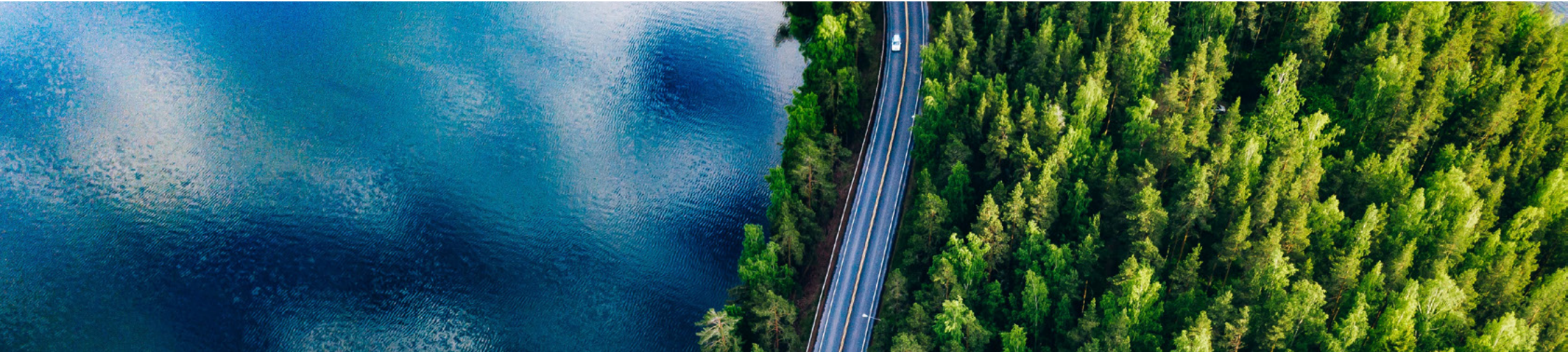




SUSTAINABILITY
REPORT
2020

The Better Way - Sustainably





About the report

This is the first sustainability report issued by Matkahuolto. It provides details about our sustainability programme and the efforts to promote sustainable development. In the future, we will release a sustainability report every year.

Contents

Matkahuolto in brief	3	We are an attractive partner and service provider	26
Regards from the CEO	4	Nationwide partner	27
Our approach	6	Sustainable supply chain management	27
Sustainability at Matkahuolto	7	Provision of first-rate service	28
Sustainability programme	8	We generate positive environmental impacts	29
Sustainability management	9	Promotion of environment-friendly transport solutions	30
Goals	10	Resource efficiency in other activities	31
UN Sustainable Development Goals	11	Support for sustainable lifestyles	32
Materiality analysis	14	Our activities benefit the society	33
Stakeholder interaction	15	Sustainable business and its economic impacts on society	34
Towards carbon neutrality	16	Promotion of public transport and access to services	35
Sustainability themes	18	Regulatory compliance and ethical code of conduct	36
We look after our employees	19		
Corporate culture and management	20		
Occupational health & safety and wellbeing	21		
Sustainable human resources practices	23		
Skills development and motivation	24		
Diversity and equality	25		

Matkahuolto in brief

Finnish Matkahuolto was established in 1933 to market and provide bus and coach transport services. Matkahuolto is owned by the Finnish Bus and Coach Association and regional associations of private and public undertakings engaged in car, bus and coach transports, i.e., Finnish carriers. Matkahuolto caters for hundreds of bus and coach companies that operate routes with a total of 75,000 stops.

Matkahuolto's business operations are divided into Passenger Services, Parcel Services and Carrier Services. We offer our custo-

mers - consumers, businesses and carriers - a wide range of travel, transport and logistics services to help people and parcels reach their destination quickly and effortlessly.

Our extensive service network includes hundreds of partners. We operate over 2000 customer service points across the country. Most of our business is concentrated in Finland. However, at the end of 2020, parcel delivery services were extended to dozens of European countries, such as Sweden, Denmark, Estonia and Germany.

Revenue
€92,3m



Matkahuolto
employed

718 people
at the end of
2020

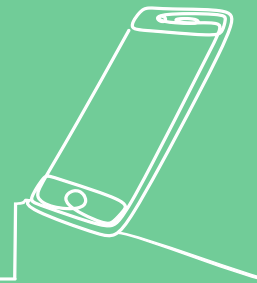


Most positive
brand in the logistics sector*

20 million
parcel deliveries



Launch of
**the Routes
and Tickets**
mobile application



Over
7 million
tickets sold



*2020 survey by NayaDaya Oy

Sustainable solutions for future needs

Welcome to read Matkahuolto's first sustainability report. Last year we focused on developing our sustainability programme adopted at the end of January 2021. It addresses sustainability from the standpoint of employers, the partner and service provider, social actors and the environment. Our sustainability programme is based on the materiality analysis carried out in 2020 in consultation with stakeholders.

As part of our sustainability programme, we are committed to promoting the UN Sustainable Development Goals. Of these, we have singled out a number of key goals that provide a framework for our sustainability programme. By advancing sustainable development, we also consider the needs of the coming generations while helping create a better future.



We are committed to promoting the UN Sustainable Development Goals.



Sustainability has occupied a central place in our operations since the early days. Together with carriers, we have promoted public transport for nearly 90 years. In the global context, our business model is unique – we combine passenger services with parcel deliveries by coach. According to the 2021 Sustainable Brand Index survey, consumers perceive Matkahuolto as the most sustainable parcels and logistics brand in Finland.

Environment-friendly transport solutions and sustainable mobility

The impacts of climate change are already being felt in Finland, as extreme weather events are becoming more frequent and average temperatures are rising. To limit the increase in global temperatures, quick actions are urgently needed to reduce emissions. A key role in achieving this will be played by traffic-related emissions. In Finland, road transports generated about 94 per cent of all transport emissions in 2019. The roadmap for fossil-free transports seeks to halve traffic-related emissions by 2030.

Matkahuolto is committed to reducing emissions from its transport operations. We carried out our first extensive emission accounting in 2020. In February 2021, we announced our ambitious emission target. Our goal is to achieve carbon neutrality in parcel services and in-house operations by 2030. Low-emis-



Europe's largest sustainability brand survey is based on consumer perceptions and assessments of brand sustainability. Among the total of 212 brands assessed in Finland, we ranked 58th.



Our goal is to achieve
carbon neutrality
in parcel services and
in-house operations
by 2030.

sion and carbon-neutral transports are critical to attaining this goal. It calls for tangible actions from us and our value chain in the near term as well as over a longer period of time.

Aside from in-house measures, we help reduce emissions from private car use by promoting public transport services. Switching from private cars to public transport reduces emissions substantially – in 2019, private cars accounted for 54 per cent of total road transport emissions in Finland.

We improve the availability of bus and coach services through ticket sales and engage in active communications to encourage consumers to travel by bus. At the same time, we make public transport a more attractive option by investing in digital solutions that substantially improve the passenger experience. For example, in 2020, we launched a mobile application called Routes and Tickets which is designed to make full use of travel chain solutions.

