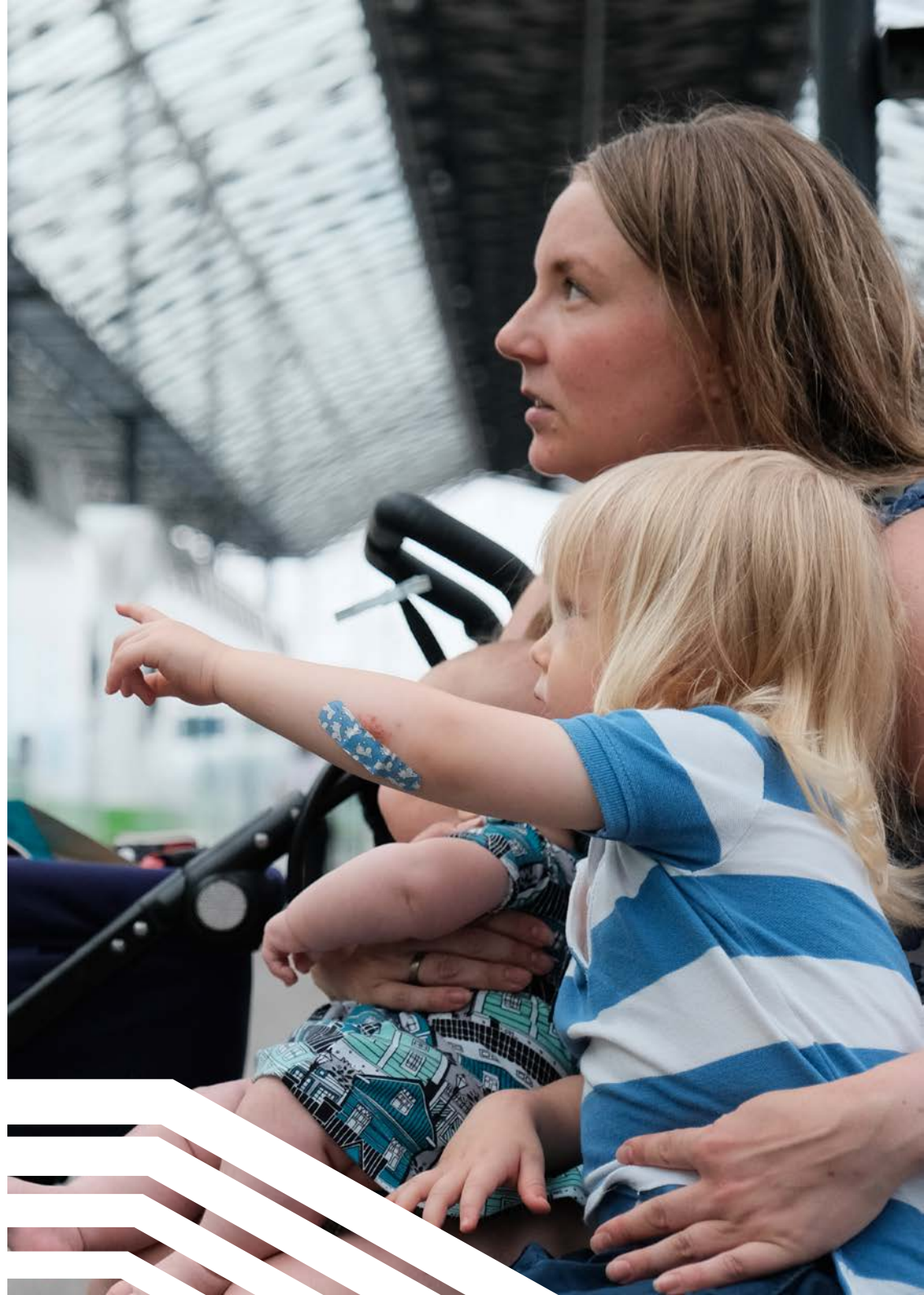


Corporate responsibility report 2021

18 March 2022



VR Group's vision

Getting there together for a better world

Table of contents

Responsibility from people for people	4	Employee experience	28
Responsibility as part of our business	6	Employee experience key performance indicators and personnel figures	32
Responsibility management	6	Environmental responsibility	35
Value creation model	9	Reducing emissions	37
Key indicators of responsibility	10	Increasing energy efficiency	38
UN Sustainable Development Goals and Global Compact	11	Increasing material efficiency	39
Progress in the areas of responsibility	14	Chemical safety	41
Safety and security	14	Other environmental topics	43
Safety management method and purpose	15	Corporate social responsibility	43
Indicators of safety and security	15	Corporate social responsibility KPIs	43
Development of safety work and knowledge-based management	17	Human rights and anti-corruption activities	43
COVID-19 preparations continued to be a significant part of safety work in 2021	17	Supply chains	45
Customer orientation	19	Tax footprint	57
Customer orientation in general – NPS and punctuality	20	GRI content index	57
VR Passenger Services' customer orientation	21	Independent assurance statement	57
VR Transpoint's customer orientation	22		
VR FleetCare's customer orientation	23		

Responsibility from people for people

At the end of 2021, the face masks worn by the Stone Men at Helsinki Central Railway Station were replaced by vaccination patches on their upper arms. The look on their faces was more or less unaffected by the change. They did not flinch either when passengers boarded HSL commuter trains that underwent competitive bidding in the summer for the first time. For us at VR—both as a company and as people—the COVID-19 pandemic and the opening up of competition have been big issues, in which responsibility is the key to success. Turbulent times, such as the COVID-19 pandemic, emphasise the need for adaptability. The pandemic has enabled faster service development and new ways of working, and we want to be as responsible as possible also in this changing environment. However, adaptation always comes at a price. Our employees have also been tested by the pandemic—either by being directly on the frontline of maintaining essential traffic or constrained by remote work.

We are not made of stone. It would be simplistic to say that what does not kill you makes you stronger. However, it does support the human element and show new opportunities. The pandemic has helped many appreciate what is really meaningful. Dogs barking and spouses getting coffee during video meetings have also opened new windows into the everyday life of colleagues.

