



Sustainability Report

SEPTEMBER 2024



CONTENTS

- 01 Message from CEO
- 02 About Beacon
- 03 Our ESG strategy
- 04 Engaging Stakeholders
- 05 Beacon and Governance
- 06 Our People and Culture
- 07 Health Safety Wellbeing
- 08 Beacon and Environment
- 09 Partners and Suppliers
- 10 Customer and Marketplace
- 11 Our Community
- 12 GRESB
- 13 Our Targets - Summary

A message from our CEO



We are pleased to share our Sustainability Report, which reflects our ESG commitments, achievements to date and future aspirations. Safety is at the heart of everything that we do, embedded into Beacon's culture and core values. Beacon is collaborative, agile and we support each other to thrive.

Beacon has sought to further develop its performance on environmental sustainability through the acquisition of Mitsui Rail Capital Europe B.V. (MRCE) with the addition of over 200 fully electric freight and passenger locomotives. The acquisition is part of transition to electric vehicles and is a reflection of our dedication to innovation and, growth that aligns with our values.

At Beacon, sustainability is an important part of our business strategy. Everyone at Beacon, our board and shareholders, is central to supporting the implementation of our ESG commitments. We recognise the need to maintain this over the longer term. Challenges and opportunities arise, and Beacon is ready to recognise and adapt through learning, innovation and agility.

The momentum for a transition of railway transportation is in progress, driven by developments in technology, and key policy drivers. We understand the economic and social value for a swift and orderly transition for both current and future generations.

Beacon is developing resilience alongside a sense of urgency to respond to climate change and we believe rail can be at the centre of more sustainable mobility. Beacon seeks to have a clear ESG strategy that we will continue to enhance through learnings from the implementation of double materiality assessments during 2024 enabling more engagement and alignment with stakeholders.

We are proud to have been awarded a 5 Star rating in the 2023 GRESB international sustainability benchmarking process for our performance in 2022, for the 4th consecutive year. Beacon seeks to continue such achievement of high benchmarked standards to uphold our market leadership in ESG.

I thank our shareholder, Chair and all our employees with their support of the design and implementation of our strategic direction.



Beacon Snapshot

Operating in
18 countries
across Europe

515 Passenger vehicles
776 Locomotives
1,100 Freight wagons

Zero reported
accidents
(2023)

Our Safety Slogan
'everyone home
safely every day'

GRESB Score
Five STAR
(2023 for 2022)

Customer Satisfaction
78/100 (2023)

Revenue (2023)
€203 m

Working towards
CSRD Reporting
Alignment

Employee diversity
at Beacon
Male 56%
Female 44%

£25,000 fundraised
(2023) for the Railway
Children, our Charity
of the Year

About Beacon

We are a leading rolling stock leasing company operating across UK and Europe, providing passenger and freight train operators with bespoke solutions, ranging from customer managed dry leases to turnkey full-service provision, aligned with outstanding customer support.

Our purpose is to provide the leading rail leasing service to our passenger and freight train customers that contributes most to their success. We do this through being knowledgeable, flexible, well managed and efficient. We provide unrivalled industry knowledge, combined with extensive rail asset management and capital markets expertise, underpinned with a can-do culture and commitment to sustainability.

Beacon owns a fleet of freight locomotives and passenger units plus other specialist rolling stock, which is leased across the UK and Europe and is supported by a dedicated resource focusing on managing the full life cycle of each asset.

Beacon offers a full range of leasing and financing models, including a green loan finance framework (page 27), plus further investment into existing assets which seek to improve utility, sustainability, performance, operating costs and where possible to extend functional lifespans.

Beacon is headquartered in Luxembourg, Beacon LUX Holdings S.À R.L, with offices in Amsterdam, Frankfurt, London, Luxembourg, Milan and Munich.

Beacon at a glance

Established in 2008

Operating in 18 countries
across Europe

776 Locomotives

515 Passenger Vehicles

1,100 Freight Wagons

Our Strategy for Sustainability



Sustainability is integrated across the business. We recognise the importance of managing material environmental, social and governance factors, alongside our investment in rolling stock.

Beacon’s Sustainability framework has Seven Pillars:

- Governance, Risk and Ethics
- Our People & Culture
- Health Safety, Quality and Wellbeing
- Partners and Suppliers
- Environment
- Customer and Marketplace Responsibility
- Communities and Wider society

¹ GRI-101-foundation-2016

² AA1000SES-2015

Our Material ESG Topics:




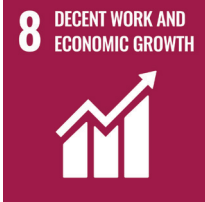



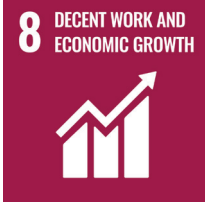


We recognise that we cannot focus equally on all potential sustainability issues all the time. Therefore, we prioritise and identify the most material ESG topics, considering our impact on society and the environment and vice versa. We did this in 2022 by undertaking wide ranging research, engaging with our key stakeholders, and involving the Senior Leadership Team and ESG Leadership Team at Beacon to assess our risks and opportunities. We referred to GRI-101-foundation-2016¹

MEDIUM	HIGH
Technology & Innovation	Climate Change & adaptation
Design for Diversity, Equity and Inclusion and accessibility	Health safety quality environment and welfare (HSQEW)
Human Rights in Supply Chain	Good governance and ethics
Impacts from Maintenance	Customer relationship & satisfaction
Attractiveness of rail transport	People and culture and equality, diversity and inclusion
Supporting communities and giving back	

To know more about our Sustainability Policy, [click here](#)

Our Strategy for Sustainability continued



TOPIC OF HIGH IMPORTANCE	HOW THEY ARE BEING ADDRESSED	RELEVANT SUSTAINABLE DEVELOPMENT GOALS
Climate Change & Mitigation	Climate policy, to facilitate measuring and reporting on greenhouse gas emissions across Scope 1, 2 and 3 (by prioritising upstream and downstream emissions). Through assessment of climate related risk and opportunities, we aim to continue to support the transition to net zero and, drive more sustainable procurement. We also draw upon a green finance framework for certain financing arrangements. The industry adoption of rolling stock to include start stop technology, tail pipe emission reductions and alternative fuel testing and deployment.	
Health Safety Quality Environment & Welfare (HSQEW)	Targeting of zero accidents and incidents, to support the health and safety of employees and suppliers. Seeking to align our H&S management to ISO 14001, ISO 45001, and maintenance of ISO 9001 accreditation for quality management, training in health and safety for employees and contract staff, high quality of products used, and services provided; seeking to understand and reduce the impact from manufacturing and refurbishments, minimise air pollution, noise from trains.	 
Good Governance & Ethics	Levels of governance, board level committees, ESG leadership group, anti-bribery and corruption policy, whistle blowing policy, cyber security policy, data protection policy. All employee, senior executive, and board mandatory compliance training programme.	
Customer Relationship & Satisfaction	Customer survey, building long term collaborative relationships with customers, maintaining transparency with customers. Consistent and regular communication.	  
People, Culture and Equality, Diversity & Inclusion	Helping colleagues grow and thrive through training and development opportunities, recruitment and retention, colleague engagement, DEI, Board diversity. Fair compensation reward.	 
Supporting Communities & Giving Back	Charity of the year, other community engagements, impact and sponsorship of the Women in Rail Event and Primary Engineer programme. Beacon also partners with industry groups such as Rail Industry Association (RIA), Rail Safety Sustainability Board (RSSB) and The Association of European Railway Rolling Stock Lessors (AERRL) and Beacon held the chair position at the UK Air Quality Working Group.	

To know more about The Sustainable Development Goals, [click here](#)

Our Governance

We are committed to making the best return on investment while striving to operate to sustainable business principles. We maintain robust risk, compliance and business management processes.

The governance of Beacon is managed by a Senior Leadership Team (SLT), each of whom reports directly to the CEO. The SLT comprises of the Group Chief Financial Officer, General Counsel, Group Chief Commercial Officer, Group Chief Technical Officer and Group Chief People Officer. They provide a scope of services to be rendered by their respective functions.

The Beacon Board:

- Is composed of directors who provide relevant leadership, direction and oversight. The Board has the ultimate responsibility for setting Beacon's strategy and overall responsibility for all operations of the company.
- The Board along with the SLT are committed to maintaining high standards of corporate governance. They are primarily responsible for keeping stakeholders informed of our activities and our disclosures to consistently meet a high standard and ensuring we fulfill all our regulatory commitments.

Board level Committees:

We have the following Board level independent committees that meet every quarter and, on an ad-hoc basis as required.

- Audit and Risk committee
- Health, Safety, Quality and Environment committee
- Strategy and Investment committee
- Remuneration and Employment committee
- ESG Leadership Group (which keeps the Board and Senior Leadership Team informed of important developments).



Adam Cunliffe



Elizabeth Mircica



Ross Shepherd



Clara Gomez-Ferrer Navarro



Michaela Domestico



Rob Dee



Our Governance continued



Whistle blowing

Beacon provides a psychological safety for all its employees to have an open voice without fear of recrimination. Whistleblowing protection is a risk and Beacon offers an independent third-party confidential whistle blower hotline to address any disclosures with an independent third party (Navex Global) that can manage any concerns in a discreet and confidential manner.