Big and small steps – together

In 2021, we will take a number of steps to improve our sustainability performance. We will continue to work on the roadmap for carbon neutrality, which will help us select the most effective measures to reduce emissions to meet our needs. Other key actions for 2021 include the implementation of a sustainability culture throughout the company. We will focus on in-

ternal communications and provide training on themes such as the sustainability programme, occupational safety and eco-driving.

Partners play a key role in the efforts to achieve a wider impact in promoting sustainable development. We will focus on increasing and intensifying cooperation with our nationwide network of partners. We are also actively looking for new sustainability partners and networks. For example, at the beginning of 2021, we upgraded to the FIBS Pro membership status in the Finnish Business & Society network and joined the Vision Zero Forum.

Janne Jakola
CEO



Our approach



Sustainability at Matkahuolto

Sustainability lies at the heart of Matkahuolto's operations – it cuts across our organisation and is reflected in our day-to-day performance. We help create a better future by promoting sustainable passenger and parcel delivery services. We comply with the principles of sustainable development with regard to the environment, people, society and the economy.

Our new sustainability programme was completed in January 2021. It is based on a materiality analysis carried out in 2020 in which we defined the sustainability themes and goals most relevant for us. We sought to identify areas where we can make a difference, where our stakeholders expect us to be active and where we ourselves want to make a particular contribution to sustainable development. Our unique position as a national player and partner gives

us the opportunity to advance sustainable development in a number of ways. The four themes of our sustainability programme are:

- We look after our employees
- We are an attractive partner and service provider
- We generate positive environmental impacts
- Our activities benefit society

Matkahuolto is owned by Finnish carriers through the Finnish Bus and Coach Association and regional associations. We have promoted public transport together with carriers for no less than 88 years. By serving as a nationwide ticketing agency for bus and coach companies, we play a key role in public transport services in Finland. We are helping reduce emissions from private car use by raising awareness of public transport services, improving access to these

services through digital solutions and by encouraging consumers to choose this more sustainable transport option. For carriers, we offer a wide range of services. We also develop concepts that support carriers in their efforts to improve their sustainability performance.

As Finland's second largest parcel services provider, we wish to serve our customers throughout Finland as efficiently and sustainably as possible. A key role in our parcel delivery services is played by smooth cooperation with our nationwide partner network and the adoption of environment-friendly transport concepts.

By combining passenger services with parcel deliveries, we are able to gain a number of benefits. A significant percentage of the parcels are transported by coaches that also carry passengers, which reduces the need for resources and

the impact on the environment. Parcel services help bus and coach companies offer public transport services all over Finland. Conversely, the provision of public transport services creates opportunities to offer parcel deliveries on more routes.

Our employees and partners play a key role in enhancing our sustainability performance. We look after our employees and ensure that they are treated fairly and equitably. For us, it is of great importance that our employees comply with the agreed-upon procedures and ways of working. We will intensify cooperation with our extensive partner network and engage in ever closer collaboration to promote sustainable development.

Sustainability programme



We look after our employees

- Corporate culture and management
- Occupational health & safety and wellbeing
- Sustainable human resources practices
- Skills development and motivation
- Diversity and equality



We generate positive environmental impacts

- Promotion of environment-friendly transport solutions
- Resource efficiency in other activities
- Support for sustainable lifestyles



We are an attractive partner and service provider

- Nationwide partner
- Sustainable supply chain management
- Provision of first-rate service



Our activities benefit society

- Sustainable business and its economic impacts on society
- Promotion of public transport and access to services
- Regulatory compliance and ethical code of conduct

We are building a more sustainable society and reduce environmental impacts through customer-responsive services.

We are an attractive employer and, together with our network of trusted partners, our impact on society and the environment is greater than our size would imply.

We will be carbon neutral by 2030 and reduce private car use by promoting public transport services.



Sustainability management

Matkahuolto's Board of Directors adopted the company's sustainability programme and its goals at the end of January 2021. Any revisions to the programme and its goals are subject to approval by the Board of Directors. The progress made in the implementation of the programme is reported to Board regularly. The

management team serves as the sustainability steering group which convenes every quarter. The CEO and management team confirm all key policies, make decisions on the implementation of measures and monitor the execution of the sustainability programme and the attainment of its goals.

Responsibility for coordinating, overseeing, monitoring and reporting on the sustainability programme rests with the Legal Affairs and Sustainability Unit. At a more practical level, sustainability is promoted by sustainability teams that cut across organisational functions. Sustainability teams are responsible for implementing measures in the relevant areas

and integrating sustainability into business processes.

We comply with international conventions and initiatives. These include, among other things, the UN Global Compact, the UN Sustainable Development Goals and the UN Universal Declaration of Human Rights.

Goals







We have defined key performance indicators (KPI) for eight sub-themes most relevant to our operations (see table). As part of the materiality analysis process, we identified these sub-themes as areas where both our own activities and those of our value chain have a significant

impact and a high potential to contribute to the implementation of the principles of sustainable development.

Additionally, we identified supplementary goals for five sub-themes. While we are committed to promoting these goals in our opera-

tions, we are more focused on the KPI targets, for example in the allocation of resources. These five sub-themes include sustainable human resources practices, skills development, diversity and equality, sustainable supply chain management, promotion of public transport and

access to services. At the same time, we monitor performance in a few other sub-themes.

Sub-theme	Goal	Indicator	SDG
We look after our employees			
Corporate culture and management	2023: Score for corporate culture 4/5 Score for management 4.2/5 Excellent score in supervisor survey (405 points)	Wellness at work survey, total score in supervisor survey	
Occupational health & safety and wellbeing	2023: Reduction of accident frequency to 40, long-term goal zero accidents 2021: Reduction of sick leaves to 5.5%	Occupational accident frequency Sick leaves, %	
We are an attractive partner and service provider			
Nationwide partner	Intensification and extension of cooperation, particularly to promote sustainable development	A more precise indicator will be defined during 2021–2022	
Provision of first-rate service	Continual improvement of the customer experience	NPS (Net Promoter Score)	
We generate positive environmental impacts			
Promotion of environment-friendly transport solutions	2030: Carbon-neutral transports First short-term goals will be announced in 2021	Carbon dioxide emissions, CO ₂	
Support for sustainable lifestyles	Increasing awareness of sustainable lifestyles, particularly sustainable mobility	Regular annual communications according to the communications plan	
Our activities benefit society			
Sustainable business and its economic impacts on society	Creating economic value (incl. profits) and shareholder value	Indicator(s) to be defined during 2021–2022	
Regulatory compliance and ethical code of conduct	2022: 100% of employees have received training on the ethical code of conduct 2024: 100% of suppliers committed to the ethical code of conduct	Number of trained employees, % Number of committed suppliers, %	

UN Sustainable Development Goals

We are committed to promoting the UN Sustainable Development Goals as part of our sustainability effort. The UN member states agreed on seventeen global sustainable development goals and the Agenda 2030 action plan in 2015. The goals relate to the promotion of sustainable development with regard to the environment, economy and people. The 169 targets included in the programme are to be achieved by 2030.