Rail traffic is open to competition as passenger traffic was also opened at the beginning of 2021 with the open access model and, in a competitive market, our goal is to be the most responsible choice. We welcome other parties to the tracks by setting an example of responsibility: For example, we are the only operator in Finland to offer electrically driven traffic services. About 80% of our freight trains and 95% of our passenger trains already run on electricity, and all the electricity we use is renewable.

Last year, we highlighted electric rail transport through the Future Runs on Rails campaign, but responsibility is much more than low-carbon transport. This report demonstrates our progress in the areas of responsibility: safety, customer orientation, employee experience, environmental responsibility and corporate social responsibility. All of this is characterised by the fact that the people at work, and we at VR are “Getting there together for a better world” even through our hardships. I would like to thank all of our employees for allowing me to be on this journey with you – as real people, with the Teams interruptions and everything else.



Taru Uotila

Senior Vice President,
Legal Affairs and Sustainability

Responsibility as part of our business

Environmental responsibility is at the core of the operations of VR Group, and we have been working for decades to promote it. Railway traffic is an environmentally friendly and energy-efficient mode of transport by itself, and the electric traction used by VR Group allows a large-scale utilisation of environmentally friendly electricity in transports today, before it becomes more common in other modes of transport. The larger the share of people and goods traveling by rail, the more the climate benefits.

Besides environmental responsibility, the key areas of VR Group's responsibility include safety, customer orientation, employee experience and corporate social responsibility. They are based on the materiality analysis that was updated on the basis of a stakeholder survey conducted in 2018.

VR Group strives to be a pioneer in responsible business and to help its customers and stakeholders achieve their sustainable development goals. This is best achieved if the company takes care of its efficiency and is able to price its services as competitively as possible. The Group is committed to the Finnish Government's objectives for cutting emissions, according to which Finland will be carbon neutral in 2035 and carbon negative soon after. VR Group's vision is "Getting there together for a better world" – VR Group not only builds a more sustainable society, but also develops its own operations to a new level

Responsibility management

Responsibility management is organised and integrated as part of VR Group's business operations by the VR Group's Board of Directors, which approves the Group's operating principles and key policies. Responsibility is an integral part of VR Group's strategy and a uniting theme of its overall business portfolio and growth areas. Responsibility is integrated into day-to-day business operations and its implementation is consistently evaluated in decision-making in all areas of the Group.

Responsibility projects have been organised into a responsibility programme that ensures systematic monitoring and reporting of measures. The Group Management Team directs and monitors the development of the responsibility programme. The business unit supervisors are responsible for implementing the responsibility objectives and separate responsibility projects within their organisations. The areas of responsibility are taken into account in the Group's reward systems. A high level of safety in one's own operations is a key criterion for the reward. The following table summarises the management of responsibility by area.

Areas of responsibility at VR Group



**Safety and
security**



**Customer
orientation**



**Employee
experience**



**Environmental
responsibility**



**Corporate social
responsibility**

Description of the management method

VR Group's key areas	Safety and security	Customer orientation	Employee experience	Environmental responsibility	Corporate social responsibility
Management method and purpose	Page 14	Page 20	Page 25	Page 28	Page 39
	<p>The purpose of the management method of each area of responsibility is to create the best conditions for implementing our organisation's responsibility promises, promoting the SDGs and achieving the objectives</p> <p>Risk management is described in the Corporate Governance Statement, page 5</p>				
Goals and indicators	<p>Goals of the strategy period:</p> <p>Railway safety incident rate target for 2026 is 12.</p> <p>Accident rate target for 2026 is 5.</p> <p>Key indicators of responsibility are described in the table on page 9</p>			<p>Environmental goals for 2021–2025 are described on page 29</p>	
Feedback mechanisms	<p>Safety observations</p> <p>Incident reporting and monitoring</p> <p>Safety audits</p> <p>Safety committees and working groups engaging personnel</p>	<p>Customer surveys</p> <p>NPS</p>	<p>Personnel surveys</p> <p>Performance reviews</p> <p>Team and unit meetings</p>	<p>Environmental safety incident observations, reporting and investigation</p>	<p>Whistleblowing service</p> <p>Incident reporting</p>
Assessment of management practices	<p>We assess our practices against the objectives based on performance and stakeholder feedback.</p> <p>We conduct both internal and external audits to evaluate our operating models.</p>				

Description of the management method

VR Group's key areas	Safety and security	Customer orientation	Employee experience	Environmental responsibility	Corporate social responsibility
Policies and commitments	Safety strategy		Equality plan	Environmental system	Code of Conduct
	VR Group's railway safety management system		Guidelines for preventing harassment and other inappropriate treatment	Environmental policy	Code of Conduct for Partners
	Infrastructure manager's safety management system		WHS management systems		Procurement guideline
	VR Group's data security policy		Code of Conduct		Procurement strategy
	Data security management system		Diversity		
	VR Group's well-being, health and occupational safety activities management system				

UN Sustainable Development Goals

VR Group joined the UN Global Compact initiative in 2020 and is committed to adopting, supporting and implementing the ten principles of the initiative. The starting points of the operations of VR Group follow these ten principles, and we will report on the progress for the first time in summer 2021

Risk management policy, including risk management principles, objectives, responsibilities and operating procedures to be followed.

Value creation model

Our key resources

People

- Professional and motivated personnel, 5,620 FTEs
- Customers, partners and subcontractors

Intangible resources

- Brand and reputation: The sixth-most responsible brand in Finland
- Customer information and its utilisation
- Transport and traffic planning expertise
- Maintenance capabilities
- Environmental, occupational health care and safety management systems
- Stakeholder networks

Financial resources

- Balance sheet EUR 1,938 million
- Equity ratio 66,4%

Production resources

- Traffic rolling stock
- Properties
- Maintenance production factors
- Information systems and apps

External resources

- Purchases and investments
- Suppliers of goods and services
- Owner: Finnish state

Natural resources:

- 100% of electricity used generated in Finland using renewable energy

VR Group's operations

The core of our business is to provide our customers with high-quality, environmentally-friendly passenger and logistics services and maintenance of rolling stock. We mainly operate in Finland and Russia.