Prevention of bribery and corruption

Beacon has zero tolerance towards bribery and corruption and is committed to applying the highest standards of honesty and integrity across all of its business activities. All employees and Board members are required to complete the Anti-Bribery and Corruption training as part of joining the organisation and a compulsory annual refresher.

Data Protection

Beacon is fully committed to compliance with the requirements of the Data Protection Act 2018 and all other data protection legislation currently in force. The DPA regulation applies to anyone processing personal data and sets out principles which should be followed and gives rights to those whose data is being processed.

Cyber security

Beacon has a cyber incident response and management policy and procedure. The purpose of the policy is to provide organisation-wide guidance to employees on the correct procedure to respond to / manage IT security related incidents, such as ransomware attacks, denial of service attacks, computer viruses, unauthorised user activity, or suspected data compromise. The policy is required to be read and understood by all users accessing Beacon information in electronic or paper format, IT systems, networks or software using any company or personally owned device.

Modern Slavery Act

Beacon takes a zero-tolerance approach to modern slavery. Modern slavery is a criminal offence and a violation of human rights. Our Modern Slavery Act Statement sets out the means by which we implement and enforce this approach to minimise the risk of modern slavery taking place within the organisation and our supply chain.



Our Governance continued

ESG Leadership Group

- Beacon provides for continuous progress to further its commitment to ESG.
- We have established the ESG Leadership Team, a cross-functional team with the purpose of supporting the ongoing commitment of Beacon's overall sustainability and ESG matters.
- The team reviews material ESG related risks and opportunities and explores ways of integrating ESG into Beacons' overall strategy and the way business is carried out at Beacon.
- The ESG Leadership Team consists of a representative from each participating department of the Group (including Commercial, Technical, Finance, Legal and HR/Office) nominated by the relevant department head and approved by the SLT. The ESG Leader appointed by the SLT acts as chair of the ESG Leadership Team. The ESG Leadership Team meet as often as it determines necessary or appropriate (mostly once a quarter).
- The minutes of the meeting are recorded and the SLT and Board are updated.



"As the General Counsel, ESG Lead and the Chair of the ESG leadership team, I am deeply committed to championing the vital role ESG plays within our organisation. ESG is about the management of risk, ensuring a sustainable and successful company with the ability to navigate challenging macro events. The team drives the ESG commitments by bringing about meaningful change and aligning our business practices with sustainability. It brings diverse perspectives and a collective power to enable change."

Elizabeth Mircica



Engaging with our stakeholders

We seek to engage with our stakeholders to understand their needs and concerns and provide solutions to place Beacon as a more sustainable business in an integrated, collaborative way. The purpose of our business is to provide the leading rail leasing service to passenger and freight train operators, which requires us to provide finance for the procurement of trains and rolling stock to lease to operators in the UK and mainland Europe.

Maintaining relationships and trust with our customers, suppliers and other important stakeholders is central to what we do as we also consider the impact of our business to the public, wider society, supply chain and environment. Understanding and managing the expectations and needs of stakeholders, is essential to the sustainability of our business.

Our stakeholders

Employees

Our employees are central to everything that we do and we are committed to their wellbeing. Health and safety is part of our everyday work conversations. We take a collaborative employee pulse reading each week, supported by weekly Friday Coffee mornings for all Beacon, which offers an informal environment for the whole business to connect, share and give important updates. We also issue a confidential biannual survey to assess employee engagement within the business and act on the feedback..

Customers

Our customers are fundamental to our business. We strive to work collaboratively to meet our customer's goals. We have customer account management procedures, including understanding customers' own stakeholder issues and opportunities, and annual consultation process. We monitor customer satisfaction annually through a customer satisfaction survey.

We seek to maintain transparency in everything we do with and for our customers.



Engaging with our stakeholders continued



Suppliers

We seek to build strong relationships with our suppliers. We manage account management processes and protocols, inclusive of understanding our supply chain stakeholders and associated issues and opportunities. We seek to understand and develop our suppliers' commitment to sustainable and ethical business. We engage with our suppliers to implement the supplier code of conduct which they are expected to follow, as a requirement for doing business with us.

Investors/ Fund Managers

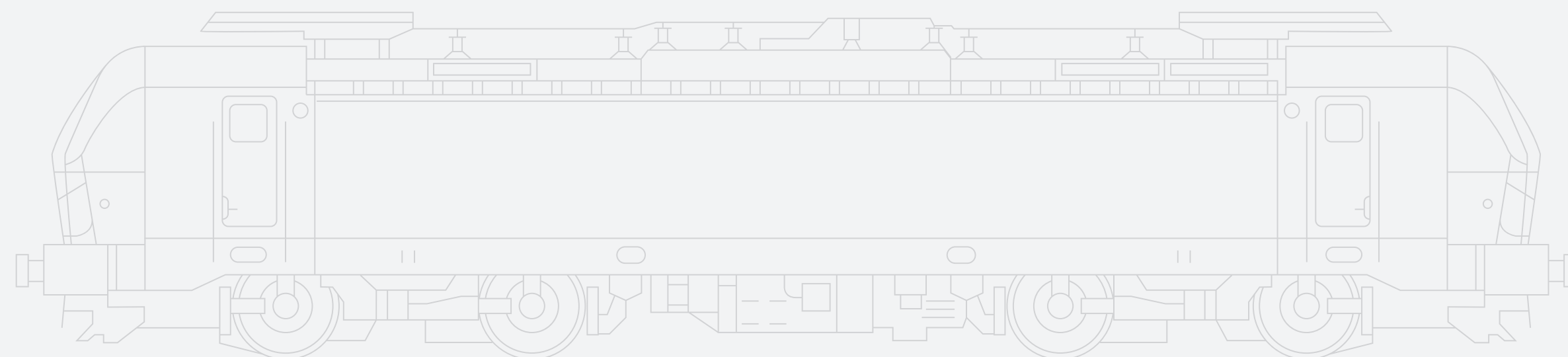
Most of our investors prioritise the importance of ESG in their investment decision making and in the risk assessment of opportunities. We have regular meetings with our investors to discuss key aspects of our day-to-day operations to assess how we manage risks and opportunities alongside our long-term business strategy to help create long-term shared value.

Communities

We aim to support and have a positive impact upon the communities for whom we operate and serve. Ever year our colleagues are actively involved in supporting the Charity of the Year, by participating in various fundraising and volunteering activities.

Rail Industry Network

We foster collaboration and knowledge sharing with research led institutions and bodies towards a more sustainable rail industry. We actively participate in various rail industry forums to equip ourselves to build more collaborative and consultative relationships that are designed to be effective in listening, understanding and problem solving. We participate in industry events and forums and review of industry media.



Our People and Culture

Our Core Values. Beacon has three core values that serve as the foundation of everything we do.

We are collaborative

We believe in the power of working together and being one Beacon.

We listen to and work closely with our colleagues, customers and suppliers. We draw on diverse talents, perspectives and resources that challenge and drive us forward as we work together on shared goals.

We recognise that everyone's voice is important and do not make assumptions.

We are agile

We believe in the need to tackle challenges without delay. We think big and move fast.

We make thoughtful decisions quickly, execute them effectively and simplify where we can, to realise opportunities. Doing so enables us to respond to more challenges, learn faster, and makes us better. The greatest risk is standing still.

We help each other thrive

We develop our people by providing an environment that fosters personal growth and thinking.

We empower our people to take ownership by thinking for themselves to contribute to our purpose. We are committed to an encouraging and supportive environment built through trust and by caring about everything we do while retaining a sense of humour.



"As Chief People Officer, I can see a deep connection between the core values of Beacon and our ESG journey. By embedding sustainability into our culture and people strategy, we are cultivating a sense of purpose for all colleagues to contribute towards society and a bigger purpose. We embrace diverse perspectives and talents, which enables business and personal growth."

Michaela Domestico





We are committed to the development and retention of a positive culture at Beacon. We aim to enable our people to perform well, feel motivated and thrive in a safe and inclusive work environment. We believe that by embracing diversity we bring new ideas and perspectives to Beacon.

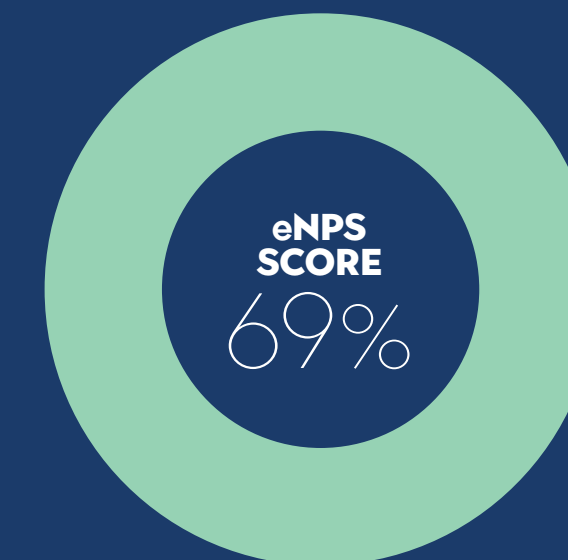
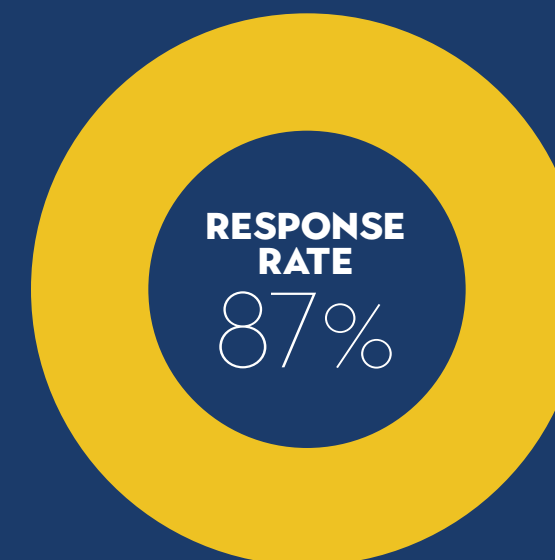


Employee Engagement

Having colleagues who are engaged is at the heart of everything we do at Beacon. We have an Employee engagement platform, 15Five, which allows Beacon to set and track colleagues' top objectives, build KPIs that unify teams and inspire colleagues to work towards joint goals, so everyone moves forward together. Company wide objectives feed through into each colleague's objective.

