EVERSHOLT
UK RAILS GROUP

About Eversholt Rail

Established in 1994, Eversholt UK Rails Group ('Eversholt Rail', or the 'Group') is a leading owner and lessor of UK rail rolling stock, with a portfolio of over 2,800 passenger and freight vehicles[1].

The majority of our fleet, 70%, is powered by electricity; a further 9% of our portfolio is bi-mode, running on electricity where infrastructure exists and on diesel power on sections or routes that have not been electrified. 21% of our portfolio operates on diesel power only.

With 30 years of industry expertise, we are committed to supporting a modal shift to rail. Our strong supplier and customer relationships ideally place us as a trusted partner with whom to explore low-carbon solutions.

Environmental, social and governance (ESG) considerations continue to be embedded in our business, and support our investment strategy as we explore innovations for our assets that can support the United Kingdom's (UK) decarbonisation agenda. We do this responsibly, while providing a great workplace for our people and delivering results effectively and ethically.

1   As of 31 December 2023.

SUSTAINABILITY PERFORMANCE REPORT 2023

About this report

In this report[2], we share our key ESG performance metrics and progress in areas that help us contribute to building a more future-fit rail industry.

This report is designed to be read in conjunction with our sustainability reporting suite, where we share our wider approach to managing and governing ESG across our business.

As part of our ongoing commitment to strengthen our ESG management approach, we commissioned a formal ESG data assurance against International Standard on Assurance Engagements 3000 (Revised). The key performance indicators (KPIs) in scope of this assurance are marked clearly throughout the report.

Scope of operations and reporting boundaries

Our principal activity is to own and lease rolling stock and other rail assets in the UK. In addition to the revenues earned from our rolling stock fleets, we earn revenue from long-term leases relating to our leasehold interests in two depots. We also provide services in relation to our procurement and management of heavy maintenance of rolling stock on behalf of our customers. We invest in our assets to ensure that they continue to meet customer needs in terms of safety, quality and reliability. Our direct operations are limited to office-based activities.

We adopt an operational control boundary approach in our reporting. Operational control is defined as where we have the full authority to introduce and implement our operating policies.

2   Unless stated otherwise, performance data reported in this document
   covers our 2023 financial year, from 1 January to 31 December 2023.

Environment data

Greenhouse gas (GHG) emissions

	FY 2023	FY 2022	FY 2021
Scope 1, emissions from combustion of gas (tCO$_2$e)	N/A 🛡	N/A	N/A
Scope 2, emissions from purchased electricity, location-based (tCO$_2$e)	N/A 🛡	6.60	50.81
Scope 3 (tCO$_2$e)[3]	611,059	595,390	9.94
of which are emissions from leased assets (tCO$_2$e)[3]	597,928	577,923	N/A
Direct emissions intensity normalised by employee headcount (tCO$_2$e)	N/A 🛡	0.06	0.50
Value chain emissions intensity normalised by revenue (tCO$_2$e/£'000 revenue)	1.88	0.71	N/A

Scope 3 emissions by relevant categories (tCO$_2$e)
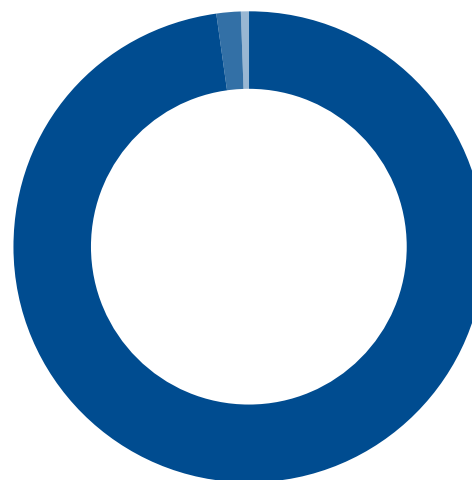
● **5% or more of emissions**

Category 13	Downstream Leased Assets	97.9%

● **Between 0.5% and 5% of emissions**

Category 1	Purchased Goods and Services	0.7%
Category 2	Capital Goods	1.1%

● **0.5% or less of emissions**

Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
Category 4	Upstream Transportation and Distribution
Category 5	Waste Generated in Operations
Category 6	Business Travel
Category 7	Employee Commuting and Work From Home
Category 12	End-of-Life Treatment of Sold Products

🛡 All FY 2023 data for environment metrics set out on this page has been subject to external independent limited assurance by ERM Certification and Verification Services Limited ('ERM CVS'). For the results of the assurance, see ERM CVS's assurance report.