Vision 2030 – Getting there together for a better world

Operations are based on three business areas

VR

Passenger services, Pohjolan Liikenne bus service and the operation and restaurant services of the Tampere tramway

VR Transpoint

Railway and road logistics

VR FleetCare

Rolling stock maintenance and lifecycle services

In 2021, operations resulted in

55.0	28.9	4.1	37.4	5.3
million journeys by rail	million journeys by bus	million journeys by the Tampere Tramway	million tonnes by rail	million tonnes by road

Train fleet maintenance, development and maintenance of properties

Handprint

As the result of VR Group's existence, greenhouse gas emissions from traffic are approximately 0.5 million tCO₂e lower, corresponding to the emissions of two cities the size of Vaasa

VR Group's operations are guided by **UN Sustainable Development Goals** and **Objectives of ownership steering by the state**: "All state-owned companies must base their operations on corporate social responsibility. The financial, social and environmental impacts of operations must be taken into account in decision-making. Finland will be carbon neutral in 2035 and carbon negative soon after."

Outputs and impacts

For customers

- Mobility of people and goods
- Accessible and equal mode of transport
- Promoting the competitiveness of industry

For employees

- Meaningful work
- Livelihood
- Occupational safety and well-being

For society

- Taxes, dividends and other payments to the Finnish state
- Upholding security of supply
- Payments to suppliers and partners
- Non-traffic costs
- Joint development of the traffic system

For the environment

- Reduction of traffic emissions and promoting Finland's climate goals
- Low-emission services
- Promotion of the circular economy and material efficiency

Key indicators of responsibility

Area of responsibility and responsibility promise	Key indicators	2021	2020
Safety and security We ensure that people and goods reach their destinations in the safest way possible – safety is our way of doing things	Railway safety incident frequency (per 1 million hours)	28.9	22.5
	Lost-time injury frequency (per 1 million hours)	9.2	7.6
Customer orientation We are our customers' first choice	Net Promoter Score (NPS), long-distance traffic	39	36*
	Net Promoter Score (NPS), commuter traffic	9	11*
	Net Promoter Score (NPS), rail logistics	27	33
	Net Promoter Score (NPS), maintenance	-4	17
	Punctuality, long-distance traffic, %	86.9	88.6
	Punctuality, commuter traffic, %	92.6	96.6
	Punctuality, rail logistics, %	87.1	90.4
	Customer punctuality of long-distance traffic, %	85.4	85.6
Employee experience Together we build an inspiring workplace where everyone thrives	Sickness-related absence %	4.6	4.4
	Employee satisfaction, recommendation, scale 1–4	2.4	2.7
	Employee satisfaction, general feeling, scale 1–4	2.4	2.5
	Employee satisfaction, supervisor index, scale 1–4	3.1	3.2
Environmental responsibility We reduce the environmental impact of traffic and the carbon footprint of society	CO ₂ e emission intensity, passenger rail services (g/pkm)	2.2	2.3
	CO ₂ e emission intensity, rail logistics (g/tkm)	5.4	5.4
	Energy efficiency, passenger train traffic (Wh/pkm)	133.6	135.7
	Energy efficiency, rail logistics (Wh/tkm)	45.5	44.7
	Recycling rate (%)	65	65
	Chemical leakages (qty)	0	3
Corporate social responsibility We increase Finland's well-being	Number of journeys, passenger services, million journeys	83.9	88.6
	Transported tonnes, freight traffic, million tonnes	42.7	41.5
	Tax footprint		

* Measurement method changed in 2021, comparable figures according to the new measurement method indicated in the table

UN Sustainable Development Goals and Global Compact




VR Group's responsibility work is built on the UN Sustainable Development Goals. In 2020, we joined the Global Compact initiative that support them, expressing our support for promoting human rights, labour rules, environmental protection and anti-corruption.



Main UN goals for VR Group

 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation</p>
 <p>10 REDUCED INEQUALITIES</p> <p>Reduce income inequality within and among countries</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient, and sustainable</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen the means of implementation and revitalise the global partnership for sustainable development</p>

Secondary goals that support the achievement of main goals

 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>
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Area of responsibility	Essential UN targets for VR Group	Examples of VR Group's means of advancing the targets
Safety and security 	<p>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</p> <p>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</p>	<p>Safety management</p> <p>Public transport provided by VR Group, taking special groups into consideration in its development</p> <p>Equality plan</p>
Customer orientation 	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and fair access for all.</p> <p>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.</p> <p>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.</p>	<p>Stakeholder collaboration, such as participation in the Ministry of Transport and Communications' Roadmap for fossil-free transport working group and Traffic 12 planning</p> <p>Promoting regional accessibility and equality by maintaining traffic service</p> <p>Public transport provided by VR Group, taking special groups into consideration in its development</p>
Employee experience 	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>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.</p> <p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p> <p>10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.</p>	<p>Equality plan</p> <p>Development of management</p>

Area of responsibility	Essential UN targets for VR Group	Examples of VR Group's means of advancing the targets
Environmental responsibility 	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency.</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>Own environmental goals and increasing the modal share of railway traffic</p>
Corporate social responsibility 	<p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.</p> <p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead.</p> <p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and fair access for all.</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p>16.5 Substantially reduce corruption and bribery in all their forms.</p> <p>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels</p>	<p>Customer and stakeholder collaboration</p> <p>Code of Conduct</p>

