opportunities for younger employees at the beginning of their careers.

Headcount by Gender



Graph 7: Headcount by Gender, 2021–2023

Headcount by Age Group



Graph 8: Headcount by Age Group, 2021–2023

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

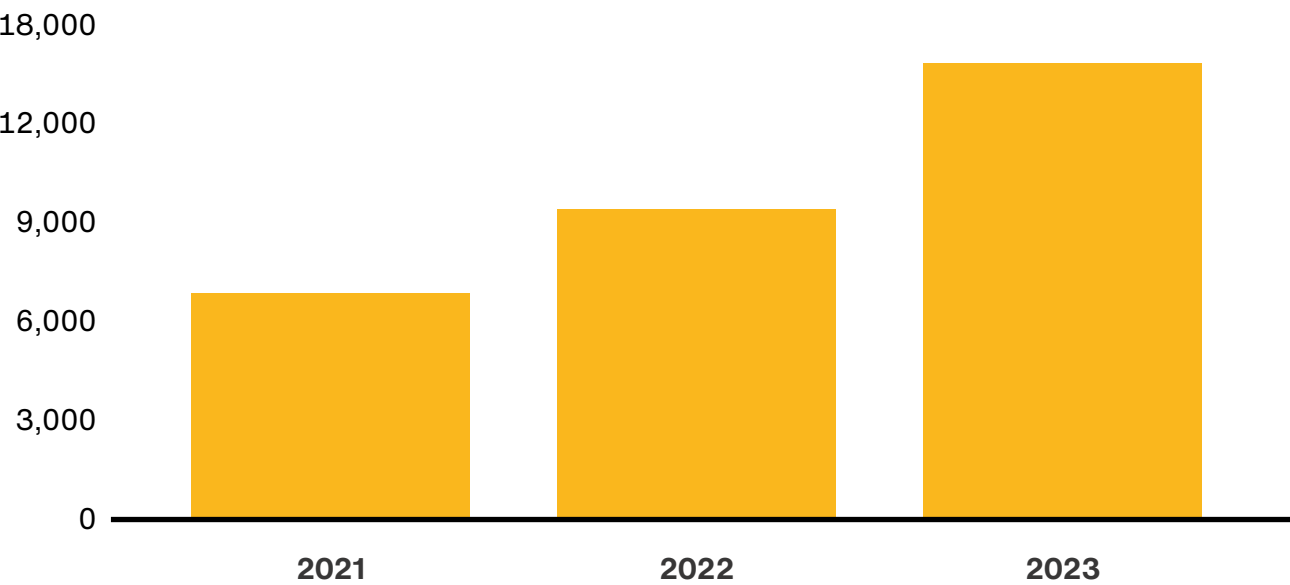
Training 1/2

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 2023, the number of training hours at EPLI was up 47% compared to the previous year. A total of 16,590 hours of training were completed by employees*, consisting of an average of 21 hours of training per employee. EPLI has increased trainings in health and safety, fire protection and driver safety.

For all employees at EPLI, 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.

Total Training Hours 2021 – 2023



+47%

training hours compared to the previous year

Graph 9: Total Training Hours 2021–2023

* This number excludes the training hours of our operations in Slovenia, which are not yet fully consolidated.



Training 2/2

Case Study

EP Cargo Trucking – Innovations in Driver Training and Operational Efficiency

Driver Trainer Program

In 2023, EP Cargo Trucking established the “driver trainer” role, filled by a highly experienced driver, to elevate operational standards. This position encompasses:

Driving Efficiency

Reducing maintenance costs and improving fuel efficiency through correct equipment handling during unloading and loading.

Training

Offering personalised training to enhance skills of new and existing drivers, ensuring best practices are adopted and inefficiencies are minimised.

Safety Inspections

Conducting random checks on vehicles and equipment to uphold safety standards.

Vehicle Delivery

Ensuring vehicles are technically sound and properly documented before deployment.

Ongoing Education

Receiving continuous training on new vehicles to maintain expertise in the latest vehicle technologies.