As part of our sustainability programme, we have assessed all Sustainable Development Goals and targets identifying the areas we can specifically influence by strengthening the positive impacts of our operations or by preventing negative impacts. As a result, we were able to identify the goals and targets most relevant to us. We also contribute to the attainment of other Sustainable Development Goals.

We identified five Sustainable Development Goals and seven targets as being the most important for us. Furthermore, we selected two additional goals and targets. The selected Sustainable Development Goals and targets provide the framework for our sustainability programme. Where appropriate, the goals have been linked to the sub-themes specified in our sustainability programme. Progress is monitored on an annual basis.



Key goals



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

We will strengthen the positive environmental impacts of our parcel delivery services by adopting low-emission and carbon-neutral transport solutions. In addition to improving energy efficiency, we pay attention to low-emission fuels and the use of renewable energy in transport operations. In passenger services, we support the efforts to reduce transport emissions in Finland by promoting the use of public transport. We work hand in hand with suppliers and carriers to achieve positive environmental effects.



4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and nonviolence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

We support the adoption of sustainable lifestyles by encouraging consumers to use public transport services and providing information on the impacts and benefits it offers in terms of climate change. We help increase awareness of sustainable development among our other stakeholders, such as suppliers and employees. By offering a diverse range of training for employees, we ensure a high standard of skills development.



8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least seven per cent gross domestic product growth per annum in the least developed countries

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Sustainable human resources practices play a key role in our operations. Employees being an important asset for us, we look after their wellbeing. We promote the health and safety of employees. For us, it is of great importance that labour rights are honoured throughout the supply chain. To contribute to economic growth, we comply with the principles of sustainable development and generate value added for our stakeholders and society.



16.5 Substantially reduce corruption and bribery in all their forms

We comply with all laws and regulations. We have zero tolerance for all forms of corruption and bribery. Our ways of working are set out in the ethical code of conduct. We take steps to ensure that our suppliers comply with the ethical code of conduct we are currently preparing.



17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

Our approach to business is based on networking and close cooperation with partners. By working together, we will be able to have a wider impact. Aside from reinforcing the existing partnerships, we look to identify potential for new forms of collaboration with a range of actors.

Other important goals



11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

By our own actions, we want to sustain a dynamic network of public transport services in Finland. With the increasing urbanisation, challenges are posed by impaired access to transport and public services in sparsely populated areas. By sustaining public transport systems, we help improve access to services all over Finland. We are working on digital innovations to build up transport chains.



10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

We value diversity among employees and take it into account in daily activities and decision-making. We offer employees equal opportunities and do not tolerate any form of discrimination. We also treat our customers fairly and respectfully.

Materiality analysis

Our sustainability programme is based on a materiality analysis carried out in 2020. The analysis assessed the relevance of the themes to our stakeholders as well as the economic, social and environmental impacts of our operations.

First, we focused on the identification of potential sustainability themes and sub-themes by means of an extensive background study in which we considered, for example, other companies in the industry, legislation and a range of standards. In addition to the background study,

we conducted 16 in-house interviews which also involved members of the management team. In the autumn of 2020, we carried out a stakeholder survey and interviews in order to explore the needs and expectations of the stakeholders.

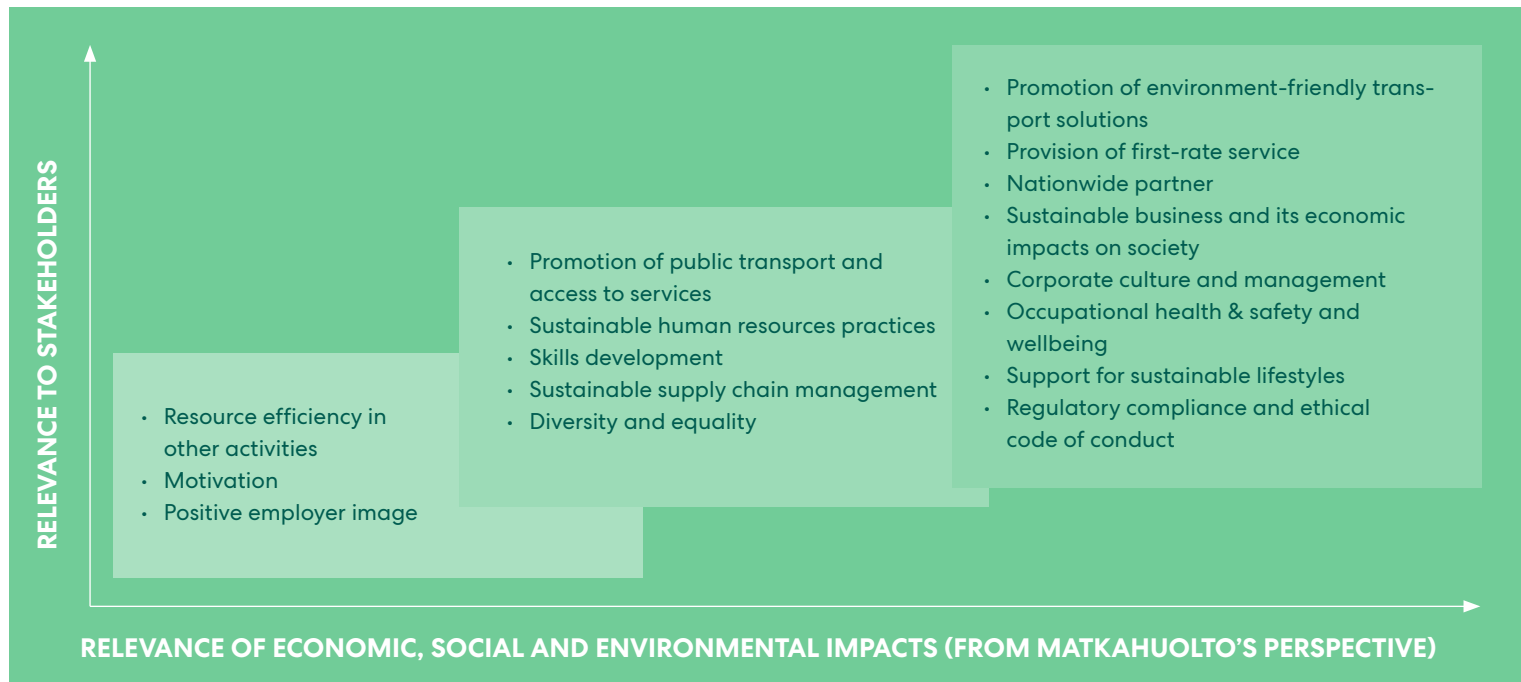
The two-week online survey was answered by 558 respondents. They included corporate customers, consumers, employees, owners, partners and other stakeholders. After this, we conducted 31 interviews with the representa-

tives of key stakeholders. The interviewees included board members, employees, owners, corporate customers, partners, authorities, organisations and associations.