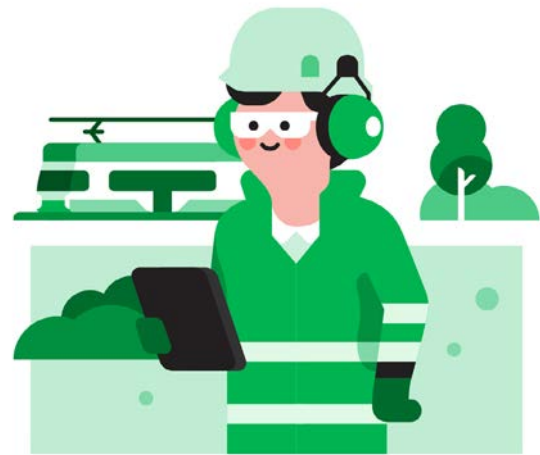
A high-angle photograph of a railway worker in a snowy environment. The worker is wearing a bright yellow Petzl helmet, safety glasses, and a high-visibility yellow and grey jacket. They are working on a rusty metal rail component, using a red-handled tool. The background shows snow-covered ground and other rail infrastructure. A series of white diagonal lines are overlaid on the top right of the image.

Safety and security responsibility promise

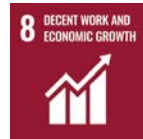
We ensure that people and goods reach their destinations in the safest way possible – safety is our way of doing things

Progress in the areas of responsibility

Safety and security



We ensure that people and goods reach their destinations in the safest way possible – safety is our way of doing things



Safety management method and purpose

Safety activities are based on the safety policy and strategy approved by the Board of Directors of VR Group, specifying the meaning of safety and related objectives. Annual safety action plans are prepared based on this at the Group and unit levels.

The purpose of safety work is to prevent accidents, damage and harm to customers, personnel and the environment and to ensure smooth and uninterrupted business operations.

The safety responsibility guideline defines the general principle of the distribution of responsibilities at VR Group, safety responsibilities for key functions and roles and the principles for internal security collaboration.

The general principle of the distribution of responsibilities is that the Board of Directors of VR Group is committed to the development of safety and requires continuous improvement.

The Board of Directors approves the safety and risk management policies and safety strategy, as well as strategic safety goals. The Board of Directors defines the meaning of safety as part of the remuneration system.

Business units are responsible for the safety and risk management of their operations at all levels. Through their expertise, safety functions support and help business units to succeed in safety work and ensure the development of safety. Internal audit ensures compliance with the Group guidelines and management systems with its own measures. Mutual safety policies, the safety strategy, safety management systems and methods as well as the Group's safety guidelines enable and ensure safe, efficient and high-quality operations.

Indicators of safety and security

Railway safety

In 2021, there were no accidents resulting in death in train traffic or shunting operations, among passengers or personnel.

The number of railway safety incidents increased in 2021 and the frequency goal for 2021 (< 21.0) was not reached. The final outcome was 28.9.

The number of major railway safety incidents (20) doubled from the previous year (10). The rise is explained by the increase in the number of significant level crossing accidents (fatalities or serious injuries or traffic disruptions of more than 6 hours), 12 (5) of which occurred in 2021. In 2021, there were a total of 26 (21) level crossing accidents in which VR Group was involved. The Finnish Transport Infrastructure Agency has had a level crossing removal and improvement programme for 2018–2021. The work will continue on the basis of the 12-year (2021–2032) national traffic system plan approved in 2021.

All significant deviations are always thoroughly investigated and the results of investigations determine the necessary actions to correct the deviation. In May–June, for example, two railcar fires occurred within a month, which led to all railcars being pulled out of traffic for inspection. The fleet was taken back into use only once the root causes of the fires had been clarified and it was ensured that there was no structural or other defects in the fleet. After the collision of two Pendolino trains in December related to shunting work at the Tampere railway yard, the instructions related to the work task and ensuring departure were updated. In the aforementioned cases, the deviations became significant due to economic damage, while no personal injuries occurred.

VR Group's railway safety incident frequency by business unit:

Business operation	Goal for 2021	Outcome in 2021	Outcome in 2020
VR Passenger Services	9.0	6.1	9.0
VR Transpoint's rail logistics	27.0	38.7	28.7
Train operations	27.0	40.5	32.9
VR FleetCare	18.0	29.8	19.4
VR Group, total	21.0	28.9	22.5

The challenging snow and ice conditions in the first months of 2021 raised the railway safety incident frequency to an alarmingly high level. The situation improved during the spring and summer, but the number of incidents increased again during the remainder of the year. Incidents were particularly common in shunting work.

Work performed in the winter conditions was acutely and actively addressed by all businesses, and campaigns, training sessions, safety clinics and safety discussions between supervisors and subordinates were held to raise awareness.

In addition, VR Transpoint carried out a more detailed analysis of its railway safety incidents at the beginning of the year and launched seven priority measures in autumn 2021 to avoid a similar situation in winter 2021–2022. The measures involved both training and communications measures for staff and supervisors and, as a concrete measure, the controlled reduction of shunting speed in selected railway yards, for example.

One of the measures was the group-wide winter safety campaign, which utilised the lessons of the past winter to remind everyone of the risk factors of winter conditions and aimed at preventing work-related accidents and incidents in the winter. The campaign included four common themes related to proactive action, speeds, sense of urgency and slips and falls. The campaign was used in both railway and road transport operations.

VR Group operates passenger and freight traffic according to the safety certificate issued by the Finnish Transport and Communications Agency Traficom. The safety certificate is valid for a period of five years at a time. The application process is lengthy and the application must be submitted at least six months before the expiry of the current certificate. VR Group submitted its application by the deadline (31 October 2021). The current safety certificate is valid until 30 April 2022.

Occupational safety

In 2021, the Group's lost-time injury frequency was 9.2 accidents per million hours worked. The frequency was well above both the targeted level (7.5) and the actual outcome for 2020 (7.6).

The particularly challenging winter conditions in the first months of 2021 also made the occupational safety situation worse. With the exception of the peak in June, the number of accidents fell from May onwards. Despite the group-wide winter safety campaign, the number of accidents began to rise slowly again in November and December.