Health & Safety 1/2

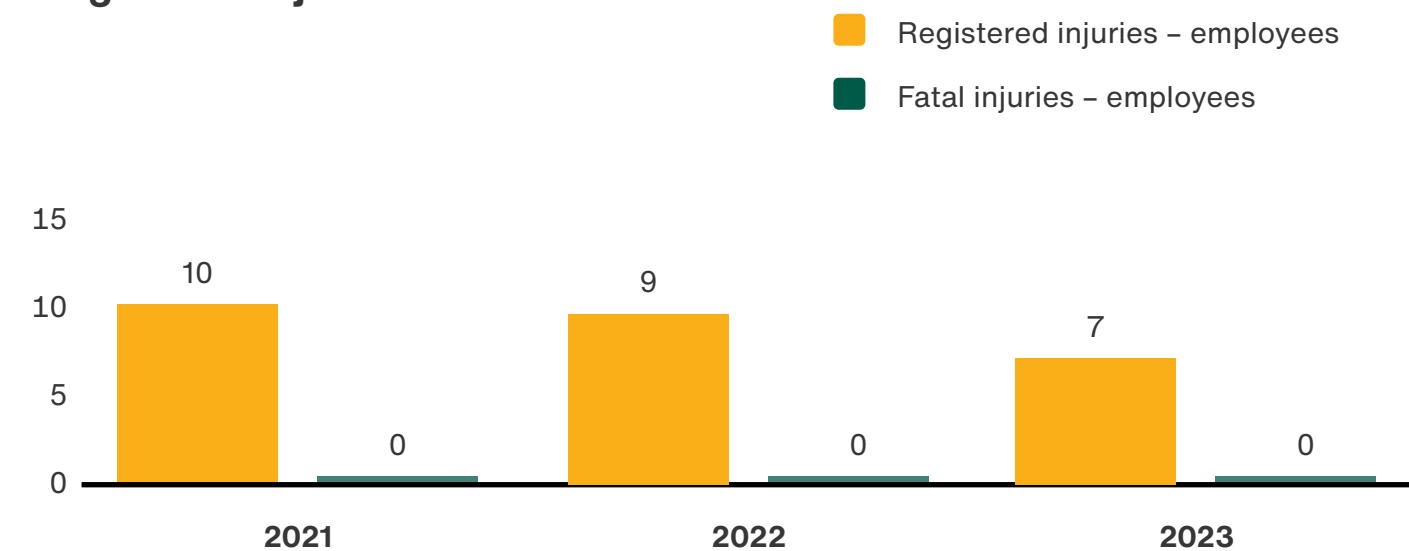
EPLI prioritises the health and safety of all our employees, whether administrative or operational. We are proud to have maintained a record of zero road fatalities of drivers or third parties in all our years of operation.

In 2023, there was no accident in our entire fleet and the total number of registered injuries among our employees dropped by 22% compared to 2022, with seven minor injuries occurring in 2023. No injuries or deaths were reported by our contractors.