The stakeholder expectations were analysed and prioritised based on the findings of the survey and interviews, which were reviewed by internal workshops in consultation with key individuals, the management team and board of directors. The workshops discussed the im-

pacts of our operations on the environment, society and the economy and their implications for our business.

Based on these discussions, we prioritised and identified sets of topics which eventually emerged as the four main themes and 14 sub-themes of our sustainability programme complete with targets. The Board of Directors adopted the sustainability programme in January 2021.



MATERIALITY ANALYSIS PROCESS

1. Identification of potential themes

- Background study
- In-house interviews

2. Identification and prioritisation of stakeholder expectations

- Online survey
- Interviews

3. Validation

- In-house workshops
- Adoption of the sustainability programme

Stakeholder interaction

Listening to stakeholders to find out about their needs and expectations and smooth cooperation with them is an important part of our operations. Stakeholders will also be consulted in the future when we update our materiality

analysis. We also carry out other stakeholder surveys annually.

We engage in regular interaction with our stakeholders via a range of channels, such as events, meetings, websites, newsletters and social media.

As a FIBS Pro member of the Finnish Business & Society network, we are engaged in active efforts to develop sustainable business. We are also, for example, a member of the Intelligent Transportation Society of Finland ITS.



KEY STAKEHOLDERS AND FORUMS FOR INTERACTION

SHAREHOLDERS

Shareholders' meetings, information sessions, events, newsletters, own website, training

CUSTOMERS

Meetings, materials, events, website, newsletters, surveys, customer feedback

CONSUMERS

Daily customer encounters, customer feedback channels, website, social media channels, newsletters, questionnaires, events, consumer surveys

EMPLOYEES

Daily dialogue, inductions, team meetings, performance and development appraisals, staff surveys, information sessions, intranet, other internal communication channels, training

SUPPLIERS AND OTHER PARTNERS

Meetings, events, newsletters, training

AUTHORITIES AND OTHER SOCIAL ACTORS

Meetings, events, questionnaires, external communications

ORGANISATIONS AND EDUCATIONAL INSTITUTIONS

Website, events, questionnaires

MEDIA

Website, events, questionnaires



Towards carbon neutrality

The mitigation of climate change and reduction of the carbon footprint lie at the heart of our sustainability drive. As part of our sustainability programme, we have set the ambitious emission target of achieving carbon neutrality by 2030. This applies to parcel services and our in-house operations. By establishing this goal, we contribute to Finland's efforts to attain carbon neutrality by 2035.

We have initiated an in-depth project to analyse ways of reducing emissions and started planning a 2030 carbon neutrality roadmap for Matkahuolto. The first detailed plans and goals for reducing emission will be announced during 2021.

We carried out our first extensive emission accounting in 2020. The carbon footprint was calculated and the emission indicator devel-

oped in collaboration with Gaia Consulting during 2020. In January 2021, we updated the year-end estimates using actual data. A number of measures are being taken to improve data gathering in order to gain more accurate information on emissions in the future. In the 2020 calculation, some of the data was based on estimates. For example, the data gathered from suppliers involves a number of uncertainties.

Carbon footprint in 2020

In the 2020 emission calculations, due consideration must be given to the impact of the COVID-19 pandemic on the operations. For example, the carriage of parcels was adversely affected by the fall in the number of passengers and less frequent services, whereas the volume of deliveries ordered online increased by over 40%. We expect these changes to have a substantial impact on our emissions compared to 2019.

when no determination of emissions was made. Moreover, it is advisable to note that the current emission accounting only applies to domestic parcel deliveries.

The organisation's total carbon footprint was determined in accordance with the Greenhouse Gas (GHG) Protocol standard. Additionally, due consideration in the determination was given to the Corporate Value Chain (Scope 3) standard and supplementary instructions. Matkahuolto discloses the following greenhouse gas emissions:

- Scope 1: Direct GHG emissions (production vehicles and company cars)
- Scope 2: Indirect GHG emissions (in-house electricity and district heat consumption)

- Scope 3: Others indirect GHG emissions (transportation, business travel, packaging materials)

In 2020, the total carbon footprint of the entire Matkahuolto organisation was approx. 6472 tonnes of CO₂, most of which consisted of supply chain transportation falling in the Scope 3 category.

Matkahuolto's absolute emissions (Scope 1 and Scope 2) in the same year amounted to about 1662 tonnes of CO₂. Scope 1 emissions are due to fuel consumption by production vehicles and company cars. Scope 2 emissions are due to the consumption of electricity and district heat purchased from third parties. At some sites, purchased electricity consists 100% of renewable energy.

TOTAL EMISSIONS (TONNES OF CO₂)

Direct emissions (Scope 1)	731
Own fleet (transports, company cars)	731
Indirect emissions (Scope 2)	931
Purchased electricity (market-based)	519
Purchased electricity (location-based)	587
Purchased district heating (market-based)	412
Purchased district heating (location-based)	446
Indirect emissions (Scope 3)	4 810
Suppliers' transportation fleets	4 745
Other emissions (travel on business, packaging materials)	65

The total emissions figures are based on the emission figures for the purchased electricity and district heating (market-based). The figures are rounded.

Absolute emissions from other activities (Scope 3) amounted to about 4810 tonnes of CO₂ in 2020. Scope 3 emissions include fuel consumption by suppliers' transportation fleets, business travel and packaging materials. It was decided that these Scope 3 emissions will be disclosed and reported because of their materiality. Supplier transports, which are directly related to our operations, are our single biggest source of emissions. Packaging materials are related to the parcel delivery services offered by Matkahuolto. Business travel was also seen as an appropriate reporting category.

The following sources of emission factors were used for the calculations:

- Fuels: Statistics Finland, VTT Lipasto
- Electricity and district heat: Energy companies, Energy Authority, Statistics Finland, Motiva
- Business travel: VTT Lipasto, UK Department for Environment, Food & Rural Affairs (Defra)
- Packaging materials: UK Government GHG Conversion Factors for Company Reporting, RePack

As part of this first extensive emission calculation, an assessment was also made of other indirect emissions which were finally left out of the public report at least for the time being. These emission categories were either not central to operations and/or the amount of emissions was low. Moreover, the emissions falling in the various categories were often based on estimates. Emissions from passenger services were also assessed as part of the emission calculations. They were not included because Matkahuolto serves as a ticketing organisation

for bus and coach companies without itself actually providing any passenger traffic services.

Parcel-specific emissions

As well as the total footprint of the entire organisation, we also analysed the footprint generated by parcel services as well as parcel-specific emissions. In 2020, the parcel-specific emissions were estimated at around 340g of CO₂ (TTW). More detailed data on calculating the footprint of parcel services are declared as part of the services offered to customers.