3 In 2023, we have notably improved our emissions accounting methodology, moving away from Office of Rail and Road's generic conversion factors for kilowatt hours of energy or litres of fuel consumed to fleet-specific engine-efficiency factors. 2022 figures for traction emissions are therefore recalculated in line with this revised methodology to allow a more meaningful year-on-year comparison.

Environment data

continued

Reporting criteria for GHG emissions reporting

Scope 1 and 2 emissions (tCO$_2$e)
Our reporting for Scope 1 and 2 data was reported as location-based emissions arising from energy use at our leased office space for previous years, until and including FY 2022.

We conducted a re-evaluation of our emissions-reporting boundaries and scope in FY 2023, as part of our ongoing commitment to strengthening ESG data controls and reporting. Following this assessment, we concluded we do not have operational control over energy usage in our office, or the emissions related to movement and storage of off-lease rolling stock assets, or to leased depots. For instance, in the cases of our office or off-lease rolling stock, since third-party suppliers fulfil the service provision through a fixed-fee service management agreement, the emissions linked to these activities fall and are reported under Scope 3. Emissions from rolling stock owned by the Group that are under operational leases, as outlined in the 'Scope of Operations and Reporting Boundaries' section, are reported under Scope 3.

Direct emissions intensity normalised by employee headcount (tCO$_2$e)
This metric is calculated as the sum of Scope 1 and 2 emissions, reported as above, normalised by total employee headcount. As per people metrics definitions, 'employees' refers to those in a direct contractual employment relationship with the Group, regardless of number of hours worked (as outlined under the 'total employees' metric below).

Scope 3 emissions (tCO$_2$e)
Our carbon footprint is calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard, and the complementary Corporate Value Chain Standard. This includes, where possible, use of primary data collected from internal teams or suppliers, and spend or other secondary data where primary data is not available. Data point is expressed as tCO$_2$e.

As lessors, we have a contractual obligation to respect the quiet enjoyment right of our customers who lease and operate our assets. In line with the operational boundaries approach outlined above, our carbon emissions reporting therefore reflects us having no operational control over our assets, and all emissions from assets on lease are reported under Scope 3, as Category 13 emissions.

For Scope 3 emissions, the 2022 Centre for Environmental Data Analysis spend-based factors (due to 2023 ones not being released at the time of reporting) were applied for categories 1, 2, 4 and 6 (except for business travel from car mileage). Category 3 emissions were calculated using the relevant 2023 UK DEFRA WTT (Well-to-Tank) and T&D (Transmission & Distribution losses) emission factors. Our reporting against Category 7 also includes modelled emissions from employee commuting as well as home working to align with evolving best practice.

Our procured services in relation to the management of heavy maintenance of rolling stock on behalf of our customers are also reported under Scope 3 emissions.

In our first year of going through a formal ESG data assurance against ISAE 3000 (Revised), we have introduced a phased approach for an independent review of our Scope 3 data and commissioned an assurance-readiness review instead.

Value chain emissions intensity normalised by revenue (tCO$_2$e/£'000 revenue)
Weighted total Scope 1, 2 and 3 carbon emissions intensity normalised by £'000 revenue.

Revenue figures (£'000) are:

- 325,778 for FY 2023 and 375,903 for FY 2022 as reported on page 24 of Eversholt UK Rails (Holding) Limited and subsidiaries (Security group) Annual report and financial statements for the year ended 31 December 2023. The Group started reporting against this KPI for FY 2022, as it expanded its Scope 3 emissions reporting to all 15 relevant categories.

Social data

Workforce profile

	FY 2023	FY 2022	FY 2021
Total number of employees (professional, technical and support staff)	103	103	102
% of women in workforce	38.8%	38.7%	34%
% of senior management positions held by women	33.3%	39.1%	43%
% of revenue-generating roles held by women[4]	18.5%	N/A	N/A
% of STEM-related roles held by women[4]	33.3%	N/A	N/A

Reporting criteria: Workforce profile

We report employee-related data based on our contractual relationship with staff, regardless of working hours, and against headcount. Employees, including both full time and part time, are defined as those that have a direct employment relationship with the Group. Therefore, employee profile-related metrics listed in this section exclude contractors, even though they may be working at our offices from time to time, unless stated otherwise.

All employee-related metrics below are sourced from 'MyHR', our HR data management system, unless stated otherwise.

Total number of employees
Reported in line with the employee profile definitions above, as at 31 December 2023.

All percentage calculations, with the exception of employees that completed business ethics training, is calculated using this definition of total number of employees. See page 7 for business ethics training reporting criteria.

% of women in workforce
Reported in line with the employee profile definitions above, and reflects only the gender breakdown for employees based on headcount, regardless of the seniority of positions held.