Zero

road fatalities
of drivers or third parties

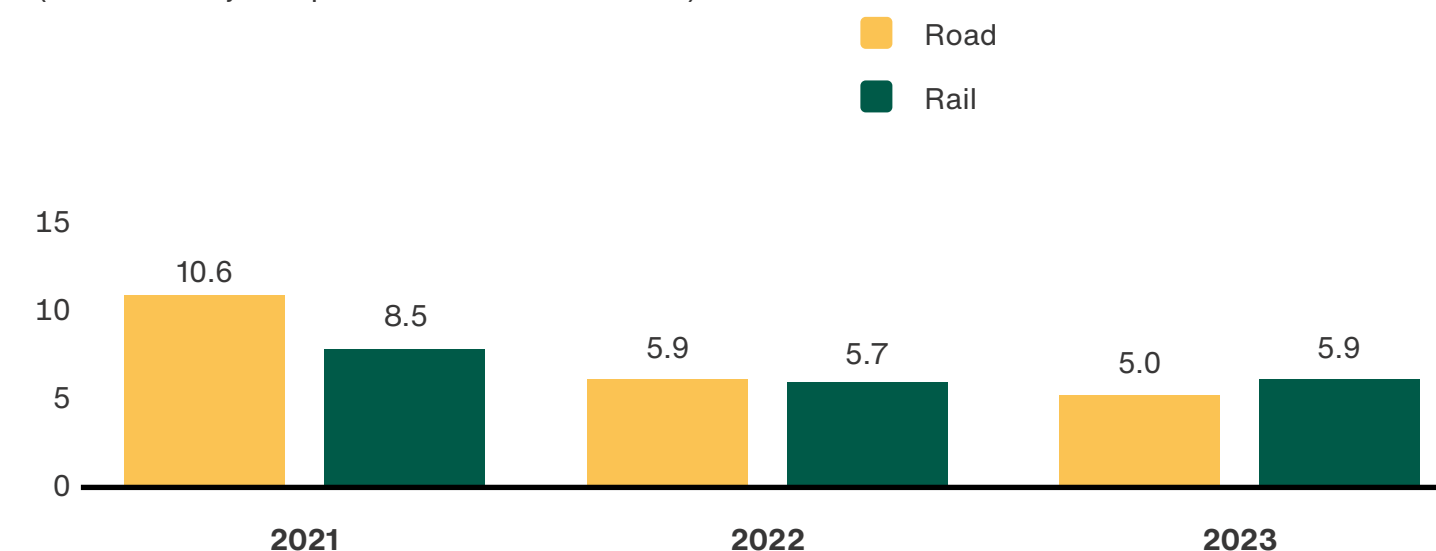
Registered Injuries



Graph 10: Fatal and Registered Injuries 2021–2023

Injury Frequency Rate

(Number of injuries per million of worked hours)



Graph 11: Injury Frequency Rate 2021–2023

Health & Safety 2/2

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, we have fully deployed our first compression trailer that improves safety on the roads and have implemented a new train driver simulator ([→ see LokoTrain: Train Driver Simulator case study](#)).

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. We managed to successfully implement the certification process for the "Entity in Charge of Maintenance" ("ECM") safety certification as defined by the Directive (EU) 2016/798. 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 the higher quality, security and tracking of the performed maintenance.

The ECM certification is completed for EPCI wagons, LOCON locomotives and wagons, SGL locomotives and cargo wagons, RML locomotives and SŽ-TP locomotives and wagons. For LokoTrain, the certification is completed for locomotives, however the process of obtaining ECM for wagons is ongoing due to a mobile repair shop, which is a new business.



Case Studies:
**Improving Comfort
and Safety at Work**

Case Study

**EP Cargo Trucking:
Mobile Office Cells**

To address the challenges of a growing technical team and limited office space, mobile office cells were introduced. These units, acquired at the turn of 2022 and 2023, include a large cell dedicated as a meeting room, offering a solution to previous space constraints and disturbances in the office environment. This strategic move has optimised meeting conditions, reduced conflicts, and provided a more conducive working atmosphere.

Case Study

**LokoTrain:
Train Driver Simulator**

LokoTrain is developing and testing a train driver simulator, aiming to be ready to train and test drivers by July 2024. This simulator is designed to help train drivers practise handling dangerous situations on the railways by creating simulations of conditions that are hard to replicate in real life, such as diverse weather situations, low visibility, technical issues, and unexpected obstacles. There are two versions of the simulator: one featuring a life-like model with a large-format screen for a realistic view from the cabin, and another utilising a model of the station with a control lever combined with virtual reality glasses to offer an immersive control and visual experience.

While Czech regulations do not yet mandate simulator training as in some neighbouring countries, acquiring this simulator is recognized as a critical step towards enhancing operational safety and preparedness for complex real-world scenarios. LokoTrain also intends to make the simulator accessible to other carriers, contributing to a broader enhancement of safety culture within the railway industry. This aligns with the EU's future safety commitments and standards, as well as EPLI's objectives.