The worst situation early in the year was at Pohjolan Liikenne and VR FleetCare, where an occupational safety development programme was introduced to improve the situation. The poor situation at the beginning of the year was analysed and the content of the development programme was divided into different themes: safety management, safety expertise, occupational safety guidelines, employee involvement, improving the foundation, efficient use of the safety reporting system and use of substitute work. The measures helped reverse the trend and VR FleetCare had several months without accidents during the rest of the year.

In addition, regular safety briefings were continued at the group level as well as in business operations to monitor the safety situation and share the lessons learned and good practices. Due to the pandemic, many briefings were also arranged remotely. This operating model was found to be effective and increased the number of participants in these briefings (in total more than 53,000 in 2021). However, the workplace safety rounds by management, supervisors and experts planned for 2021 did not take place due to COVID-19 restrictions.

The number of work-related accidents affecting frequency increased from the previous year, which also increased the accident frequency. However, the number of work-related accidents that led to an absence exceeding one month reduced in 2021 to 12 (14). The number of days of absence due to accidents increased to 1498 (1475).

Of the operations-related businesses, only train operations reached its accident frequency target. The frequency performance of passenger services was affected positively by Avekra, which performed below the set frequency target for the first time.

VR Group's lost-time injury frequency (LTIF1) by business operation:

Business operation	Goal for 2021	Outcome in 2021	Outcome in 2020
VR Passenger Services	10.0	12.1	12.0
VR Transpoint's rail logistics	4.0	7.0	0.6
Train operations	5.5	4.7	5.8
VR FleetCare	7.0	10.6	7.8
Corporate services	0.0	0.0	0.0
VR Group, total	7.5	9.2	7.6

Data security and cybersecurity

In 2021, there were no significant data security incidents and no significant findings were found through the Bug Bounty vulnerability award programme in use throughout the VR Group.

In 2021, the extensive cybersecurity survey of the train fleet started the previous year was continued. The survey investigated the cyber capabilities of the rolling stock so that we can better prepare for future cyber threats. The surveys will continue to be carried out in cooperation with the businesses and a partner, both in the train fleet currently in use and the new stock to be procured.

In general, it can be said that the number of cyber attacks has increased and that they are more advanced as a result of digitalisation. Cybersecurity incidents can also cause financial losses and undermine users' trust in services. For this reason, VR Group invests heavily in the development of cybersecurity precautions, preparedness and risk management in the Group. As in the previous years, no trains had to be cancelled in 2021 due to a data security incident.

Development of safety work and knowledge-based management

The systematic management and utilisation of safety and safety information are prerequisites for the continuous improvement of safety. Management must be based on information that is easily available through reporting to support analyses and conclusions.

Safety-related information is collected in VR Group's information system, which was introduced at the end of 2020. The number of notifications increased from the previous year and the rate of notifications related to accidents, incidents or observations is good: more than half of the notifications were safety observations, which is a basic prerequisite for the development of safety. More than half of VR Group's employees made safety observations.

In 2022, the safety information system will be introduced by Pohjolan Liikenne also in terms of safety observations and incidents. The system will also be developed further with, for example, tools that support proactive risk management.

Safety goals are part of the remuneration systems of management, supervisors and the personnel. The majority of the Group's staff are covered by the Priima remuneration system, where an annual safety goal is set for everyone. In addition, there is also a quarterly safety reward for field personnel. The remuneration model has been seen as a good way of encouraging staff to work in a safer manner, and it allowed the staff to be rewarded, for example, for long periods without accidents at the unit level, even though the frequency targets set for 2021 were not reached.

The Priima remuneration system's safety component is also being continuously developed to provide more incentives. With regard to remuneration in 2022, VR Group's Board of Directors decided that remunerations in accordance with the common safety goals can be paid according to the actual outcome, even if the Group's EBITDA goal, which triggers the rewards, is not met. A tier system was also added to the safety goals to replace the indicator that was previously used on an on/off basis, i.e. estimated to have been met fully or not at all. The quarterly safety remuneration will continue in 2022.

COVID-19 preparations continued to be a significant part of safety work in 2021

The COVID-19 pandemic that began in 2020 was also prevalent in 2021. The measures launched in 2020 to ensure both the health security of personnel and the safety of passengers continued throughout the year.

Remote work was strongly encouraged in all roles where it was possible. The number of on-site workstations was reduced and, for example, changes in the use of rest and break rooms were made. The aim was to ensure safe distances and avoid exposures. All training and orientation of personnel was also carried out remotely, where possible, through Teams or as online training. Field training and orientation followed previously defined guidelines and restrictions on the number of people allowed to take part.

At the end of February 2021, the pandemic in Finland worsened and a state of emergency was announced on 1 March. VR Group followed and complied with the guidelines issued by authorities and tightened the internal guidelines in accordance with them. Among other things, the face mask recommendation became a requirement in all work tasks at all workstations in the Group.

Customers were also required to wear face masks in public transport and on railways, buses and trams. In addition, measures to ensure passenger safety already in place and new service models, such as the possibility of buying an empty adjacent seat or reserving an entire cabin for own use, were continued. A new operating model for ordering food from the restaurant car to the passenger's own seat was introduced.

Towards the end of the summer, as vaccination coverage increased, the Finnish government gradually relaxed restrictions. The extensive remote work recommendation ended in September, and the instructions related to the use of face masks became a recommendation once again instead of a requirement.

At VR Group's workplaces, restrictions were lifted on the basis of risk assessments and the recommendations of the authorities. For example, the hybrid work model combining remote and office work was introduced in October and restrictions on gatherings were lifted so that training and staff events could be arranged. However, the hygiene requirements and recommendations on safe distances and the use of face masks during interaction were maintained.

At the beginning of December, the epidemic worsened again and, in accordance with the recommendations of the authorities, VR Group moved back to remote work and the use of face masks indoors once again became compulsory. The restrictions on gatherings were also tightened and, for example, all recreational events at the end of the year were postponed to 2022. In addition, the Iso Paja restaurant introduced a COVID-19 passport requirement for its restaurant and conference customers.