The carbon footprint of parcel services was determined according to the SFS-EN 16258 standard. The standard published in 2014 establishes a common methodology for the calculation and declaration of energy consumption and greenhouse gas emissions related to transport services (freight and passengers).

The SFS-EN 16258 standard does not directly provide for the quantification of the carriage of freight by coach. For coaches, the parcel services emissions are determined according to the additional emissions caused by parcels. To do so, the emissions due to the increase in fuel consumption resulting from the carriage of parcels are allocated to parcels. The additional fuel consumption (%) was determined using simulations developed by a third party.

As part of the determination of parcel services emissions, we also carried out a preliminary assessment of the positive environmental impacts of carrying parcels on the same coaches as passengers. Reporting will also be developed in this respect.

Sustainability themes

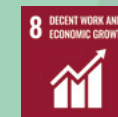




We look after our employees

A satisfied, qualified and efficient staff lies at the heart of our operations. We provide an inspiring and fair workplace environment with a strong team spirit and open interaction.

KEY UN SUSTAINABLE DEVELOPMENT GOALS



Corporate culture and management

An excellent corporate culture and a high standard of management help us build up the business and achieve our objectives. They also enable employees to advance and thrive at work.

Our first-class corporate culture manifests itself in an inspiring atmosphere, a strong sense of unity and team spirit. The corporate culture that has evolved over the decades is among our key strengths, one indication being that our employees have long careers in the service of the company.

Corporate culture trends are monitored through annual wellness at work surveys. In the 2020 survey, a battery of questions related to corporate culture gave a score of 3.8 out of 5. We aim to reach a score of 4.0 by 2023. In

2021, we will focus on inculcating the sustainability culture by means of the new sustainability programme. We want to integrate sustainability thinking into daily operations and the work performance of individual employees. Other key actions include the review of corporate values.

An excellent corporate culture also helps create a positive employee experience. We want to be a preferred and interesting workplace in which employees enjoy working. As part of the wellness at work survey, we monitor how many employees recommend Matkahuolto as an employer.

Our aim is to have qualified, satisfied and efficient employees who are skilfully managed using a coaching approach. First-rate man-

agement ensures smooth cooperation between supervisors and team members. We listen to employees and provide encouraging and corrective feedback. In the management context, we pay much attention to a coaching approach and interactive work skills enhancement. At the same time, we promote idea generation, for instance by encouraging employees to develop new methods for performing the work.

In the wellness at work survey, we monitor how management performance is perceived by the employees. The score for management performance, which consisted of a battery of questions in the survey, was 3.95 out of 5 in 2020. The target for 2023 is 4.2. Annual surveys are also carried out among supervisors and

managers. In the supervisor survey, they are asked to assess their own performance and wellbeing as well as express their views about Matkahuolto's management policy and the support available to supervisors.

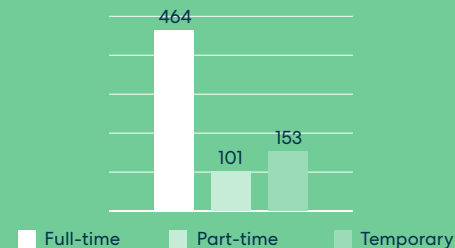
In the 2020 supervisor survey, the total score was good at 394 points. The goal for the 2023 survey is to achieve an excellent level of performance (minimum 405 points). In 2021, we will focus on reinforcing the coaching approach, maintaining the capacity for work and managing the overall work performance.

TOTAL NUMBER OF PERSONNEL

718
at the end of 2020



TOTAL NUMBER EMPLOYMENT



GOALS

Score for corporate culture 4/5 in 2023

Score for management performance 4.2/5 in 2023

Excellent level in supervisor survey (minimum 405 points) in 2023

Occupational health & safety and wellbeing

We want to ensure a safe working environment for the entire personnel. We comply with safe working procedures and use safety-enhancing tools and equipment. We have extensive safety guidelines and provide safety training. We seek to avoid hazards and accidents by monitoring and foreseeing safety risks.

Each employee plays a key role in ensuring a safe working environment. A sound attitude towards safety is of great importance. In developing the safety culture, we focus on integrating safety into daily activities.

To improve occupational safety, we seek to reduce the injury frequency on an annual basis. In 2020, our Total Recordable Injury Frequency

(TRIF) was 59.13. The figure also includes incidents that do not result in absence from work. However, commuting and free-time accidents are excluded. The accidents are reported per one million hours worked. The goal for 2023 is an injury frequency of 40, while the long-term goal is zero accidents. In 2020, Matkahuolto recorded a total of 66 injuries. The figure includes all accidents. Five of the injuries led to a two-week or longer absence from work.

In 2021, we will take steps to improve the investigation and reporting of close calls and accidents. Additionally, we will prepare a new online safety training course and increase communications on safety matters.

It is extremely important for us that we do not jeopardise the health of employees. Accordingly, we will focus on preventing health hazards and detriments. We want to maintain employees' functional ability and contribute to their general wellbeing. Processes are continually developed to make workdays more enjoyable and efficient. For example, we have introduced new shared digital tools.

Because of the COVID-19 pandemic, we paid close attention to the employees' health safety in 2020. We regularly informed employees of updated regulations and issued guidelines for preventing infections. Additionally, we focused on minimising close physical contacts at work,

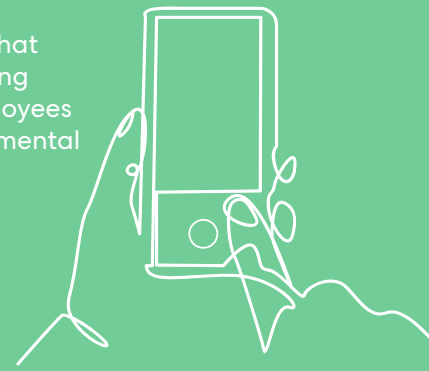
made face masks and visors available to employees, increased cleaning and ensured the availability of hand disinfectants.

Aside from occupational healthcare services, we have in place an early intervention model and a substance use programme, both updated in 2020. The early intervention model is designed to ensure timely detection of any problems jeopardising working capacity and to find solutions. To ensure mental wellbeing, we offer Mind Chat and Mind Sparring services as well as solution-focused therapy if necessary. We support healthy lifestyles by offering staff benefits and launching campaigns designed to encourage employees to engage in physical exercise in their free time.



We joined the Vision Zero Forum in March 2021

We offer Mind Chat and Mind Sparring services for employees to support their mental wellbeing



GOALS

8.8 Reduce injury frequency to 40 in 2023

8.8 Reduce sick leaves to 5.5% in 2021

We want to help employees find a proper work-life balance by offering flexible terms of employment accommodating changes in life situations. For example, when people are faced with working capacity challenges, it is

possible to agree on changes to work duties or working hours as appropriate. Moreover, we have in place a flexible shift planning system and offer the opportunity for remote work when permitted by the type of duties.