Adding Value Through Challenging Times

The conflicts in Ukraine and the Red Sea have created uncertainties in transportation and disrupted 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, with additional corridors and routes still to come.



Case Study

EP Cargo's New Wojany Terminal

EP Cargo has launched a new transshipment terminal in Wojany, on the Slovak-Ukrainian border, operational since August 2023. This terminal features dual-gauge tracks and is equipped with the necessary locomotives and agricultural machinery for efficient cargo handling. It currently processes up to 30,000 tonnes per month, with plans to increase throughput and diversify beyond agricultural products.

Strategically positioned, the terminal enables the efficient transfer of agricultural goods from Ukrainian wide-gauge rails to European standard-gauge

lines, streamlining subsequent distribution to destinations such as Germany, Holland, Italy, and the Adriatic ports of Koper and Trieste. These ports are particularly advantageous for shipping to Africa – a primary market for Ukrainian grain – and offer a compelling alternative to the congested Baltic Sea ports. With 24/7 dispatch services and over 370 agricultural products in its portfolio, EP Cargo offers custom logistic solutions throughout Europe, emphasising eco-friendly practices and reduced emissions.

Wojany not only provides a pivotal logistics solution encompassing cargo transshipment and forwarding but also boosts employment in a region facing higher unemployment rates, benefiting from the involvement of local subcontractors.



Governance

1. Introduction
2. EPLI and Its Business
3. Environmental Impact
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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.

Governance Overview

EPH has formalised its commitment to ethics and risk management through a → **set of policies**, implemented in 2022.

Our approach to ethics 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.

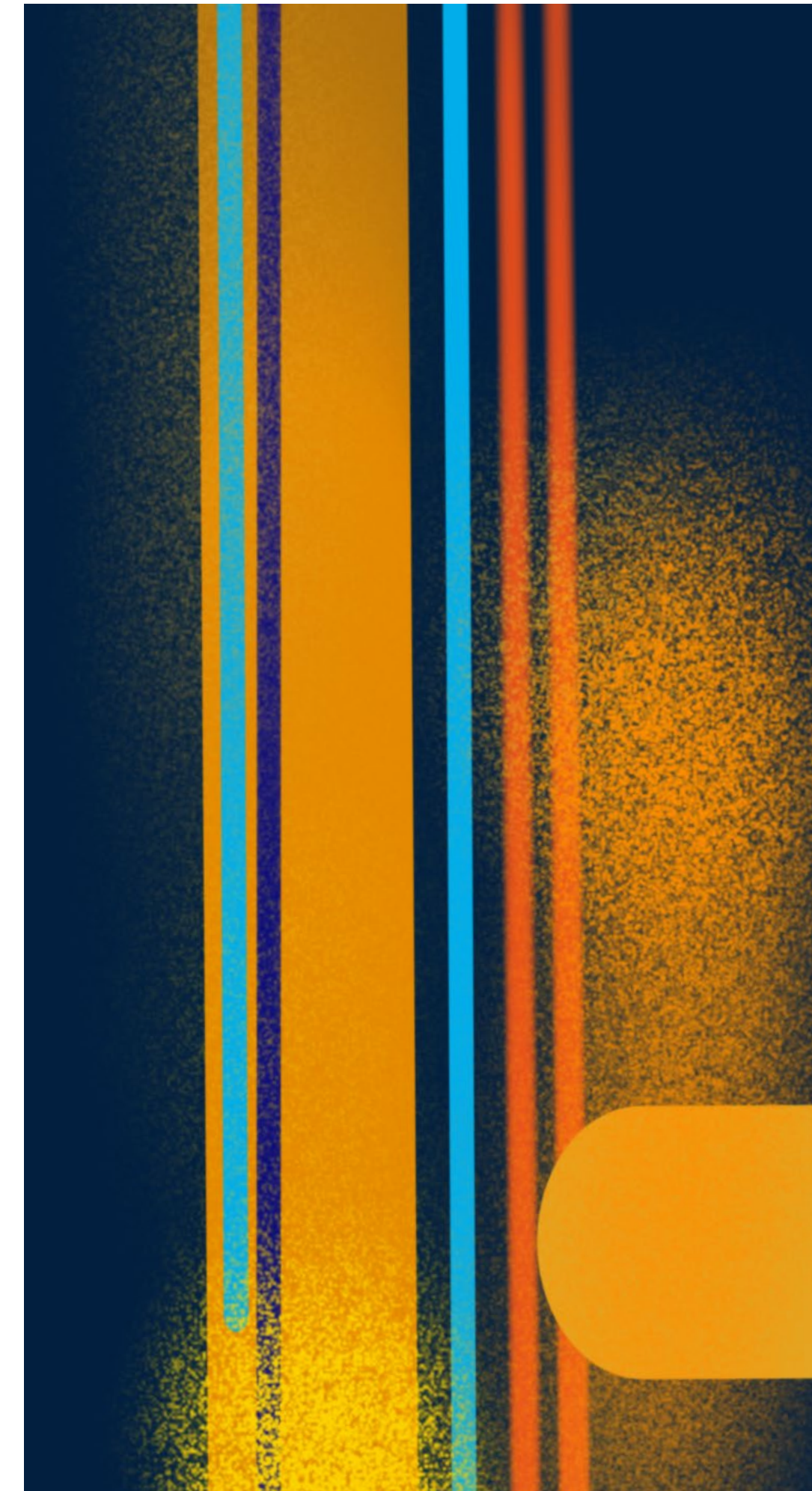
Our contribution to the governance-related SDGs:



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.



Board of Directors

- 8 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

Zbigniew Klepacki

Member of the Board of Directors

Jana Vlášková

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

Supervisory Board

- 3 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

* Valid as of 31.12.2023

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 & 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's operational companies and provides support regarding these incidents.

Risk Committee EPH level

- Helps to develop a culture of enterprise 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 avoiding or heedlessly taking them.

^{*} Valid as of 31.12.2023

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 5), 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 upon 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 Group as well as defining the core principles for sustainability related policies within the EPH Group 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 climate change and carbon footprint reduction, protection of biodiversity, the 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 Group operates is among the top goals of the EPIF Group. 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 Group 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, as well as 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 5: EPH Policies

Risk Management

EPLI abides by our parent company EPH’s approach to risk management, which is managed by the EPH’s Risk Committee. Sound risk management mechanisms protect both our company and our local communities by making us more resilient to crises and unforeseen events.

The transport industry in particular faces risks to our people, equipment, and the infrastructure we depend on, posed by climate change and other environmental disasters. We furthermore face threats to our business in the realm of financial, operational, and strategic risks.

Climate change related risk



Physical risks

More frequent and extreme weather events are a risk as they can cause damage to our infrastructure assets and equipment, leading to interruptions in our ability to provide transport and logistics services.

Risk management approach:

- We adequately insure key infrastructure.
- EPLI’s short-term investment decisions are always based on the rigorous analysis of long-term projections of investment needs.

Transition risks

Growing operating costs due to pricing pressures on emission allowances. Substitution of existing products and technologies with lower emission alternatives.

- We run pilot projects to test the feasibility of using lower emission technologies in our fleet, with especially our customers benefiting from this solution.

Financial risk



Credit risk

The primary exposure to credit risk arises from conducting business with unreliable counter-parts.

Risk management approach:

- EPLI follows EPH’s Credit policy.
- We have a Know Your Customer (“KYC”) Directive in place to ensure that all potential business partners are thoroughly checked prior to committing to a business relationship or transaction.
- Each new customer requesting products/services over a certain limit (which is based on the size and nature of the particular business) is analysed individually for creditworthiness.
- EPLI uses credit databases for analysis of creditworthiness of new customers, who are also subject to Risk Committee approval.