The Group's COVID-19 coordination group continued to regularly convene weekly in 2021, and the practice will continue for as long as the situation requires. In addition, regular email communications and information sessions for supervisors about the current topics and policies of the coordination group will be continued for the time being. Furthermore, in order to distribute up-to-date information to the entire staff, an internal COVID-19 preparation site will be updated to contain the Group's own instructions and the guidelines issued by authorities and any situational data related to the pandemic.

COVID-19 infections among the personnel have followed the national trend throughout the pandemic and no large-scale transmission chains have occurred at workplaces.

Many of the measures and restrictions imposed due to the COVID-19 pandemic will continue in 2022. The pandemic will be monitored continuously and the measures will be updated as appropriate.

CASE

Positive and open safety atmosphere in VR Group

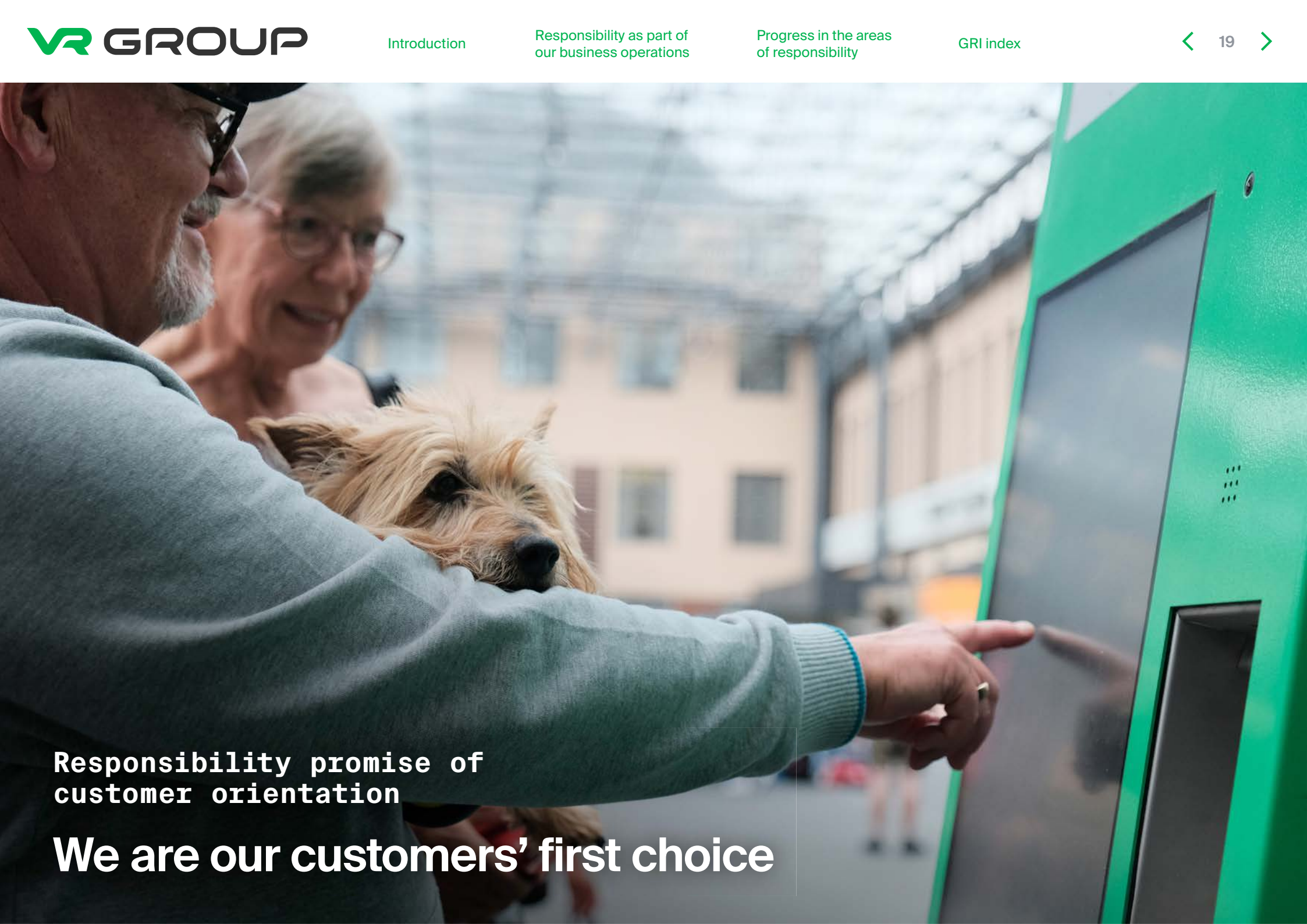
A safety atmosphere survey organised by the European Union Agency for Railways (ERA) was conducted in the VR Group between 10 May and 10 June 2021. The survey mapped opinions on the safety of operations. Based on the results, actions are planned to further improve the safety culture.

The results show that the strengths of our safety culture are reporting, interpersonal skills and roles and responsibilities. Reporting covers the organisation's procedures and tools for submitting safety notifications. The staff are encouraged in many ways to participate and contribute to the development of safety. Good interpersonal skills are demonstrated by a climate of trust, respect and openness among our staff. The organisation and its management appreciate open discussion in order to address even the most difficult issues. Roles, responsibilities and powers are clearly defined, understood and accepted. The same rules apply to partners.

The development areas of our safety culture are the complexity of the system, management measures and working conditions. According to the respondents, the assessment of safety is neither comprehensive nor predictable enough. In addition, there is a perceived lack of consistency in what is acceptable and what is not. The respondents also believe that working conditions and the processes and work equipment involved, in particular, have not been sufficiently taken into account in the planning of the work.

The observations of the safety atmosphere survey were reviewed by the business operations, both in work safety committees and between supervisors, and included in the normal planning of operations as safety development measures.

ERA encourages continuity in the development of safety culture. A corresponding survey will be carried out in our organisation in 2–3 years.