In 2020, total absence due to illness reached 5.7%. While we were able to reduce the amount of unpaid sick leaves during the year, paid leaves increased slightly due to COVID-19. The goal is to reduce illness-related absence to

5.5% in 2021. The long-term goal will be determined at a later date.

JOY FROM CYCLING

We encouraged employees to cycle by organising an internal Matkahuolto Cycles campaign in September-October 2020. During the campaign, the employees clocked over 2700 kilometres on bike.

With the campaign, we wanted to highlight the many positive effects of cycling. It helps maintain working capacity and promotes health by improving coordination, the performance of the

respiratory and circulation systems and joint mobility. Moreover, cycling, when selected instead of driving, is beneficial to the climate because it helps mitigate climate change and reduce emissions.

All the distances cycled by the employees, whether in their free time or when commuting, were taken into account in this slightly more than

a month-long competition. All the participants received front and rear lights for their bikes while the two best performers were awarded cycling helmets.



Sustainable human resources practices

Our human resources practices are governed by the company’s in-house guidelines, HR policy and other policies. By developing the HR practices on an ongoing basis, we ensure that the employees’ rights are duly honoured and that we operate sustainably.


Sustainable human resources practices are followed throughout the employees’ careers. We comply with the labour legislation and collective agreements. We ensure fair pay and equitable terms of employment. We also seek to ensure that our suppliers and partners honour employee rights.

We are committed to fairness and transparency in our human resources practices which are based on our policies, operations model and in-house guidelines. We follow common rules and the Our Way of Working policy. At the same time, we encourage and support transparent interaction with employees.

In 2021, we will issue an ethical code of conduct that all employees are required to comply with. Additionally, we will prepare and update a range of policies necessary for operations, such as environmental and occupational safety policies. We also develop sustainable human

resources practices, for example in recruitment processes. For one thing, we will continue to participate in the Responsible Summer Job Campaign in which we took part for the first time in 2020. We also updated our employee induction programme last year.

The goal is to develop sustainable human resources practices on a continual basis. A more accurate performance indicator will be introduced during 2021–2022.



GOALS

8.8 Continual development of sustainable human resources practices



SUMMER WORKERS LEARNING NEW THINGS

In 2020, we participated in the Responsible Summer Job Campaign designed to offer young people more qualified summer jobs and positive experiences of working life. All in all, we employed 51 summer workers in various roles all over Finland.

Taru, Sini and Veeti (pictured here) acted as customer service advisers in Parcel Services in Vantaa. They took dozens of phone calls from corporate customers and consumers in a day.

“What was particularly rewarding was when you were able to solve a complex problem and inform the customer”, says Taru.

“I’ve enjoyed working for Matkahuolto. No day is the same and you learn something new on a daily basis,” Veeti adds.

Sini too enjoyed the experience. She says that Matkahuolto offers interesting duties with nice fellow-workers and a close-knit workplace community.

Sini and Veeti continued to work for Matkahuolto after the summer.

Skills development and motivation

We want to offer employees opportunities for learning and skills development throughout their careers focusing on regular training geared to improve professional skills.

By regular training, we ensure the high standard of qualifications required for the duties. We offer support and tools for continual skills developments starting with personal induction. Training activities are developed with due regard to current developments and the requirements imposed on Matkahuolto. By investing in a diversified range of skills, we enable career advancement and job rotation.

We provide both individual courses and training packages on a range of subjects in

accordance with the in-house training plan. In 2020, for example, we organised training for supervisors on the updated early intervention model. The average employee training hours will be reported as of 2021. Skills development is also addressed in our annual wellness at work survey.

In 2021, we will introduce a new online learning environment. Among the topics to be addressed are sustainability, transports, safety and working capacity management. Online training will continue to be supplemented by in-class training.

Performance and development appraisal discussions are carried out with employees

annually to address issues such as job description, future objectives and working capacity. Objectives are established either at a team or personal level according to the unit involved.

We find it important to motivate employees and teams to attain the established objectives. To this end, we have put in place a total remuneration plan to support the success of our employees at their work. The goal for the total remuneration plan is to support good performance and working capacity management. Employee motivation and commitment are monitored by means of the annual wellness at work survey.



GOALS

4.4 Provision of regular training in support of professional skills development



Diversity and equality

We want to provide a workplace community in which everyone is treated equally, fairly and equitably. We pay attention to diversity in daily activities and decision-making.

We treat everyone equally irrespective of gender, age, ethnic origin, language, religion, disability, sexual orientation, or any other personal qualities. Our employees represent a variety of cultures. In 2021, we will gather information on different nationalities. We disapprove of discrimination, harassment and improper treatment in all circumstances. Not a single instance of discrimination was reported in 2020. During 2021, we will prepare guidelines for the prevention and processing of harassment and other improper conduct.

We want to offer our employees equal opportunities for succeeding and advancing at work. Equal treatment is a principle followed in recruitment, allocation of duties, career advancement and diversification of duties, etc.

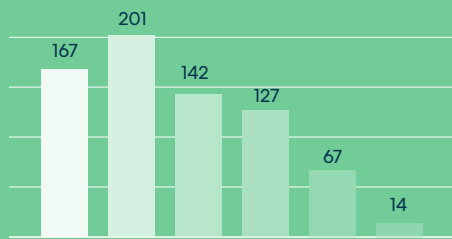
Equality performance is monitored through annual wellness at work survey. In the 2020 survey, equality was perceived to be good (4.12 points out of 5). Our goal is to reach an excellent score (4.3 out of 5) in 2023.

One way of monitoring equality is the gender distribution of management positions. At present, women account for 50% of board members and 40% of management team members. For example, the Chair of the Board

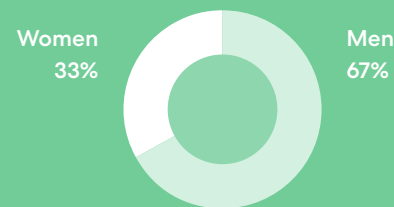
and both Business Directors (Parcel Services and Passenger & Carrier Services) are women.

At the end of 2020, 66% of middle and senior management positions were held by men and 34% by women. The guiding principle is that wages and salaries are gender-neutral. Steps will be taken to eliminate any unjustified pay disparities.

EMPLOYEE AGE DISTRIBUTION



EMPLOYEE GENDER DISTRIBUTION



OF THE BOARD MEMBERS

50% are women

OF THE MANAGEMENT TEAM MEMBERS

40% are women



GOALS

10.3 Equality performance at an excellent level (4.3/5) in 2023



We are an attractive partner and service provider

We strengthen our partnerships and help carriers improve their sustainability performance. We focus on managing the supply chain sustainably and enhancing the customer experience.