Liquidity risk

Lack of liquid financial resources poses great risk on everyday activities of EPLI, including the ability to pay suppliers and employees.

- EPLI management focuses on methods used by financial institutions, i.e. diversification of sources of funds.
- This diversification makes EPLI flexible and limits our dependency on one financing source.
- Various methods of managing liquidity risk are used by individual companies.

Commodity risk

EPLI’s primary exposure to commodity price risk primarily arises from our dependence on fuel for its trucking business.

- In order to eliminate the fuel commodity risk, EPLI has added a fuel formula into its contracts.



Operational risk

Failures, breakdowns, outages and natural disasters

Delays or interruptions in our supply chain can increase capital expenditures, negatively impact EPLI's business and reputation, or cause significant harm to the environment.

Risk management approach:

- Predictive maintenance processes are in place, allowing us to proactively identify and respond to vulnerable areas of our business.
- We ensure that our key assets are adequately insured.

Cyber risk and system failure

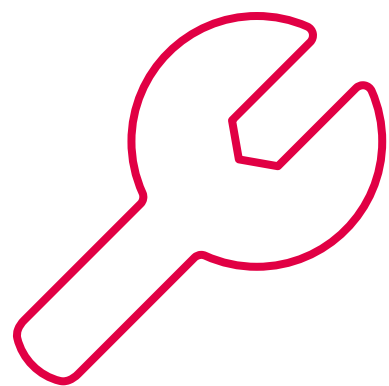
As part of our operations, information systems must have proper security measures in place that are aligned with regulation, while maintaining the highest degree of industry standards.

- EPLI cyber security is adopted with regular reviews of risks and selection of corresponding measures for the most effective protection.
- EPLI companies follow the requirements of several information security standards and frameworks, as well as laws, e.g. the GDPR (General Data Protection Regulation) or EU NIS Regulations (Network and Information Systems Regulations 2018).

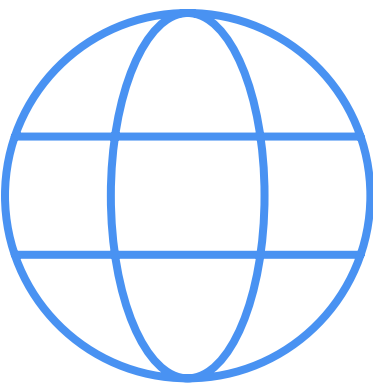
Regulatory risk

Apart from the regulated tariffs, risks also arise from the changes in the European energy legislation, which affects the scope and market price of the European Emission Allowance and Green Deal package.

- Trusted and open relationships with regulatory bodies.
- Geographic focus on countries with stable and established regulatory regimes.



Strategic risk



Socio-economic and political risk

EPLI’s business is exposed to political, economic and social developments in Slovakia, the Czech Republic, Central and Eastern Europe regions, and elsewhere. This includes the Red Sea crisis and the war in Ukraine.

Risk management approach:

→ Open dialogue with local communities and authorities, with timely communication of our business intentions.

Reputational risk

Reputational damage may arise from miscommunication, or lack thereof, and low transparency with stakeholders

- We only present information about our business that is based on facts, and we do so in a clear and reliable manner.
- We constantly monitor public media so that we may warn our stakeholders in a timely manner about any false information related to EPLI that was released.
- We promote a responsible marketing approach, making all information regarding our business, such as our services and their possible risks, available and factual.

Competition risk

Many of the markets in which EPLI’s business operates are increasingly competitive and as such, EPLI is exposed to the risk of not being able to compete effectively on an ongoing basis.

→ We focus on providing tailor-made products and solutions, not only “transport”, building up a loyal following of customers and treating them well.

Employment related risk

EPLI’s ability to maintain our competitive position and to implement our business strategy is largely dependent on our ability to attract and retain qualified personnel, such as managers and senior executives.