A photograph of an older man and woman with a small, scruffy dog. The man, wearing glasses and a grey sweater, is pointing at a large, green, vertical kiosk with a black screen. The woman, also wearing glasses, is smiling and looking at the kiosk. The dog is sitting on the man's arm. They are in an outdoor setting with a building in the background.

Responsibility promise of
customer orientation

We are our customers' first choice

Customer orientation

We are our customers'
first choice



Customer orientation in general – NPS and punctuality

VR Group's customers include the private customers of VR Passenger Services, VR Transpoint's industrial companies representing different sectors as well as VR FleetCare's rolling stock owners. Therefore, customer needs differ. However, the Group's promise of customer orientation is the same for everyone – being the customers' first choice.

The indicator used for customer orientation at VR Group is the NPS (Net Promoter Score) index, which uses a scale between -100% and +100%. The value of the indicator is calculated by subtracting the number of answers for an excellent grade (9 and 10) from the number of answers for a poor grade (0–6) and proportioning the difference to the number of all answers. In the HSL commuter traffic which VR Passenger Services operates, the percentage of passengers satisfied with HSL, with a range of 0–100 per cent, is measured. Reporting on customer satisfaction also includes the development proposals based on comments identified in the survey.

The punctuality of trains, meaning the percentage of trains arriving on time (within tolerances) of all trains, has a major impact on customer satisfaction.

Key indicator	2021	2020
Customer satisfaction (1)		
Long-distance train traffic, NPS (2)	39	36 (46)
Commuter train traffic, NPS (2)	9	11 (31)
Logistics, NPS	27	33
Maintenance, NPS	-4	17
HSL commuter train traffic, satisfaction level	77.3	89.7
Punctuality		
Long-distance train traffic (5 min)	86.9	88.6
Commuter train traffic (3 min)	92.6	96.6
Rail logistics (15 min)	87.1	90.4
HSL commuter traffic	1.06 min	0.51 min
Customer punctuality, long-distance traffic (5 min)	85.4	85.6

(1) NPS calculated as the average of four measurements. The exceptions were VR FleetCare, where two measurements were taken in 2020 and four in 2021, and VR Passenger services' new calculation method, where the results are the annual sum of responses.

(2) Measurements according to the old method in parentheses

At the beginning of 2021, VR Passenger Services shifted to a new NPS measurement method, which resulted in a significant reduction in all recommendation indices. However, NPS developed positively in long-distance traffic, reaching 39 in 2021. The NPS for long-distance traffic in 2020 was 36. Investments in cleaning, development of the services of on-board restaurants service and improvements in digital self-service channels have improved customer satisfaction for long-distance traffic. The health security of long-distance traffic is considered to be relatively good.

The NPS for VR's commuter trains decreased to 9 in 2021. The Net Promoter Score (NPS) for commuter traffic in 2020 was 11. HSL customer satisfaction decreased as well. The share of satisfied people was 77.3% in 2021, compared to 89.7% in autumn 2020. The general development wishes were mainly related to punctuality, the management of disturbances and incidents and the cleanliness and health security of trains.

VR Transpoint's customer satisfaction decreased during 2021. The average net promoter score (NPS), which is measured once per quarter, decreased to 27 (33). In particular, the challenging winter conditions affecting the security of supply contributed to this result.

The punctuality of long-distance train traffic fell short of the goal of 90 per cent of trains arriving less than 5 minutes late from the timetable. 86.9 per cent of long-distance trains were on time. The punctuality of long-distance traffic, i.e. the proportion of customers arriving less than 5 minutes late, was also slightly below the target at 85.4 per cent (goal: 87.5%). In rail logistics, punctuality fell from the previous year's level to 87.1 per cent (goal: 87.5% of trains less than 15 minutes late).

The punctuality of commuter train traffic fell short of the goal of 97 per cent of trains arriving less than 3 minutes late from the timetable – the combined result for VR Passenger Services' own commuter trains and HSL trains was 92.6 per cent. The stricter threshold of 0.65 minutes of delay agreed in the HSL contract was not met, with an average delay of 1.06 minutes for HSL commuter traffic throughout the year.

Punctuality challenges were particularly due to renovation and construction work on rail infrastructure maintained by the Finnish Transport Infrastructure Agency, resulting in speed and capacity restrictions being more extensive than planned and in track equipment failures. These restrictions were visible on the Karelian Line in Lappeenranta, the Tampere–Jyväskylä rail section of the main line and in commuter traffic. In passenger traffic, delays caused by the condition of the rail infrastructure as a reflection effect have increased from the previous year, which shows a decrease in punctuality, especially in the capital region.

VR Passenger Services' customer orientation

Customer orientation is the starting point of the strategy of VR Passenger Services, combining the comfort, reliability, speed and environmental friendliness of travel. Strong and cost-effective growth by acting in the best interest of the customers at all stages of the journey is at the core of the Passenger Services strategy.

The monthly customer survey on the feeling of safety, launched in spring 2020, continued throughout 2021. The purpose of the survey is to study passengers' concerns and wishes concerning health security. Based on the survey results, the requirement to wear a face mask in passenger traffic was introduced in spring 2021.

VR Passenger Services monitors its brand image with the monthly Brand Tracking survey. The development of the brand image is particularly monitored through key attributes. The key attributes are easy to use, service orientation and renewing. Their average score has been approximately 60.5 throughout the year, while the goal has been 58.

Customer orientation is at the core of all service and digital development. Several new features were introduced to the VR Matkalla app in 2021. Customers can, for example, change their seat as a self-service and upgrade their travel class from Eko to Ekstra, the upper floor of the restaurant car or to their own cabin. The latest new feature introduced in the app is the possibility to change the travel time of a single ticket as a self-service.

An example of customer-oriented development in the train fleet is the new Ekstra class wagons. The reforms have increased the comfort and peace of travel, which customers have asked for. The changes include wider seats and more legroom, more spacious and comfortable toilets and sound-absorbing carpets. In addition to the new Ekstra classes, VR invested in the rolling stock of passenger services by deploying seven new restaurant cars during 2021. The new restaurant cars have replaced some of the sales trolleys.