Data for total number of women employees is taken from the MyHR portal as of 31 December 2023. Data is entered into MyHR by the HR team, based on voluntary employee self-declarations during new starter onboarding. Employees can update their own gender on MyHR at any point and have the option to 'not declare'.

% of senior management positions held by women
Reported in line with the employee profile definitions above and reflects only the gender breakdown for senior management employees based on headcount. Senior management is defined as CEO-2, which reflects the CEO, members of the Leadership Team (LT) that are direct reports of the CEO and those that hold 'Head of' positions.

% of revenue-generating roles held by women
Reported in line with the employee profile definitions above. Revenue-generating roles are defined as those who provide key services to customers or potential customers, and exclude support functions such as HR, technology and legal. Key services in this context are defined as those roles in commercial finance and client services functions in the business.

The percentage figure is calculated with 'total number of employees in revenue-generating roles' as the denominator.

% of STEM-related roles held by women
We define STEM-related roles as those that require qualifications or a degree subject relevant to delivering against key requirements of a role, such as accounting, or roles that apply principles of science, technology, engineering or mathematics, such as technology and sustainability teams or fleet-related activities. Fleet-related activities are defined as those linked to management of our rolling stock, product development and maintenance projects. Figures reported are regardless of seniority.

The percentage figure is calculated with 'total number of employees in STEM-related roles' as the denominator.

All FY 2023 data for social metrics set out on this page has been subject to external independent limited assurance by ERM CVS.
For the results of the assurance, see ERM CVS's assurance report.

4   The Group started reporting against this metric in FY 2023, to continue better aligning with best practice reporting frameworks.

Social data

continued

Employee turnover and retention

	FY 2023	FY 2022	FY 2021
Employee turnover rate	6.6%	6.6%	8.4%
% of positions filled by internal candidates	10%	27%	40%

Training

	FY 2023	FY 2022[5]	FY 2021
Training hours per employee	13.9	13.9	4.8
Training spend per employee	£834	£1,668	£825

Reporting criteria: Employee turnover and retention

Employee turnover rate
Turnover rate is calculated as the percentage of employees who left the organisation by resignation or retirement (leavers) during the financial year. This figure is calculated as total number of leavers divided by a monthly average number of employees over FY 2023.

% of positions filled by internal candidates
This metric is calculated as candidates hired internally for vacancies during the financial year, as a percentage of total new hires.

Reporting criteria: Training

Training hours per employee
This figure is calculated as total number of training hours delivered divided by a monthly average number of employees over FY 2023.

Training hours are those spent on personal and professional development, and include courses, conferences, mandatory compliance training and graduate training. Training hours are either self-declared by employees on our workforce management portal MyHR or manually entered by the HR team for courses organised by HR. For the latter, the attendance count and training duration are entered by HR based on the physical attendance log and/or acceptance of invitations.

Training spend per employee
This figure is calculated as total training spend, against training activities reported under 'training hours per employee', divided by a monthly average number of employees over FY 2023.

Training spend data is reported against all learning and development, including conference spend captured in our financial management system, for training activities paid for and delivered throughout FY 2023.

All FY 2023 data for social metrics set out on this page has been subject to external independent limited assurance by ERM CVS.
For the results of the assurance, see ERM CVS's assurance report.

5   The significant year-on-year increase in 2022 was, in part, due to in-person, offsite training activities such as new starters' bootcamps being reintroduced after social distancing measures following the pandemic were lifted.

Governance data

Business ethics training

	FY 2023	FY 2022	FY 2021
Employees that completed business ethics training	100% 🛡	100%	100%

Reporting criteria: completion rate for business ethics training

We deliver annual business ethics training, and the 2023 cycle was launched in October 2023. Completion is reported as completing this training cycle up to the publication date. The data excludes employees on long-term leave between October and the publication date, who will be required to complete it upon their return. For 2023, two employees were excluded from the percentage calculations on that basis.

Given the need for effective management of business ethics training, and to manage risk effectively across the workforce, both employees, as defined above, and contractors are required to complete relative training modules. The percentage of employees completing business ethics training is calculated against total number of employees and contractors.

Contractors, in this context, are defined as those not in an employment relationship with the Group, but contracted for longer-term pieces of work (i.e. six weeks or more), and for the whole of their available working time.

All FY 2023 data for governance metrics set out on this page has been subject to external independent limited assurance by ERM CVS.
For the results of the assurance, see ERM CVS's assurance report.

To find out more about our ongoing ESG work, please contact us at https://eversholtrail.co.uk/contact/.

References to Eversholt Rail are to the Eversholt UK Rails Group[6]. This report should be read in accordance with the following disclaimers:

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