



VTG AG POLICY BRIEF

Issue 1 | November 2016

RAIL PLAYS A KEY ROLE IN REDUCING CO₂ EMISSIONS FROM FREIGHT TRANSPORTATION

Dear Sir or Madam,

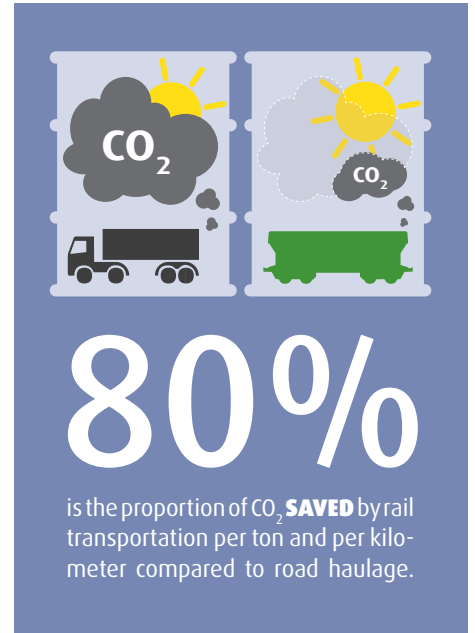
You are reading VTG AG's first „Policy Brief“. In future, we will use this medium to keep you informed on a regular basis. Why? Because rail transportation needs your support. **AN IN-HOUSE FLEET OF AROUND 80,000 RAIL FREIGHT CARS** establishes us as one of the leading wagon hire and rail logistics companies in Europe. While other major competitors make cutbacks, we remain committed to the future of rail transportation. **BY 2020, WE PLAN TO INVEST MORE THAN 1.2 BILLION EUROS IN INNOVATION.**

We believe in rail! We are convinced that it is a solution with a future – an attractive solution for constantly growing freight volumes. Accordingly, we plan to make rail the backbone of smart, sustainable logistical solutions.



That is the topic we would like to talk to you about. I wish you an enjoyable and informative read!

Dr. Heiko Fischer
Chief Executive Officer



RAIL FREIGHT TRANSPORTATION AND CLIMATE PROTECTION

No one questions the huge benefits of rail transportation. However, much remains to be done regarding the design of the regulatory framework.

AMBITIOUS POLICY GOALS...

- Federal government has stated its intent: By 2050, Germany wants to **REDUCE GREENHOUSE GAS EMISSIONS** by 80 to 95% compared to 1990 levels.
- However, the German Environment Agency forecasts an **INCREASE** of around 60% in **FREIGHT TRANSPORTATION** by 2050 – and road-based CO₂ emissions are many times higher than those generated by rail.
- As far back as 2002, federal government therefore formulated the goal of **INCREASING RAIL'S SHARE OF FREIGHT TRANSPORTATION TO 25%**.

... AND PROBLEMS WITH PRACTICAL IMPLEMENTATION

- ➔ Since 1990, Germany has achieved **NO REDUCTION** in greenhouse gas emissions. On the contrary, emissions in the **TRANSPORTATION SECTOR HAVE ACTUALLY INCREASED.**
- ➔ Unlike road freight transportation, which has been assisted by declining truck tolls and the falling price of diesel, **VARIOUS REGULATORY MEASURES HAVE ADDED TO THE FINANCIAL BURDEN ON RAIL.**
- ➔ Rail's share of the transportation market **SHRANK TO 17%** in 2015. Road's share rose to 72%.



OUR CONTRIBUTION TO CLIMATE-FRIENDLY RAIL FREIGHT TRANSPORTATION

VTG has aligned itself with and acts in accordance with the government's environmental and political objectives. We play our part:



VTG ACTS: SUSTAINABLE SUPPORT FOR THE ENERGY TRANSITION AND CLIMATE PROTECTION

We developed and built the first rail tank car to be licensed in Europe for the transportation of liquefied natural gas (LNG). In this way, we are promoting the ecofriendly and large-scale transportation of an environmentally compatible energy resource.



VTG INVESTS: INVESTMENT VOLUME OF 1.2 BILLION IN THE YEARS AHEAD

While other market players roll back their rail commitments, we continue to invest. In the years ahead, VTG will channel around 1.2 billion euros into innovations in and for rail transportation.



VTG DEVELOPS: SAFETY IN FREIGHT TRANSPORTATION

Our responsibility for the environment and toward society drives to continually improve and advance rail safety standards.

OUR DEMANDS ON THE GOVERNMENT

Goals that concern the whole of society can be reached only if all actors pull together. We therefore call on decision-makers on all political levels to support our demands:



REDUCE TRACK PRICES

The gulf between road and rail must not be allowed to grow wider. Freight rail companies already pay for every kilometer of track, while trucking firms pay only for freeways and interstate highways. We thus call for a reduction in track prices for rail freight transportation.



CUT THE ELECTRICITY TAX FOR RAIL FREIGHT TRANSPORTATION

The levy imposed on rail operators is counterproductive from an environmental perspective. It also puts rail at a clear competitive disadvantage.



SUSTAINABLE AND GROWING INVESTMENT TO SAFEGUARD RAIL FREIGHT TRANSPORTATION AND THE RAIL NETWORK

Rail freight companies can contribute to the realization of national environmental targets only if we preserve and expand our infrastructure for rail freight transportation and our rail network.

CONTACT VTG

We would welcome the chance to engage in dialogue with you. Please feel free to talk to us about any issues relating to rail freight transportation. We would be happy to assist you with facts, figures and expert opinions.

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