KEY UN SUSTAINABLE DEVELOPMENT GOALS



Nationwide partner

Our main strength is strategic partnerships that lie at the heart of our business. Through our network, we are able to link actors to one another and enable a nationwide and local provision of services. Smooth cooperation is essential to maintaining our extensive and efficient network.

Partnering with carriers and providing services for them constitutes the core of the business. Matkahuolto was established in the 1930s for

the purpose of increasing the visibility of carriers and providing services for them. Other important partners include suppliers, agents and online store customers, to mention a few. Additionally, we engage in close cooperation with cities and the state, among others.

We focus on maintaining smooth and reliable cooperation and improving services together with our partners. Our goal is to intensify and extend this cooperation, particularly in

order to promote sustainable development. By joining forces with partners, we are able to have a wider impact. A more accurate performance indicator will be introduced during 2021–2022. We are exploring possibilities to develop operations with the existing and potential new partners.

Sustainable supply chain management

It is of great importance for us that our suppliers and partners operate on an ethically sound basis. We want to ensure that they pay heed to environmental, social and economic sustainability in their operations. Accordingly, compliance with sustainability principles is one key criterion in all purchasing.

Through our transport network of hundreds of partners, we have a lot of potential for promot-

ing sustainable development. The minimum requirements for cooperation with partners will be set out in the ethical code of conduct due to be issued during 2021. We will take steps to ensure that all our suppliers commit to complying with the code by the end of 2024. We also expect our other partners to comply with the code.

A purchasing policy will also be prepared during 2021. Other actions will include, for example, a risk assessment of suppliers in terms of sustainability. The work to develop the tools and procedures for monitoring and assessing suppliers' sustainability performance will be continued.



17 PARTNERSHIPS FOR THE GOALS

GOALS

17.7 Intensification and extension of cooperation, particularly to promote sustainable development



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

GOALS

16.5 100% of suppliers committed to the ethical code of conduct by the end of 2024

Provision of first-rate service

Customer orientation is essential to everything we do. We want to offer an excellent customer experience and reliable service.

Our goal is that customers receive services of the highest quality. We seek to pay attention to customers' individual needs and guarantee the availability of services all over Finland as extensively as possible. To ensure a smooth expert service, we listen to the customers' views and wishes. We want to ensure that the customer path is duly managed from beginning to end.

Another important aspect of our services is safety. For example, we give due consideration to the safety of premises. Extra precautions to ensure the health safety of customers were

taken in 2020 in response to the COVID-19 pandemic. We put up instructive signs and placed stickers on the floor to help people stay apart at a safe distance. Customer service points were provided with screens to protect customers and staff from infections.

Our goal is to improve the customer experience on an ongoing basis. We measure our performance using the Net Promoter Score (NPS) indicating how many customers are willing to recommend Matkahuolto. In 2020, we reached a reasonably high NPS for online ticket purchasing (65), parcel dispatching (72) and parcel collection (74). Customer satisfaction is also monitored using other annual surveys. For

example, in 2020, Matkahuolto scored the best overall grade in the transport and logistics industry survey carried out by the Taloustutkimus research institute. Matkahuolto's NPS also improved on the previous year. In the Reputation&Trust survey, Matkahuolto's score for reputation reached 3.4 (3.26 in 2019).

During 2020, we took several actions to improve the customer experience, such as the addition of the Mauno Chatbot to the website; adoption of the multi-channel customer service system; inclusion of MobilePay as an optional method of payment in e-ticket sales; and the transition to authenticated travel cards. In 2021, we will, among other things, develop the indica-

GOAL

Continual improvement of the customer experience

tors for measuring customer satisfaction among corporate customers in parcel services and the user experiences from the collection processes. Training will also be provided for employees on improving the customer experience.



TRANSPARENT PROBLEM-SOLVING TOGETHER WITH CUSTOMERS

At the end of 2020, we launched a campaign in which we invited public criticism from the customers. The campaign was implemented in collaboration with the Finnish start-up company by the name of No No No.

The campaign gave consumers and corporate customer an opportunity to report problems with parcel services on the nonono.fi website. All the personnel including the senior management were involved in solving the customers' problems. During the campaign, we received close to 300 public comments.

"The campaign helped identify a number of areas in which improvements are called for and generated new ideas for improving performance. We made several changes during the campaign. For instance, we reviewed travel chains to increase the speed of travel and created a completely new product for boards," says Johanna Haanpää, Customer Experience and Marketing Director.



We generate positive environmental impacts

We invest in environment-friendly transport solutions in parcel services while seeking to improve resource efficiency in other operations as well. We support sustainable lifestyles of consumers by increasing awareness of public transport services and encouraging people to use them.

KEY UN SUSTAINABLE DEVELOPMENT GOALS



Promotion of environment-friendly transport solutions

Transportation plays a key role in our efforts to reduce emissions. As part of our 'Matkahuolto Carbon-Neutral by 2030' roadmap, we launched a more detailed analysis of the ways in which emissions can be decreased. The first detailed plans and goals will be announced during 2021.

We are developing low-emission and carbon-neutral transport solutions. With regard to our in-house transport fleet, we are exploring electric options and the possibilities for using biofuels, among other things. At the same time,

we will take steps to optimise the routes and utilisation capacity rates and combine deliveries. A significant percentage of the parcels are transported by coaches that also carry passengers, which reduces the need for resources and the impact on the environment.

We will pay close attention to ecological driving behaviour and make more efficient use of the onboard driving performance monitoring equipment on our production vehicles. Our company car policy was updated in February 2021. For example, in 2021, we will introduce a

purchasing policy for production vehicles and create an online training course for ecological driving behaviour for our drivers. Additionally, we will adopt a new routing and scheduling system which will permit improved delivery planning and route optimisation.

We are also taking a range of actions to reduce emissions from our suppliers' transport operations while exploring the potential for closer cooperation in an attempt to improve sustainability in transportation.

13 CLIMATE ACTION

GOALS

13.1 Carbon-neutral transports by 2030

Short-term goals to be announced in due course



Resource efficiency in other activities

We will improve resource efficiency in operations. We want to promote the circular economy by reducing and optimising materials consumption and re-using and recycling materials.

In in-house operations, we will focus on waste sorting and recycling by providing training for employees as well as take other steps to this end. To reduce the volume of wastes, we are also paying close attention to the amount and choice of our own packaging materials. Resource efficiency and the sustainable use of natural resources are also taken into account in our new purchasing policy which will be announced in 2021.

We support the circular economy by offering transport services for peer-to-peer online transactions. One of our partners is Zadaa. We wish to increase the use of sustainable packaging solutions together with consumers and online store customers. In parcel services, consumers and corporate customers are responsible for most of the packaging materials. With the growth of online sales, there is a risk of an increase in packaging waste and over-consumption of resources. In 2021, we will continue to intensify cooperation with RePack to promote reusable packaging.