- Regular dialogue with employees and union representatives.
- Competitive salaries and benefits for employees.
- Delegation of main responsibilities across multiple executives to reduce the amount of risk managed by one position.
- Engagement with schools, universities and talent recruitment programmes at our subsidiaries and with our union representatives.



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.

Case Study

Cars by Rail

SŽ - Tovorni promet has developed a logistics solution for one of Europe’s leading car manufacturers that enhances the use of rail for transportation, improving the reliability of transport for our customer. This system transports cars by train to the Ljubljana container terminal, where they are offloaded and parked through a collaboration with a seasoned subcontractor. Due to ongoing construction and resulting congestion on the railway segment towards Koper, the cars are then trucked to the Port of Koper. This method ensures reliable car delivery

to the port while maximising rail usage under the current conditions. The inaugural train, carrying 160 cars in 16 wagons, arrived smoothly at the terminal on November 9, 2023. By the end of 2023, three more trains had been dispatched, removing the equivalent of 80 trucks from roads. Regular service, expected to expand in the future, kicked off in 2024. These four trains alone have reduced CO₂ emissions by 29 tonnes in 2023, a figure that will significantly increase with the regular service. By 2026, with the completion of new railway tracks, direct rail service to the Port of Koper is anticipated.

80 trucks

removed from roads

29 tonnes of CO₂

saved

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 2023 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

- EP Cargo a.s. (EŽC a.s.)
- EP Cargo Deutschland GmbH
- EP Cargo Invest, a.s.
- EP CARGO POLSKA s.a.
- EP Intermodal a.s. (AVE SR Východ a.s.)
- LOCON Logistik & Consulting AG
- LokoTrain s.r.o.
- RAILSPED s.r.o.
- RM LINES a.s.
- SGL Schienen Güter Logistik GmbH
- SPEDICA LOGISTIC s.r.o.
- Spedica s.r.o.

Road freight

- EP Cargo Trucking CZ s.r.o.
- EP Cargo Trucking PL Sp. z o.o.
- EP Cargo Trucking SK s.r.o.

CEO	Chief Executive Officer	GRI	Global Reporting Initiative	Units	
CFO	Chief Financial Officer	HR	Human Resources	#	Number
CO ₂	Carbon dioxide	ISO	International Organisation for Standardisation	%	Percentage
COP 21	2021 Conference of the Parties to the United Nations Framework Convention on Climate Change	LNG	Liquified Natural Gas	Gm	Gram
ECM	Entity in Charge of Maintenance	LOCON	Locon Logistik & Consulting AG	Km/h	Kilometres per hour
EPH	Energetický a průmyslový holding	NOx	Nitric Oxide	Km	Kilometres
EPLI	EP Logistics International	CO	Carbon Monoxide	L	Litre
ERA	European Railway Authority	SDGs	Sustainable Development Goals	KWh	Kilo-watt hour
ESG	Environment Social Governance	SŽ-TP	SŽ - Tovorni promet	Mil. ntkm	Million tonne-kilometres
EU	European Union	UN	United Nations	TEU	Twenty-foot equivalent
GHG	Greenhouse Gases	YoY	Year-on-Year	Ntkm	Netto tonne-kilometers

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Further financial data
can be found in the
[↗ EPH Consolidated
Annual Report 2023.](#)

EBITDA and Revenues*

Revenues	2021 (mEUR)	2022 (mEUR)	2023 (mEUR)	Change 2023 vs. 2022
Total	192	226	249	+10%
Rail	170	198	217	+10%
Road	21	28	33	+18%

* Numbers are rounded.

EBITDA	2021 (mEUR)	2022 (mEUR)	2023 (mEUR)	Change 2023 vs. 2022
Total	37	30	39.2	+31%

* Numbers are rounded.