Employee Engagement Survey

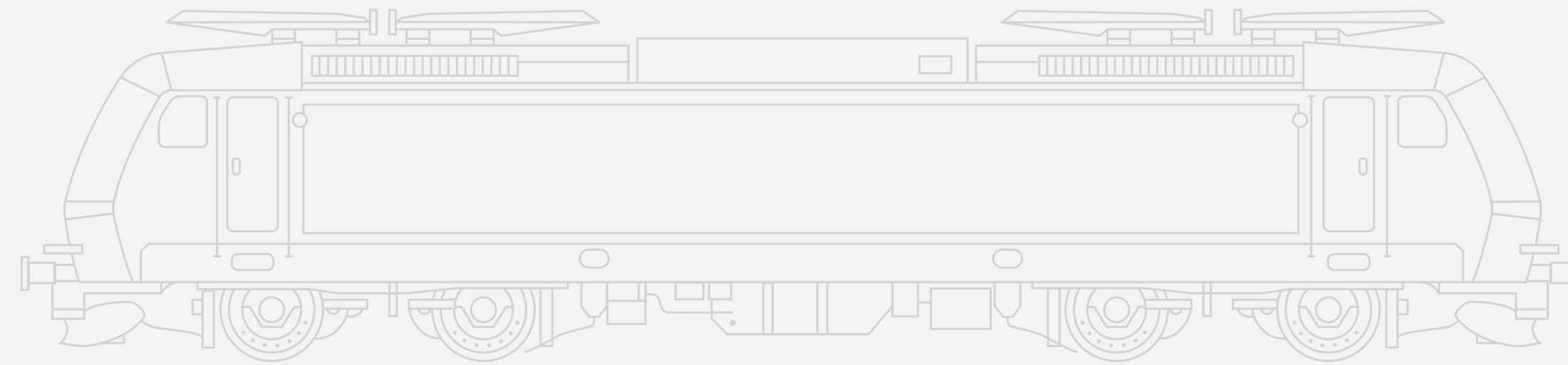
Beacon wide colleague engagement survey saw a response rate of 87% and an employee net promoter score of 69.



Target for 2024:

We will strive for a response rate of 90% and eNPS Score of 70.

Our People and Culture continued



Learning and Development

Beacon is committed to enabling individuals to meet their full potential in the workplace. Managers are required to support the development potential of colleagues alongside the long-term needs of the Beacon. Employees can be supported to further professional and career development through study leave and financial support (as per the company policy). In 2023, four colleagues were provided time off for study - a total of 142.5 hours.

Some of our mandatory training programs are:

Security Awareness Proficiency Assessment	Safe Web Browsing
Display Screen Equipment	Global Anti-Money Laundering
Global Cybersecurity Basics	When You Report We Get Stronger - PAB
Manual Handling	Global Gifts and Business Gratuities
Using the Phish Alert Button Report	Make it a Habit... Report it!
Suspicious Emails using Microsoft 365	Global Conflicts of Interest
Working at Heights	Kevin Mitnick Security Awareness Training
Common Threats	Record Retention
Global Anti-Bribery	

160 hours of learning was recorded on Beacon's online learning platform, a platform accessible to all colleagues across the business.

Employee Assistance Program (EAP)

We recognise that employees may face and need help with various issues throughout their employment with Beacon. As part of our commitment to employee wellbeing we provide an Employee Assistance Programme (EAP). Our employees have access to support on a range of issues including legal, financial, emotional, health issues and work-related concerns. As part of this Employee Assistance Programme (EAP) our colleagues also have access to an online wellbeing tool, Wisdom AI, which they can use to find fast answers to any wellbeing questions that they may have.

As part of EAP, confidential counselling is available to provide advice and assistance covering the following functions:

- Offering guidance on resolving problems.
- Assisting in resolving conflict with consent-based interviews with employees to seek solutions without recourse to the formal disciplinary and dismissal procedures or Grievance Procedures.
- Assisting in submitting a grievance if colleagues wish to complain formally.
- Securing an undertaking, where appropriate, by the person who is the subject of the complaint to stop the behaviour which has caused the offence.
- Counselling as to future conduct where a problem has been resolved without recourse to formal procedures.

Our People and Culture continued



Diversity, Equity and Inclusion at Beacon

Beacon is committed to the principle of equal opportunity in employment. Our goal is to provide a working environment where all employees are included and valued and to reflect the diversity of the communities in which we operate. As part of our talent acquisition plan, we strive to attract people from a wide range of backgrounds. Also integral to this is promoting careers in rail to women.

We are a signatory of the Women in Rail and Railway Industry Association's Equality, Diversity and Inclusion Charter. The charter has 174 organisations who have signed up for an inclusive rail sector for all.

DETAILS	MALE (%)	FEMALE (%)
Beacon	56	44
Board	62.5	37.5
Senior Leadership Team	50	50

Target for 2024:

We will constantly strive for a better balance for hiring and retaining talent.

Diversity: means the presence and the celebration of individual differences amongst the workforce, which can mean differences in race, ethnicity, gender, gender identity, sexual orientation, age and socio-economic class.

Equity: means ensuring that processes and practices are impartial, fair and provide equal possible outcomes for every employee.

Inclusion: means ensuring everyone feels comfortable to be themselves at work and feels the worth of their contribution.

Our colleagues across Beacon can speak 13 languages
(Arabic, English, French, German, Dutch, Greek, Italian, Luxembourgish, Polish, Romanian, Russian, Spanish and Turkish)



Health, Safety and Wellbeing

- At Beacon, our objective is to maintain zero accidents and incidents and ensure everyone goes home safely each day.
- We challenge ourselves to identify and adopt best and leading-edge practices. We integrate health, safety and wellbeing into our business activities, promoting the culture amongst our employees, suppliers, visitors and other third parties we interact with.
- We strive to provide and maintain a safe, healthy and incident-free work environment for employees.
- We strive to ensure that every meeting starts with safety as a core consideration and safety is a key SLT agenda item on a weekly basis. We encourage those we work with to integrate safety into their business undertakings by asking questions where we need to and sharing our knowledge and advice to help make business partners' operations safer. Putting the H&S Policies of our business partners into our Customer Relationship Management (CRM) tool and link to our H&S management systems makes it easier to monitor and share knowledge.
- Beacon undertakes regular reviews of all of its risk processes, including better performance monitoring and analysis. Beacon has achieved ISO 9001 and created an Integrated Management System (IMS) aligned to ISO 14001 and ISO 45001.

83% of staff completed safety training in 2023. There were nil reported accidents in 2023.

Target for 2024:

We will strive to ensure that 100% of our staff complete the safety training and we will strive to continue to be a zero-accident workplace.



"As the Group Chief Technical Officer, I cannot emphasise enough how imperative health, safety and wellbeing is for every stakeholder, be it our employees, suppliers, customers and communities. A healthy workforce is the backbone for success and fundamental to Beacon's sustainability agenda. We strive to truly live by our slogan 'everyone home safely every day'"

Ross Shepherd





We manage Health, Safety and Wellbeing by:

Undertaking risk assessment	We complete risk assessments periodically and implement the mitigation measures.
Compliance	We ensure that we comply with all the legal requirements in relation to health, safety and wellbeing.
Training and competence	We give staff a health and safety induction and provide relevant training.
Equipment	We ensure that all equipment used in our operations is maintained in good condition, serviced to manufacturer's requirements and is safe to use.
Consultation	We formally and informally consult with our staff on health, safety and wellbeing matters.
First Aid	We provide first aid support for our employees and visitors in the workplace. Beacon has trained Fire Marshals who have responsibility to carry out emergency evacuation of work premises.
Manage premises	We manage our premises to provide a safe place of work.
Evacuation	We make sure escape routes are kept clear and evacuation are tested and kept clear of obstruction.
Investigation	We report and investigate accidents, incidents, and near misses to ensure controls are established and updated and we review any emerging trends.