Although most of our energy consumption is due to transportation, we will improve energy efficiency across all our operations. In 2020, our total electricity consumption reached 4070 MWh. Where possible, 100% of all electricity used at our own sites is generated using renewable energy. The origin of the purchased electricity is verified through certificates of origin. We will continue to improve the energy efficiency of our sites and increase the share of renewable energy.



GOALS

13.1 Carbon-neutrality in select in-house operations by 2030

ENVIRONMENT-FRIENDLY PACKAGING

To reduce the amount of packaging waste, we entered into cooperation with RePack in 2020. The company manufactures environment-friendly packaging that can be reused dozens of times.

As a result of the cooperation between RePack and Matkahuolto, reusable packaging is now for the first time available for



personal parcels sent by Finnish consumers. RePack packaging responds to the need for environmental packaging particularly among consumers engaged in peer-to-peer trading.

“Many peer-to-peer traders close deals on a weekly basis sending several parcels every month. I believe that they value sustainable and reusable packaging because it reduces the need for other types of packaging as well as the amount of waste,” says Kati Nevalainen, Director of Parcel Services.

Support for sustainable lifestyles

Our goal is to increase general awareness of sustainable mobility by informing consumers about the benefits of public transport. By doing so, we hope to shape perceptions and attitudes concerning sustainable mobility and to affect behaviour patterns.

We focus on marketing sustainable transport services to encourage people to travel by bus. As this mode of travel reduces private car use and emissions, it offers a more environ-

ment-friendly option. Private car use accounts for a large part of the average carbon footprint of a person living in Finland.

One way of facilitating access to public transport and reducing private car use is to make full use of travel chains. The Routes and Tickets application developed for this purpose was rolled out in 2020. Additionally, we engaged in active communications, for example

by posting a blog on the European Mobility Week and the Car-Free Day.

Aside from sustainable mobility, we wish to increase awareness of sustainable packaging solutions, such as RePack packaging. In 2021, we will continue to disseminate information to consumers about sustainable mobility and packaging solutions as foreseen in the communications plan.



GOALS

4.7 Increased awareness of sustainable lifestyles, particularly sustainable mobility



Our activities benefit society

Our operations have wide social implications. For example, they promote public transport and generate economic effects. All our activities are based on regulatory compliance and the ethical code of conduct.

KEY UN SUSTAINABLE DEVELOPMENT GOALS



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainable business and its economic impacts on society

Profitable business ensures continuity and enables us to offer employment and make investments. We focus on long-term profitability by promoting sustainable business.

Another important consideration is that our operations generate value for society at large. Through our nationwide network, we have a major economic impact across Finland as well as locally. Through our nationwide network, we

contribute to economic growth and help our partners develop their respective businesses. Indirectly, we give work for a large number of Finnish entrepreneurs from carriers to agents. Locally, these entrepreneurs are important actors throughout Finland. One of our key objectives is to generate shareholder value for carriers.

We will provide more detailed information about value generation once we have analysed the impacts of our operations more closely and defined value generation in its entirety. We will report on our goals and indicators in more detail during 2021–2022.



8 DECENT WORK AND ECONOMIC GROWTH

GOALS

8.1 Creating economic value (incl. profits) and increasing shareholder value



Promotion of public transport and access to services

By offering smooth and extensive services, we promote the use of public transport and support sustainable mobility. A functional and comprehensive network makes it also possible to offer passenger and parcel services in sparsely populated areas and small localities.

Our goal is to increase the use of public transport nationwide. We focus on increasing the number of tickets sold annually by matching supply to demand and improving the capacity utilisation rate. In 2020, we sold a total of 7.27 million tickets. Due to the COVID-19 pandemic, the number of passengers fell substantially compared to 2019. As the coronavirus will continue to affect passenger volumes over the next few years, the figures will not be comparable to 2019.

Finland faces challenges such as long distances and deteriorating public and transport services in sparsely populated areas. The fall in the number of services in less populated areas in particular has increased private car use and emissions. We seek to improve the public transport network in rural areas by developing travel chain solutions and enabling on-demand services.

The Routes and Tickets application rolled out in 2020 is designed to develop the first nationwide travel chain concept. Efforts will be made over the next few years to make travel chain more easily available for everyone. For example, we will increase the range of tickets and offer online monitoring and information services in

2021. The increased popularity of public transport will also help add routes for the carriage of parcels.

Nationwide availability is of great importance because it helps keep sparsely populated areas and small localities viable and inhabited. Our goal is to make the services available to as many households as possible. Through our operations, we also ensure the availability of critical services, such as blood transports. At present, Matkahuolto operates over 2000 customer service points throughout Finland. The number is increasing with the establishment of new parcel lockers, among other things.

We hope to contribute to industry renewal both in passenger and parcel transports. We



GOALS

11.2 Increased use of public transport nationwide by boosting ticket sales

are actively developing new services enabled by digitalisation. We promote and boldly experiment with sustainable customer-responsive innovations.

TRAVEL CHAINS AVAILABLE TO EVERYONE

One way of facilitating access to public transport and reducing private car use is to make use of travel chains. The Routes and Tickets application rolled out in 2020 allows people to look up public transport routes and buy tickets for the selected services. Aside from Matkahuolto's long-distance tickets, the application also offers other timetable information and tickets, for example for Helsinki Region Transport's buses.

“Our goal is that in the future the service will cover all the public transport services and carriers in Finland to make it unnecessary to use private cars,” says Leila Lehtinen, Director of Passenger and Carrier Services.

With this application, we also want to revive the public transport network in sparsely populated areas by offering solutions including on-demand services such as taxis to give peo-

ple seamless access to travel chains. To this end, we carried out pilot projects in the Porvoo, Ruka and Kuusamo regions in 2020. In the Porvoo village transport pilot, we focused on free-time travel needs whereas the projects in Ruka and Kuusamo were intended for tourists visiting the region during the autumn foliage.

Regulatory compliance and ethical code of conduct

We ensure that we comply with all applicable laws, regulations, and guidelines in our operations. We are committed to honour and support human rights. We see to it that our operations meet all requirements concerning fair competition. We have zero tolerance for corruption and bribery. We ensure a high standard of data security and protection of privacy.

In 2020, we issued anti-corruption guidelines. Employee training was provided on anti-corruption, data protection and competition law. In 2021, we will issue an ethical code of

conduct in two versions: one for in-house use and one for suppliers and partners. Training on the ethical guidelines for the employees will start during the current year. Aside from the ethical code of conduct, different policies ensure that the agreed-upon procedures and ways of working are complied with. During 2021, we will also open a whistle blower channel.

We hope to ensure that everyone complies with the same rules and ethical principles, and we do not tolerate any misconduct. We ad-

dress and investigate any violations properly. Additionally, we carry out regular risk assessments to evaluate potential major risks and their probable consequences. Sustainability risks are also part of our risk management.



GOALS

16.5 100% of employees have received training on the ethical code of conduct by the end of 2022

