



# Kansas City Southern 125 Years of Sustainability

February 2013



# KCS: 125 Years in the Transportation Business

- Railroads are Leaders in Sustainability
- Inherent Efficiencies in the Technology: Steel Wheel on Steel Rail = Extremely Low Friction
- Continuous Technological Improvement Through Industry and Supplier Research and Development
- Environmental and Social Pressures Favor Railroads Because of Low Impacts



# Sustainability is Driven by Many Factors

- Shippers are Increasingly Concerned about Environmental Impact of Transportation Choices
- Investors are Concerned about Long Term Sustainability of Companies
- Governments are Moving Towards Carbon Emissions Regulations



# KCS Sustainability Philosophy

- HSSE Commitment by Chairman and President
- Maintain Balanced Regulatory Environment
- Ensure a Forum for Discussion of Rates with Shippers
- Reinvest in Infrastructure, Equipment and People
- Embrace and Adapt to New Generation of Railroaders
- Increase Market Share
- Educate Public on Vital Importance of Private Railroad



## KCS Environmental Performance-Air

- KCS has Committed to a Minimum 1% Annual Reduction in CO2 Emissions
- From 2002 to 2011, the Rate of Greenhouse Gas Emissions from KCS Revenue Producing Rail Operations has Decreased 30.5% while Revenue Ton Miles (RTMs) have Increased by 51%



## KCS Environmental Performance-Air

- Since 2005, KCS has added 172 new Tier 2 and Tier 3 Locomotives to the Fleet, and Retired about 200 old High Emission Locomotives
- Automatic Engine Start-Stop (AESS) has been added to 45 Switch Engines, Reducing Fuel Consumption by more than 330,000 Gallons Annually
- 17 old Locomotives have been Repowered with EMD Tier 2-Level ECO Technology since 2005
- 2 old locomotives have been repowered with genset technology.



# KCS Environmental Performance-Energy

- Fuel Efficiency has Increased from 364 RTMs in 2002 to 470 RTMs in 2011, a 29% Improvement
- Low Energy Consuming Lighting Upgrades are being made at many KCS Facilities
- HVAC Improvements have Reduced Energy Consumption in Offices and Yards
- Energy Measurement Systems are being Evaluated to Identify Opportunities for Savings



## KCS Environmental Performance-Waste

- About 500,000 Spent Crossties are Removed and Sent as Fuel to a Paper Mill
- KCS is Experimenting with Alternative Crosstie Treating Materials, including Sodium Borate
- All Used Lubricating Oil Recovered from Locomotive Engines and Oil Filters is Recycled to the Energy Market. Over 381,100 Gallons were Recycled in 2011





# KCS Safety Performance

- KCS has Earned the Harriman Gold Medal for its Safety Performance 7 out of the past 10 Years
- The American Chemistry Council Recognized KCS as “Partner of the Year” in 2011 for its Safety and Environmental Performance
- From 2002 to 2011, KCS Reduced the Rate of Employee Injuries from 3.38 per 200,000 man hours to 1.57, a Reduction of 54%
- Annual Reportable Train Accidents fell from a High of 134 in 2004 to 53 in 2011, a 60% Reduction



# KCS Hazmat Transportation Safety

- Non-Accident Releases Involving Hazardous Materials Reduced from 31 in 2002 to 16 in 2012, a 48% Decrease
- Non Accident Releases Involving Hazmat Occurred only 10 Times in the Past Ten Years.
- Continuous Auditing and Training has Reduced FRA Billing Violations by 63% over the past 5 years.
- Hazwaste Manifest Auditing placed KCS in 100% compliance with the RCRA Transportation Requirements.



# KCS Security

- KCS Maintains a High Level of Security Across its System.
- All Employees have Received Basic Security Awareness Training
- KCS has Develop an Enhanced Security Training Program for Front-line Management Personnel.



## Looking Ahead - Next 125 Years

Sustainability in the Railroad Business is a Goal that Requires Continuous Technological Improvements and Management Adjustments

KCS is Continually Investing in New and Improved Technology and Employee Training to Operate and Maintain the Railroad Safely, more Efficiently, and Cost-Effectively