To know more about our Health, Safety and Wellbeing Policy, [click here](#)

Environment

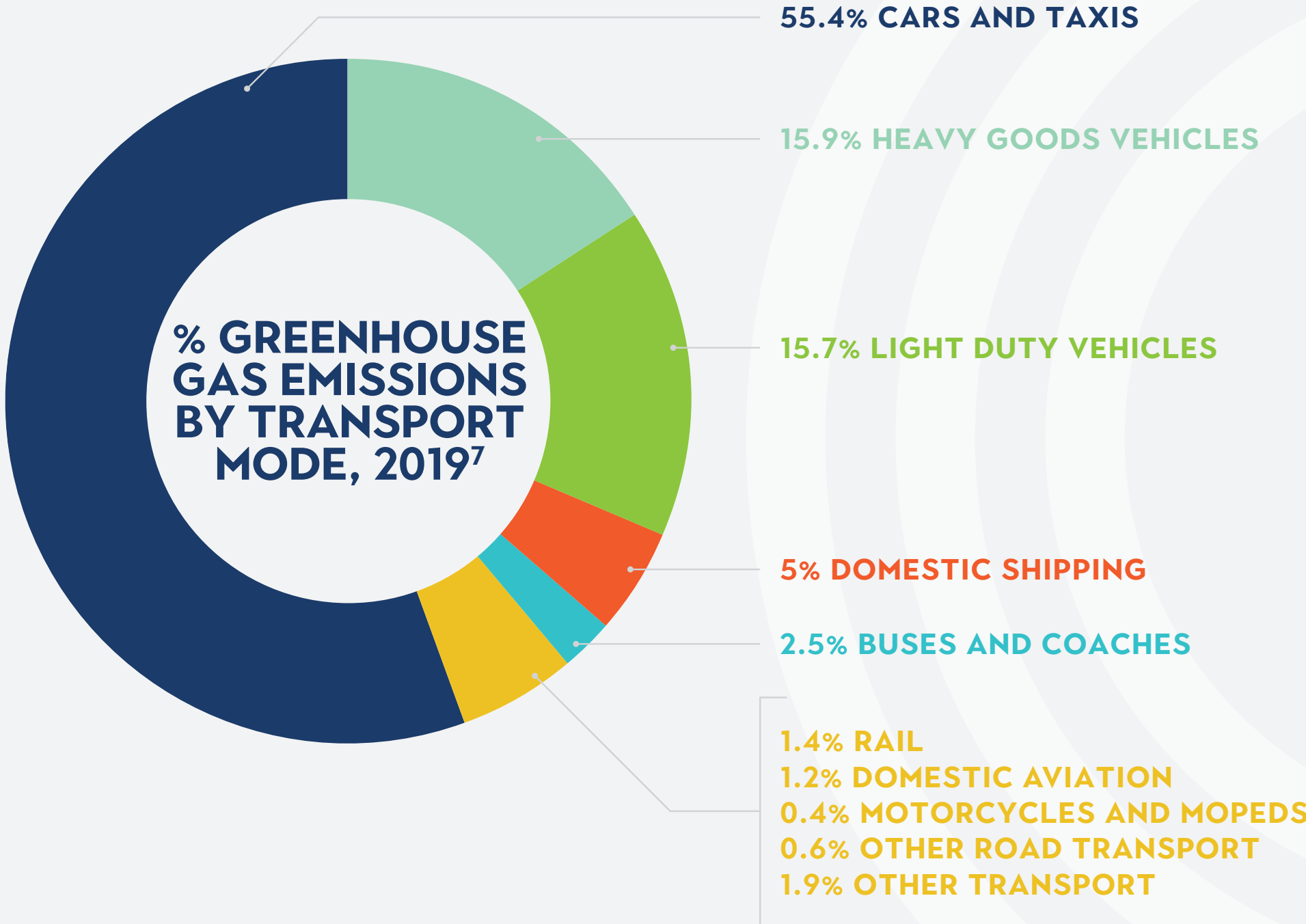


Background

Beacon observes that climate change is a long-term change in the average weather patterns that define Earth’s local, regional and global climates more often driven by human activities, particularly fossil fuel burning, which increases heat-trapping greenhouse gas levels in Earth’s atmosphere, raising Earth’s average surface temperature. This arises from unsustainable energy use, land use and land-use change, lifestyles and patterns of consumption and production across regions, between and within countries, and among individuals¹.

In Europe, the transport sector contributes circa 5% of EU GDP, but its emissions account for nearly a quarter of Europe’s greenhouse gas emissions² and are the main cause of air pollution in cities. The European Green Deal calls for a substantial part of the 75% of inland freight carried today by road to shift to rail and inland waterways³.

In the UK, transport is the largest contributor to UK domestic greenhouse gas (GHG) emissions, responsible for 26% of the UK’s total emissions in 2021⁴. As reported in 2023, within the transport sector, Rail contributes 1.4% of the total emissions⁵. Rail freight plays a major role in the UK’s economy, each year carrying over £30bn in goods. Going forward rail freight is likely to play an even bigger part in the UK economy⁶.



Rail freight contributes to £800m benefits to wider society through removing 7m lorry journeys from the road network each year⁶.

¹ IPCC climate change synthesis report
² Mobility Strategy – European Commission
³ Study analyses transshipment
⁴ Transport and environment statistics: 2023
⁵ Rail Industry agrees new framework to meet sustainability challenges
⁶ Assessing the value of rail freight
⁷ Decarbonising Transport – A Better, Greener Britain

Environment continued

- A study conducted by The Association of European Rail Rolling Stock Lessors (AERRL) in December 2022, concluded that railways in Europe contribute to a low proportion (<0.5%) of total emissions, in comparison to other modes of transportation within the sector⁸.
- The low energy and CO₂ intensities of rail transport make promoting rail a core strategy to diversify energy sources and reduce emissions⁹.
- Going forward rail freight is likely to play a larger role in the UK's economy⁶, and the European Commission's mobility strategy references doubling rail freight traffic by 2050¹⁰.

We recognise that the Rail transport has a huge part to play in the near future to support decarbonisation.

In the UK, every freight train takes around 76 HGVs off the road¹³.

⁶ Assessing the value of rail freight

⁸ AERRL Report 2022: Study on alternatives on fossil diesel

⁹ Rail - IEA; What is rail's role in clean energy transitions?

¹⁰ Mobility Strategy - European Commission (europa.eu)

¹¹ Rail - IEA; CO₂ emissions from rail in the net zero scenario, 2010-2030

¹² Our World in Data. Where do CO₂ emissions from transport come from?

¹³ Rail's role in the future of zero carbon transport in the UK; 2021



CO₂ emission from Rail in comparison to other modes of transportation

World 1%¹²
UK 1.4%
Europe <0.5%



On a well-to-wheels basis, rail emissions per passenger kilometre average around **one-fifth of those of air travel**. Emissions from electrified passenger rail are even lower, particularly when powered by renewables or nuclear power¹¹.

To know more about our Climate Policy, [click here](#)



Our Climate Vision and Strategic Framework

Our Climate Vision Statement

“To be a resilient and more sustainable business, proactively seeking to work collaboratively with our stakeholders to support the energy transition to a net zero railway sector across Europe.”

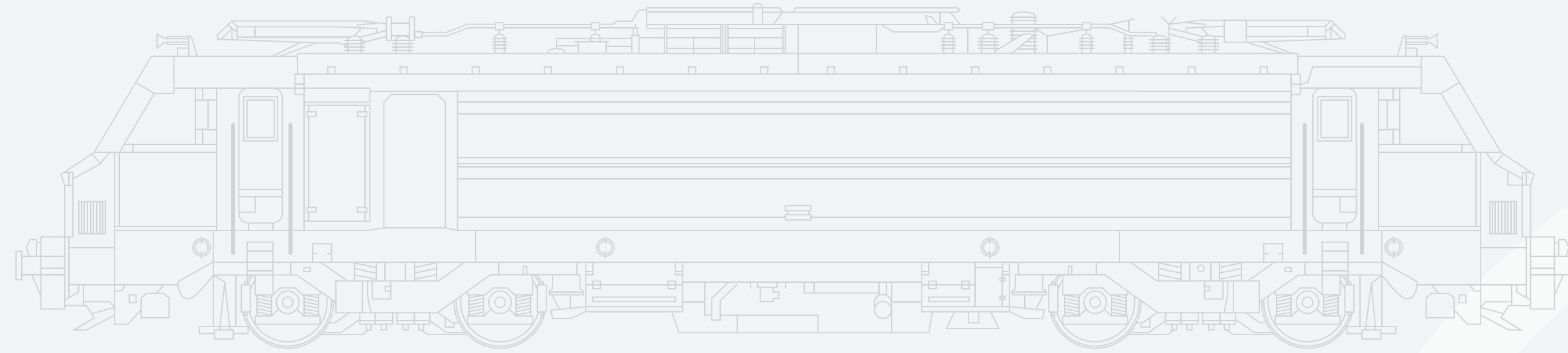
Our Climate Strategy Framework

Our climate strategy framework, reflects our recognition that we need to think and act in relation to the impact of climate change on us and our customers as well as our combined impact on the climate - and we need to do this across the whole of our value chain, i.e. where we have:

- ✓ Direct Control - e.g. of our own operations
- ✓ Downstream Impact - e.g. of our rail assets in use by customers
- ✓ Upstream Influence - e.g. of what we procure for downstream use