Statement of use	EP Logistics International has reported the information cited in this GRI content index for the period 1.1.2023 – 31.12.2023 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 2023, pp. 151–152 b. EPH Consolidated AR 2023, pp. 151–152 c. EPH Consolidated AR 2023, pp. 151–152 d. EPLI and Business, Geographical presence, p. 17
	2-2 Entities included in the organisation’s sustainability reporting	a. Annex, Report Boundaries, p. 63 b. No differences c. Annex, Report Boundaries, p. 63
	2-3 Reporting period, frequency and contact point	a. 1.1.2023 – 31.12.2023 b. 1.1.2023 – 31.12.2023 c. July 2024 d. sustainability@eplogistics.cz
	2-4 Restatements of information	CO ₂ emissions for the years 2021 and 2022 have been restated in this report due to the utilization of a new reporting and calculation methodology, which is more accurate and unified across all the countries. Please see footnote in section “GHG Emissions” on p. 23
	2-6 Activities, value chain and other business relationships	a. EPLI and its Business, Business Segments, pp. 12–16 b. EPLI and its Business, Business Segments, pp. 12–16 c. Governance, Quality Customer Experience, p. 61

2-7 Employees	<p>a. Social Impact, Employment, Diversity and Inclusion, Graph 7, p. 45</p> <p>b. Employment, pp. 43–47</p> <p>c. Employment, Annex, Report Boundaries, p. 63</p> <p>d. Employment, pp. 43–47</p> <p>e. Acquisition of new operations in Slovenia increased headcount by 137%, however, Slovenian operations are not yet fully consolidated. Social Impact, Employment, Graph 5, p. 44</p>
2-8 Workers who are not employees	<p>a.i. Total number of workers who are not employees: 202</p> <p>a.ii. The most common types of non-employee workers: On-site contractors, temporary agency workers, consultants and freelancers</p> <p>c. Number of workers who are not employees decreased from 35 in 2022 to 29 in 2023</p>
2-9 Governance structure and composition	Governance Structure and Key People, pp. 54–55
2-10 Nomination and selection of the highest governance body	Governance Structure and Key People, pp. 54–55
2-11 Chair of the highest governance body	Governance Structure and Key People, pp. 54–55
2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure and Key People, pp. 54–55
2-13 Delegation of responsibility for managing impacts	Governance Structure and Key People (EPLI Senior management), p. 55
2-14 Role of the highest governance body in sustainability reporting	Governance Structure and Key People, pp. 54–55
2-22 Statement on sustainable development strategy	ESG Approach, pp. 6–8
2-23 Policy commitments	Governance, Ethics and Compliance, p. 4

	2-27 Compliance with laws and regulations	Ethics and Compliance, p. 4
	2-30 Collective bargaining agreements	Employment, p. 43
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG Approach, ESG Strategy, p. 6
	3-2 List of material topics	ESG Approach, Material Topics and Goals, p. 7
	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, pp. 57–61
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Governance, Quality Customer Experience, p. 61
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Governance, Ethics and Compliance, p. 56
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environmental Impact, Reduction of Emissions, Transport Efficiency, p. 27
	302-3 Energy intensity	Environmental Impact, Reduction of Emissions, Transport Efficiency, p. 27
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Impact, GHG Emissions, pp. 23–25
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Impact, GHG Emissions, pp. 23–25
	305-4 GHG emissions intensity	Environmental Impact, GHG Emissions, pp. 23–25
	305-5 Reduction of GHG emissions	Environmental Impact, GHG Emissions, pp. 23–25
	305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Environmental Impact, Other Air Pollutants, p. 26
	401-1 New employee hires and employee turnover	Social Impact, Employment, Graph 5, p. 44

GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Impact, Employment, p. 43
	403-1 Occupational health and safety management system	Social Impact, Health and Safety Management, p. 49
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Social Impact, Health and Safety Management, p. 49
	403-9 Work-related injuries	Social Impact, Health and Safety, Graphs 10 & 11, p. 48
	403-10 Work-related ill health	Social Impact, Health and Safety, pp. 48–50
	404-1 Average hours of training per year per employee	Social Impact, Training, pp. 46–47
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Social Impact, Training, pp. 46–47

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Náměstí Hrdinů 1693/4a
140 00 Praha 4, Czech Republic