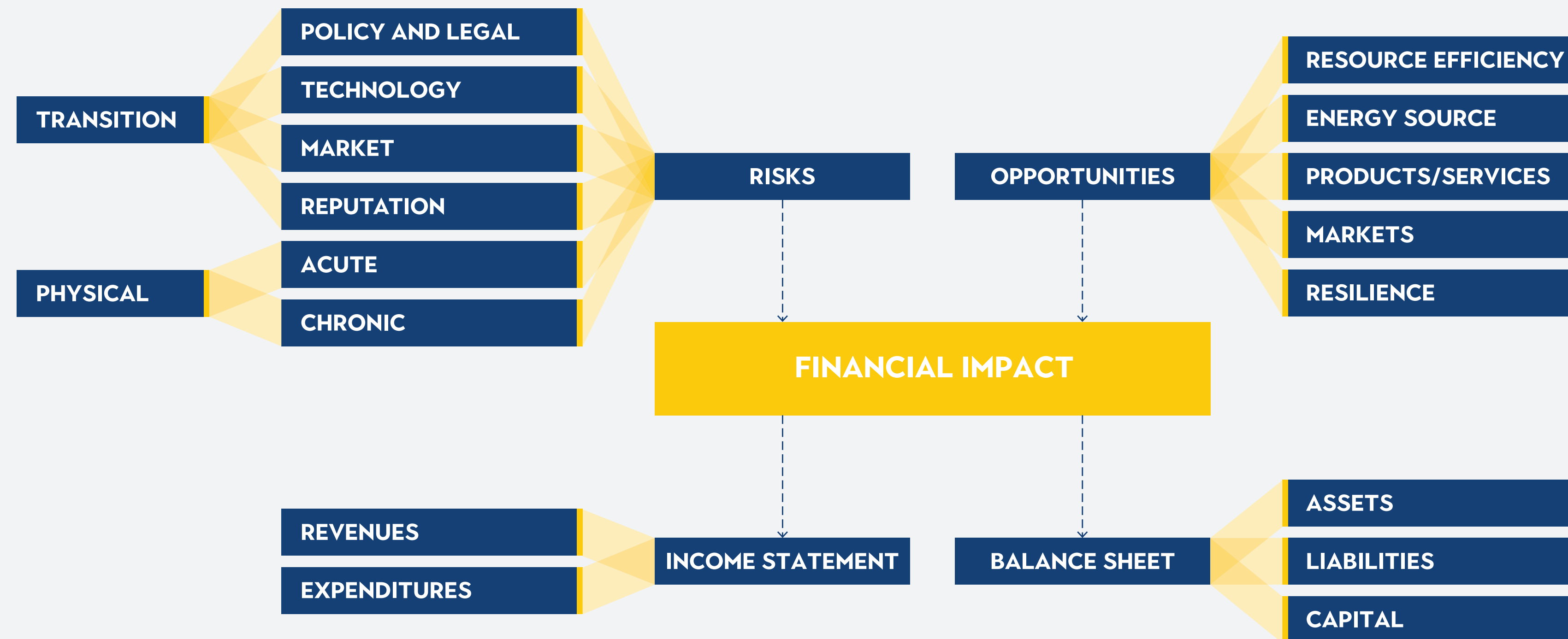
We have incorporated these multiple factors into our strategy framework, which is designed to help us focus on addressing the climate impact of our direct operations and throughout our upstream and downstream supply chain as well as take action to maintain resilience in a changing world.





What is driving our climate strategy?

Recognising we needed to assess both risks and opportunities systematically to inform our climate strategy we have opted to use the Taskforce for Climate-related Financial Disclosures (TCFD) framework as a best practice analysis process.



We have adopted the framework of the TCFD for our risk and opportunities analysis.
Source: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Report, June 2017.



What is driving our climate strategy?

We review how we identify and manage climate-related risk and opportunity, which supports more strategic and robust risk assessment process. In 2023 a climate scenario analysis (see boxes below) was subsequently developed by external consultants to review physical and transitional risks and opportunities facing our business under two temperature scenarios and three time horizons of short, medium and long term.

Temperature Scenario 1 – Low carbon future: 1.5-2°C warming

- Consistent with meeting the Paris Agreement Goal.*
- Rapid decarbonisation and technological innovation.
- Co-ordinated and decisive international cooperation.

Analysis

Likely to present transition risks due to policy change, carbon pricing, competition, etc, while also facing some physical risks from the climate change impacts already inevitable within this scenario.

Temperature Scenario 2 – High carbon future: 3-4°C warming

- High emission scenario which is generally consistent with a 'business as usual' approach (i.e. little or no climate mitigation action taken).
- Lack of international cooperation on addressing climate change.

Analysis

Likely to present greater physical and social risks due to extreme weather events, rising sea levels and global temperatures, supply shortages, human migration, etc.



*The Paris Agreement is a legally binding international treaty on climate change with the goal of limiting global average temperature to 'well below 2°C above pre-industrial levels' and pursue efforts 'to limit the temperature increase to 1.5°C above pre-industrial levels'. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It was entered into force on 4 November 2016.

Beacon and Environment



Proposed actions

Short term:

Modelling and acting upon emissions reduction trajectory for our direct operations.

Mitigation actions for direct emissions, including across our real estate, travel policy implementation, energy efficiency measures and energy tariffs for our London and Luxembourg offices.

Establishing metrics and data boundaries from suppliers and customer operators (upstream & downstream).

Increase the robustness of our data, reporting and ability to account for emissions across all scopes within our top suppliers.

Brand new diesel-only replacements have been excluded from our investment strategy since 2019.

Medium term:

Continue to collate better environmental data, including scope 3 emissions, across our wider supply chain through engagement and strategic support.

Undertake strategic analysis of the 'hotspots' in our value chain where transition and change are possible to create significant carbon reductions - use this to further develop our forward climate strategy.

Continue to support the transition of railway transportation through decarbonisation and hybridisation of existing fleet via retrofit and replacing diesel with bi-mode alternatives as and when fleet assets need replacing.

Long term:

Playing a decisive role in the transition to Net Zero through continued engagement with our customers (downstream), supply chain and technology innovators (upstream) as an enabler to spearhead innovation in low carbon rail.

Continued phasing out of existing diesel only fleet and ongoing procurement of low carbon alternatives.

Target for 2024:

Scope 1 & 2: We will report on our Scope 1 and Scope 2 emissions from 2024. **Scope 3:** We will seek to improve our data gathering process and continue our engagement with our customers and suppliers to better capture upstream and downstream emissions by the end of 2025.

Any ESG goals, commitments or initiatives set out on this page reflect current commitments and may be subject to change

Environment



Our Greenhouse Gas Emissions

YEAR	SCOPE 1 (tCO ₂ e)	SCOPE 2 (tCO ₂ e)
2021	0	11
2022	2	7
2023	23	93
Total	25	111

Internally measured by following the Greenhouse Gas Protocol

Explanatory notes:

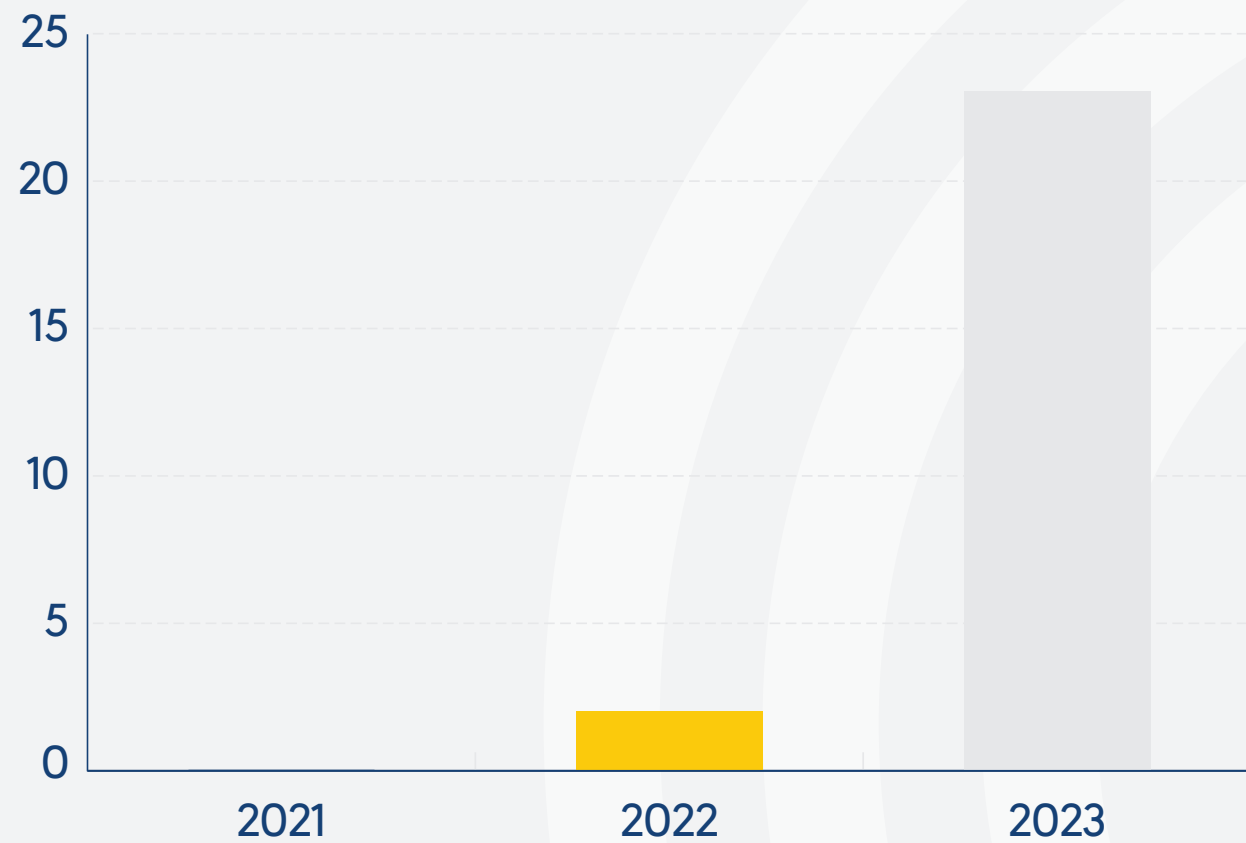
Scope 1: Includes direct GHG (greenhouse gas) emissions occurring from sources that are owned or controlled by the company, such as emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc. Between 2021 and 2023 the emissions have increased as we reported on the GHG emissions for the last quarter of the newly acquired MRCE business.

Scope 2: Includes GHGs emitted from the generation of purchased electricity consumed by a company. Scope 2 emissions physically occur at the facility where electricity is generated. Between 2021 and 2023 the emissions have increased as we reported on the GHG emissions for the last quarter of the newly acquired MRCE business.

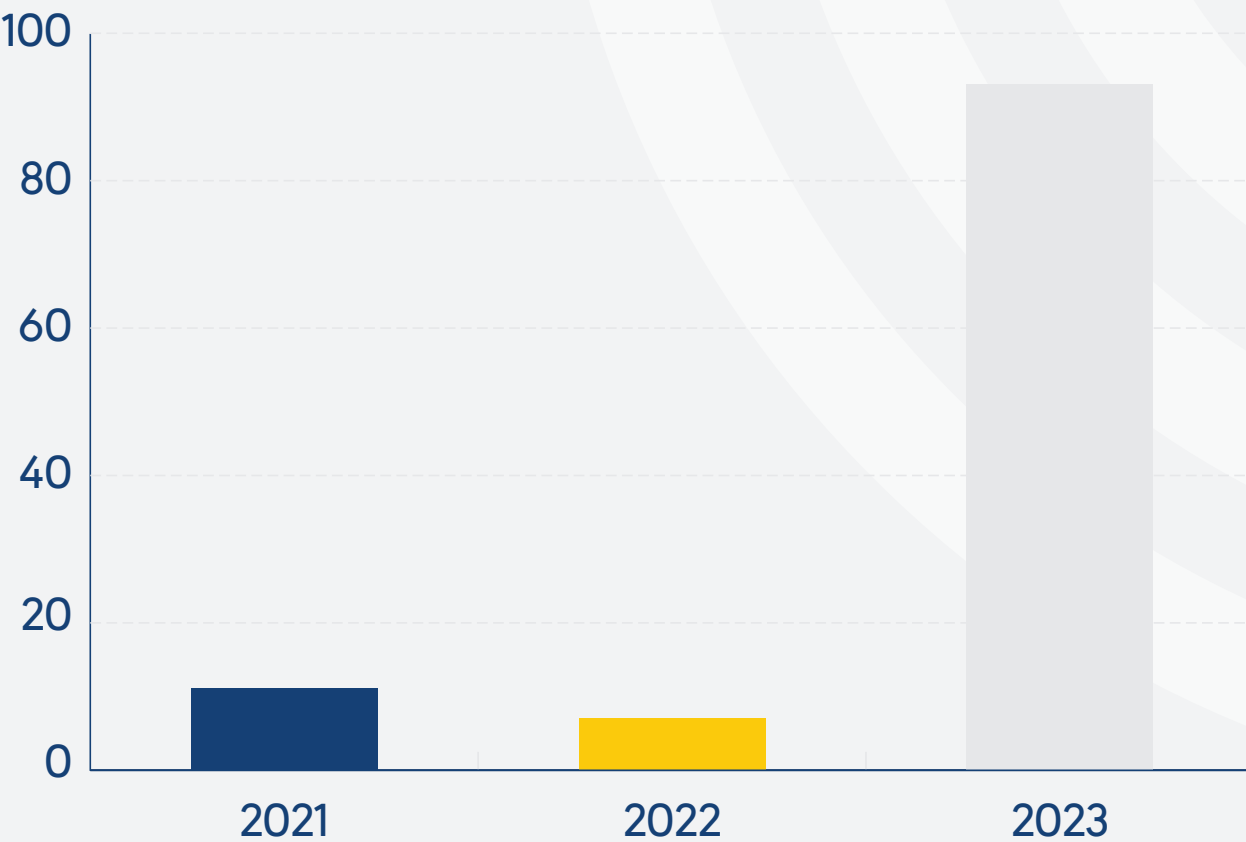
Our climate data is not audited or assured. Certain data and information may be obtained from third parties and is not independently verified. It may be inaccurate, incomplete and is subject to change. No reliance may be placed on this data or information or its completeness, accuracy, fairness, or fitness for purpose.

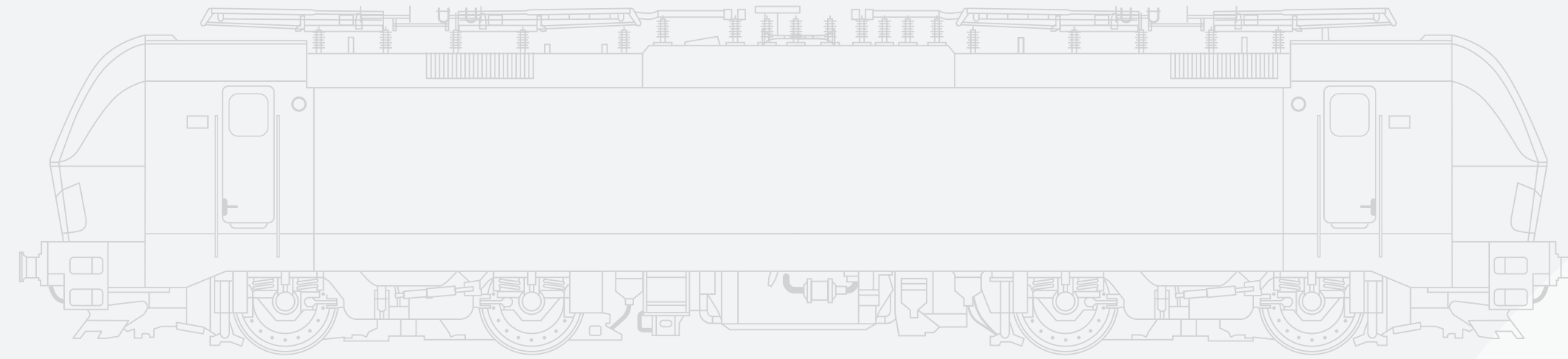
To know more about our Climate Policy, [click here](#)

SCOPE 1 (tCO₂e)



SCOPE 2 (tCO₂e)





Beacon Green Finance Framework

Beacon utilises green finance instruments as an effective tool to channel investment to projects that we believe can have demonstrable climate benefits and thereby also align with the Sustainable Development Goals (SDGs). We regard transport decarbonisation as a priority sustainability objective for the sector.

Under our current Green Finance Framework we can issue green finance instruments, including term loans, commercial paper promissory notes and bonds, and other instruments for the purpose of financing and/or refinancing sustainable assets ("Eligible Green Assets") and/or projects that will deliver positive environmental and/or social benefits.

Our Green Financing Framework aligns with the ICMA* Green Bond Principles (GBP) and LMA's** Green Loan Principles (GLP), and will significantly help to underpin Beacon's commitment to invest in a low carbon sustainable future.

Our framework has four core components, including:

- Use of proceeds
- Processes for project evaluation and selection
- Management of proceeds
- 'Impact' reporting

Beacon has a Green Finance committee that meets periodically.

The Green Finance Framework report has been evaluated by Sustainalytics which provided the Second Party Opinion (SPO) and we have engaged KPMG to provide limited assurance on the allocation of proceeds of the Green Finance.

Impact reporting will provide an estimate of annual CO₂ emissions reduced/avoided as a result of increasing the proportion of Eligible Green Assets in the fleet.



"As the Group Chief Financial Officer, I am proud to highlight our commitment to the Sustainable Development Goals through the implementation of our green finance framework. Through green finance we can channel capital to projects that have a positive impact on the environment. Going forward I can see leveraging this framework for innovation and growth which will derive long term value for our stakeholders."

* International Capital Market Association **Loan Market Association

Partners and Suppliers



At Beacon we aim to work collaboratively with our suppliers to meet our customers' goals, for the delivery of lower carbon solutions, reducing hazards by keeping safety at the heart of everything that we do and reduce waste in the manufacture and maintenance of our assets.

Through our Supplier Management template we approve and manage all safety critical suppliers. All applicable suppliers are assessed against standard core attributes and are scored using guidance in this document to identify higher risk suppliers. Suppliers that are deemed to be high risk are further profiled with the information presented in a Supplier Monitor Report.

Selection of suppliers

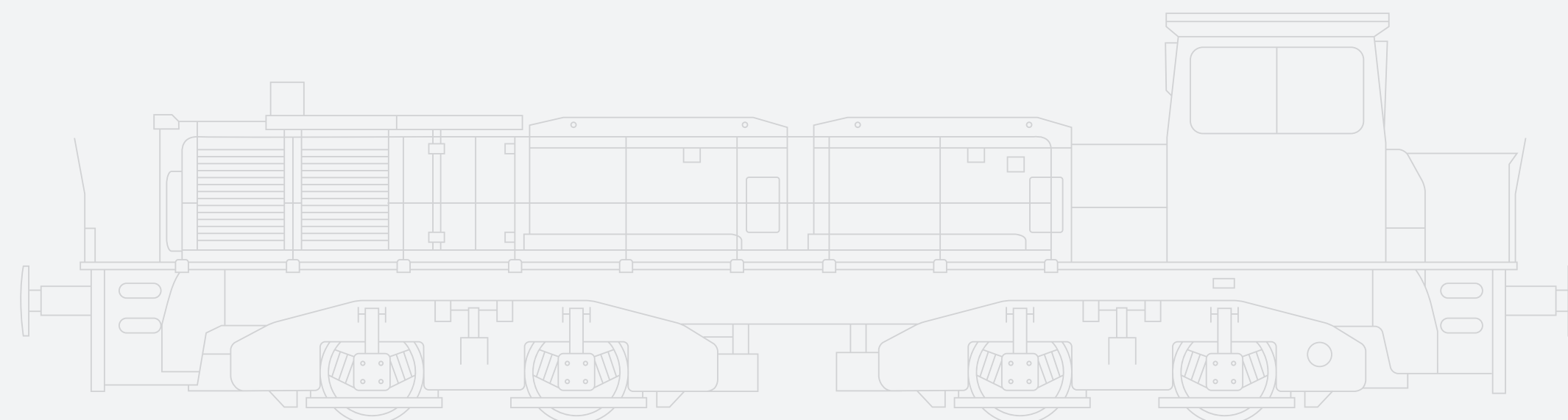
Beacon selects its suppliers based on their level of competence, expertise, control processes and value for money. Depending on the asset type, location and work required, there may only be one specific supplier that may be able to carry out the work required.

Supplier Risk Management

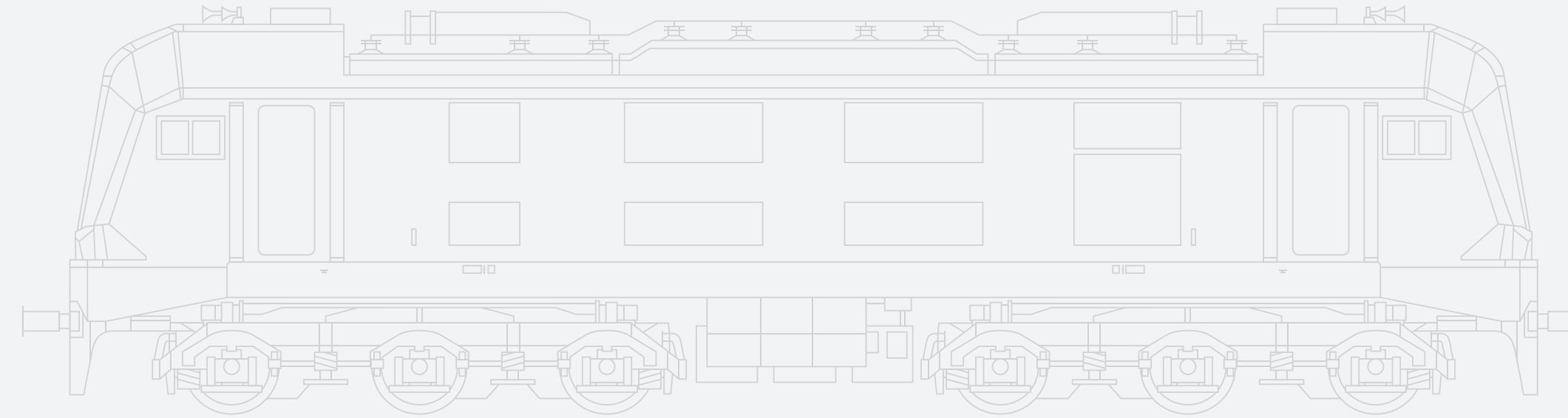
Beacon has developed a comprehensive supplier risk management and scoring matrix, which identifies the level of risk associated with a supplier. This helps in deciding the necessary approach with any existing or prospective supplier.

Supplier Audit

We undertake an audit of 'Major' and 'Significant' suppliers, which is conducted in accordance with internal supplier audit criteria.



Partners and Suppliers continued

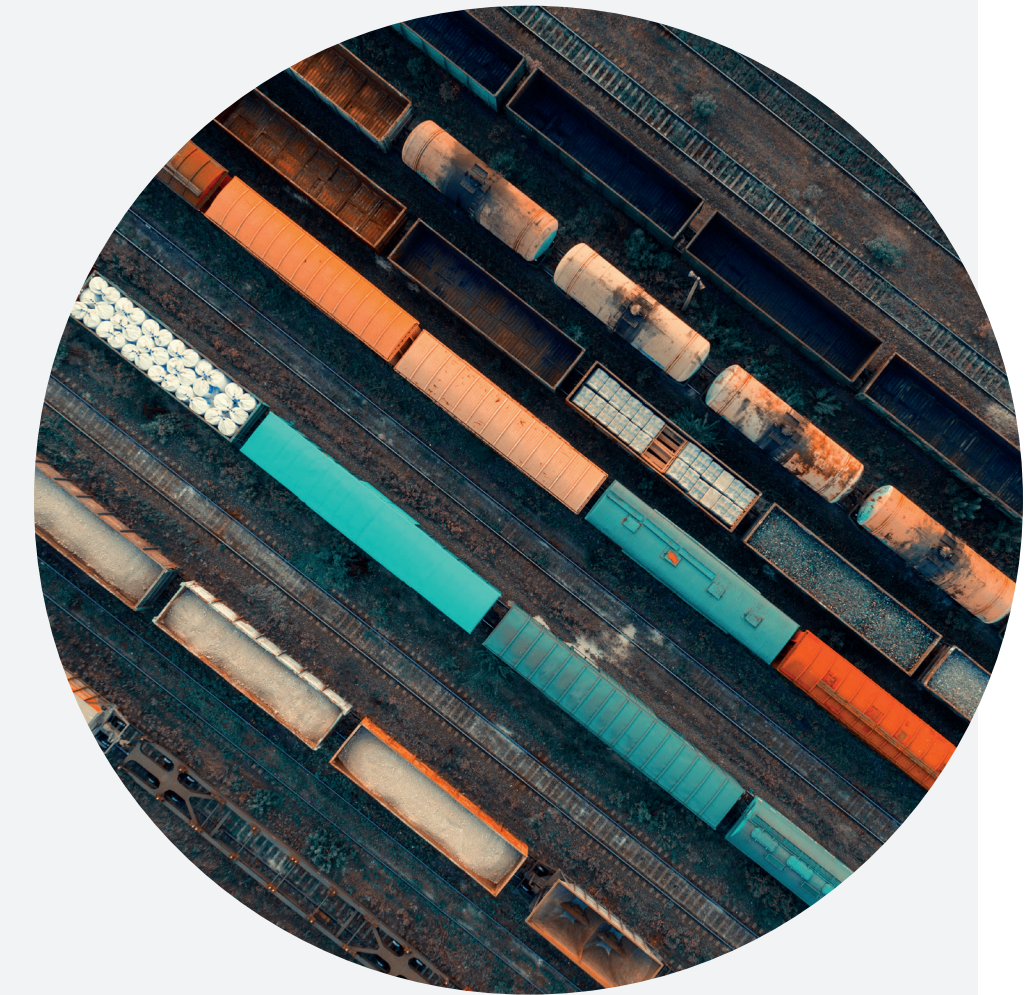


Sustainable Procurement

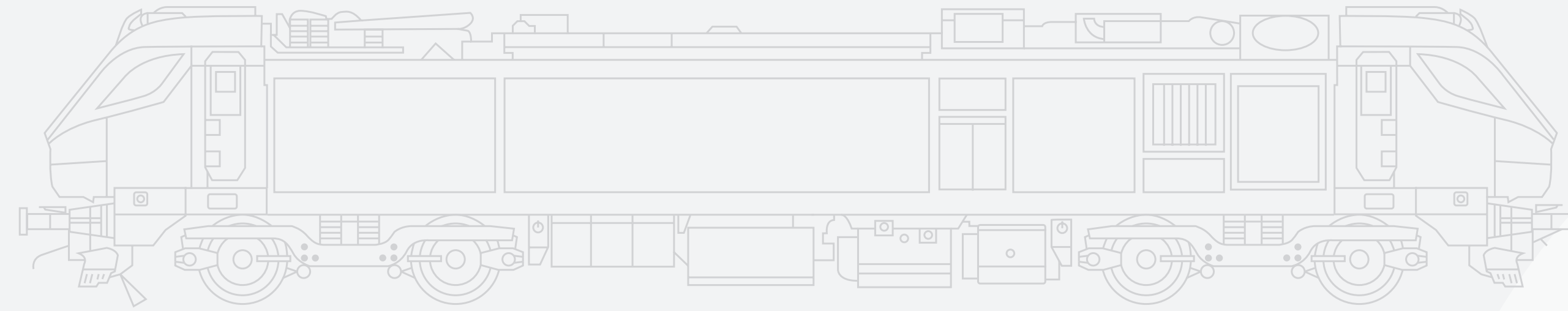
At Beacon we have a supply chain policy to better understand and manage the impacts on people, the environment and the economy within our supply chain. We aim to optimise the positive and take steps to overcome or minimise the negative, using our relationships and influence to facilitate this. We recognise that sustainability related challenges and opportunities may change over time and we must be able to recognise and adapt to these through gaining insight and understanding about our supply chain and responding with innovation and agility. Our ultimate aim is to build a more resilient supply chain now and for the future.

Our sustainable supply chain principles

- Safety is central to everything we do and we provide detailed scrutiny throughout our supply chain.
- To engage with our suppliers to develop mutual understanding of goals and challenges and to work to find solutions and innovation to support the future of sustainable rail.
- Be accountable, fair, transparent and inclusive in the way we select and partner with our suppliers.
- To take steps to understand how our partners and suppliers manage any potential risks to human rights in their own operations and their upstream supply chain, including modern day slavery, and for this to mirror our own approach.
- Comply with all applicable laws and uphold the highest level of business ethics in our procurement activities.
- To be a learning and enabling organisation in seeking to integrate sustainability principles throughout our supply chain, recognising the complexities and challenges within this goal, monitoring and reviewing our performance regularly.



Our Partners



Primary Engineer

Beacon is helping fund the Primary Engineer Rail Project. This connects Beacon with ten schools across the Westminster area providing their pupils with a practical introduction to Science, Technology, Engineering, and Mathematics academic disciplines, "STEM".

Women in Rail

Beacon is proud to be working in partnership with Women in Rail (WR) and The Railway Industry Association (RIA) which has launched a Charter to champion equality, diversity and inclusion in the UK railway industry. The joint 'Equality, Diversity & Inclusion Charter' is a commitment to work together to build a more balanced higher performing sector and has been backed by over 200 organisations.

Beacon also partners with industry groups such as:

- Rail Industry Association (RIA);
- Rail Safety Standard Board (RSSB); and
- The Association of European Railway Rolling Stock Lessors (AERRL).
- The Railfreight Group (RFG).

In 2023, Beacon held the chair position at the UK Air Quality Working Group.



Customer and Marketplace Responsibility



- Beacon is committed to building long term collaborative relationships with our customers. We work alongside our customers to drive innovation and meet shared goals and challenges. It is our aspiration to exceed the expectations of our customers on service delivery and certainty.
- Our objective is to maximise the value of our asset base through quality, reliability and longevity.
- Each year we undertake a confidential customer satisfaction survey by engaging an independent third party to determine the level of satisfaction our customers have.
- We work closely with our customers to monitor our asset base to ensure it reflects the emerging regulatory trends, policy changes and initiatives across our countries of operation. This approach enables Beacon to adapt to sector-specific transitional risks.
- We continue to research and engage with our customers for adapting our existing fleet with low-carbon alternatives and help develop a route to market for low emissions innovations.

“As the Group Chief Commercial Officer, maintaining high-quality, long-term relationship with our customers is central to the success of our business and sustainability of Beacon. It is important to us that our partnership are built on mutual respect, transparency and shared values. The satisfaction of our customers and their trust in us is integral to our sustained growth and impact.”

Rob Dee

Customer Satisfaction. We scored **78/100** in terms of customer satisfaction. Our customer satisfaction survey for 2023 was sent to customers in English, French, German, Spanish and Italian language.

Target for 2024:

Customer Satisfaction Survey: By 2025, aim for a response rate by 80% of customers and an average satisfaction score of 85%.
Customer Retention Rate: Aim for 100% customer retention where are assets serve our customers demands.



Our Community



Beacon continues to contribute to the local communities in which it operates. Through its corporate partnership charity, Beacon raised over £25,000 in 2023 for the Railway Children to help deliver essential shelter and education to children across the UK, India and East Africa who are vulnerable to homelessness. Beacon employees completed the 2023 Railway Children Yorkshire 3 Peaks Challenge where they conquered a combined elevation of 2,153 meters over 24 miles in one day.

Beacon sponsors students in the Mechanical Engineers Railway Challenge which requires entrants to build and operate their own working locomotive.

Beacon also hosts an annual football tournament which supports the Railway Children and Alzheimer's Society where Beacon's customers and suppliers volunteer to participate and play.

In 2023, we had 403 hours of volunteering time in the community.



"I oversee the management of our charity partnership with The Railway Children, which is both rewarding and humbling. Beacon is aligned with The Railway Children supporting vulnerable children who are at risk, particularly around rail stations, transport and transport hubs. Throughout Beacon many of our employees have been engaged in fundraising events that allows us all to support our charity partnership and give back to vulnerable providing an excellent opportunity communities."

Deniz Kemal



Our Community continued



RAILWAY
children
No child lost to the streets

"We are thrilled to continue to be the chosen charity partner of Beacon and it is a partnership that we truly value. Over the past 2 years, Beacon have raised over £45,000 through employee fundraising, taking part in our events and running their ever growing football tournament. The funds raised make a tremendous difference and enable us to protect young people facing abuse and exploitation in the UK, India and Tanzania. Alongside their fundraising, Beacon continue to help us raise awareness of the challenges faced by vulnerable young people using rail networks. We look forward to working with them for many more years."

Rob Capener

Target for 2024:

We will strive to raise £25,000 for the Railway Children.



"I participated in the Three Peaks challenge in 2023 to raise funds for the Railway Children. It was an incredible experience, and the weather could not have been better (which is very rare in the UK!). I am proud to have summited all three mountains, I had a lot of fun along the way, and I helped Beacon raise money for the Railway Children charity who are doing such a wonderful job to support vulnerable children."

Dominic Juner



GRESB



We have been awarded a 5 STAR rating in 2023

The GRESB Infrastructure Asset Assessment is designed to assess ESG performance across a wide range of sectors. It applies sector-based materiality weightings to tailor the assessment to different infrastructure sectors, including: Data Infrastructure, Energy & Water Resources, Environmental Services, Network Utilities, Power generation (excl. Renewables), Renewable Power, Social Infrastructure and Transport.

The Performance Component measures a business's performance, comprising of information collected at the asset level. It is suitable for any infrastructure company with operational assets.

It is structured into 12 aspects:

- Implementation
- Water
- Output & Impact
- Waste
- Health & Safety
- Biodiversity & Habitat
- Energy
- Employees
- Greenhouse Gas Emissions
- Customers
- Air Pollution
- Certifications & Awards



G R E S B
★ ★ ★ ★ ★ 2023

97/100
5 STAR rating
4 years in a row

Our Targets Summary



TARGETS	YEAR
ESG	
Continue to integrate and strengthen ESG across the organisation	2024, 2025
Governance	
Comply with all regulatory requirements	2024
100% staff trained in all compliance training such as antibribery and cyber security	2024
People and Culture	
We will constantly strive for a better balance for hiring and retaining talent	2024
Colleague engagement survey - have an engagement rate of 90% and Net promoter score of 70	2024
Health, Safety and Wellbeing	
Continue to have NIL reported accidents or injury at workplace	2024
100% staff trained in health and safety	2024
Continue with supplier audits	2024

Our Targets Summary continued



TARGETS	YEAR
Environment	
Scope 1 & 2 - We will report on all our Scope 1 and Scope 2 emissions from	2024
Scope 3 - We will seek to improve our data gathering process and continue our engagement with our customers and suppliers to better capture upstream and downstream emissions by the end of 2025.	2024, 2025
Customer and Marketplace Responsibility	
Offer all customer facing staff training in customer relationship management	2024
Customer Satisfaction Survey: By 2025, aim for a response rate by 80% of customers and an average satisfaction score of 85%.....	2024
Customer Retention Rate: Aim for 100% customer retention where are assets serve our customers demands....	2024
Our Community	
Charity of the Year - continue to support Railway Children our Charity of the Year and raise £25,000.....	2024
GRESB	
Strive to maintain a Five Star rating	2024

Disclaimer

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Certain goals, targets, intentions, or expectations described herein, including our climate change-related targets and goals, are voluntary and should be viewed as aspirational. Further, certain information contained herein relating to any goals, targets, intentions, or expectations, including with respect to climate change-related targets and goals and related timelines, is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met within the applicable time frames or at all. Similarly, there can be no assurance that our ESG policies and procedures as described in this Report will continue; such policies and procedures could change, even materially. We are permitted to determine in our discretion that it is not feasible or practical to implement or complete certain of our ESG initiatives, policies, and procedures based on cost, timing, or other considerations.

Any awards and designations presented herein are the opinion of the respective parties conferring the award or designation and not of Beacon. There can be no assurance that other providers or surveys would reach the same conclusions as the foregoing.

The United Nation Sustainable Development Goals (SDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects, initiatives, investments, or other aspects of our business contribute to a particular SDG. Accordingly, stakeholders should not place undue reliance on our application of the SDGs, as such application is subject to change at any time and in our sole discretion.

Certain information and data contained herein has been obtained from third parties, and in certain cases has not been updated through the date hereof. We have not independently verified the data from these third-party sources. While these third-party sources are believed to be reliable, we make no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness, or completeness of any of the information contained herein, and we expressly disclaim any responsibility or liability therefor. Climate-related calculation methodologies and data collection practices as a whole are evolving. The selection of different but acceptable measurement techniques can result in materially different measurements. Further, these techniques are subject to measurement uncertainties resulting from inherent limitations in the nature and methods used to determine such data. The precision of different measurement techniques may also vary. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this Report or on its completeness, accuracy or fairness, no representation or warranty, express or implied, is made or given by or on behalf of Beacon or any other person (whether or not referred to in this Report) as to the completeness, accuracy or fairness of the information contained in this Report or the opinions expressed in it and no responsibility or liability is accepted by any of them for any such information or opinions.

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BEACON