VR established a new passenger service team responsible for traffic bulletins, sales support and social media customer service. Communications to the personnel and customers, previously decentralised to different teams, has been centralised to a single team tasked with improving disruption communications to customers and personnel.

The prerequisites for customer orientation are created with data and analytics, and VR Passenger Services has made significant investments in data and analytics expertise in recent years, using it to understand customer needs and respond to them even better.

VR Transpoint's customer orientation

VR Transpoint aims to offer overall logistics services that meet the customer's needs and support the customer's business. In the operations of VR Transpoint, customer orientation requires understanding the customer's business, supply chain and sector as well as the ability to adjust operations to them in collaboration, listening to the customer. Customer orientation also means responding to customers' expectations and good management of the agreed tasks: easy and smooth service, flexible and efficient operations, punctuality and delivery reliability as well as responsibility and trustworthiness. The customer is satisfied when the goods are in the right condition in the right place and delivered sustainably, competitively and punctually.

VR Transpoint and its partners have developed new solutions that combine rail and road transports with port operations and other additional logistics services, for instance. This allows for customising the customer's entire logistics chain with its additional services from the factory to the port, which makes the management of the chain as a whole easier and more efficient. VR Transpoint aims for strategic partnerships with its customers, with the parties committing themselves to developing their operations together. One form of such collaboration is the preparation of joint emission strategies, for example. With them, the emissions of the customers' transport chains can be reduced significantly by moving transports to rail and promoting other low-emission solutions. An example of a recent agreement is the joint goal between the steel company SSAB and VR Transpoint to reduce the emissions caused by the cooperation by approximately 50% by 2024.

Customer cooperation also includes the development of new rolling stock solutions. Last year, new modular Finnowagon wagons were introduced in the transportation of pyrite. The new rolling stock solution makes railway transport more efficient by enabling heavier working loads, and the flexible wagon is suitable for transporting different kinds of freight. New container equipment was introduced for transporting metal concentrates, which has enabled the mining company Boliden Kevitsa Mining Oy to increase the net load of railway transport by about 25 per cent. The fleet of road vehicles transporting metal concentrates was also renewed.

Safety is also customer orientation. Safety work is carried out in close cooperation with customers, and both parties are committed to ongoing safety work.

VR Transpoint develops its information systems and digital services in an increasingly customer-friendly direction to meet the needs of customers even better. Data is used to support decision-making, and it also helps with joint planning and the definition of measures with customers. With advanced IT solutions, customers can be offered even more extensive and detailed information about transports. VR Transpoint has deployed the digital L360 service providing real-time transport information, and its development will continue. In addition, VR Transpoint is digitalising its road logistics operations with a new ERP system. The system enables VR Transpoint to streamline and accelerate its road logistics services, provide its customers with more targeted and diverse up-to-date information on transport and measure the environmental performance of transport.

VR Transpoint also invests in active customer information and communication about disruptions. A key aim is to improve customer satisfaction.

VR Transpoint commissions an extensive customer satisfaction survey once a year. The customer satisfaction survey positively highlighted the safety and responsibility of VR Transpoint's operations, the personnel's service attitude and VR Transpoint's reliability as a partner. On the other hand, there is room for improvement in the operational reliability.

VR FleetCare's customer orientation

At the heart of VR FleetCare's strategy is to improve the customer experience together with the customer. The aim is to improve the competitiveness of our customers by combining innovative technology and strong rail traffic expertise into one customer-oriented service. VR FleetCare's helps customers in developing the lifecycle costs and usability of rolling stock by offering them even more detailed information about the condition of the rolling stock or rail infrastructure.

Customer understanding is a tool for strengthening the strategy and the continuous development of customer relationships. In 2021, VR FleetCare conducted three satisfaction surveys online and one extensive customer survey to deepen its understanding of customers, gather information about potential challenges with customer cooperation and identify strengths.

Based on the more extensive survey conducted in autumn 2021, customers feel that VR FleetCare has the professional skills to take care of the big picture, it is easy to work with contact people and the company has a genuine desire to listen to feedback and develop operations together with the customer. One in three respondents estimate that the brand image is evolving and renewing, while one in two associate VR FleetCare with reliability, expertise and maintenance.

Customer satisfaction is measured quarterly in 2022. Regular measurement supports the goal-oriented development of the customer experience, which is one of the priorities of VR FleetCare's current strategy period. The customer satisfaction survey maps the changing needs of customers: what they particularly appreciate in the partners' operations, how the operating environment is changing and what are their future expectations. Measures are planned and targeted on the basis of information collected with the customer surveys.

Customer experience is developed as part of the development of other business operations. The development priorities are the predictability and smoothness of operations, ensuring quality and understanding end customers better. VR FleetCare's ongoing strategic development projects that aim to improve the customer experience include the Modern Operating Models reform and a development programme of the project business. The customer service centre established at the beginning of 2021 also aims for a centralised customer service model. Other important measures to improve the customer experience in different businesses are aimed at the customer interface to clarify roles and responsibilities.

The digital services of VR FleetCare seek to identify solutions for improving customers' business. Data-controlled, predictive and condition-based maintenance and improving maintenance programmes are at the core of development. New technology is developed continuously, which increases the efficiency of proactive maintenance: items requiring maintenance are identified and projected earlier, which decreases rolling stock or rail failures and traffic disruptions. Rolling stock usability is improved through timely maintenance and servicing. In the summer of 2021, VR FleetCare launched Train Scanner, a new digital service product based on machine learning that has been introduced in HSL commuter train traffic.

Customers' rolling stock ad components gain additional service life through lifecycle expansion, saving natural resources. VR FleetCare modernises rolling stock based on the customer's needs, with services ranging from small renovation projects to complete overhauls, giving additional years of service. VR FleetCare refurbishes and repairs components and fits them back after repair instead of replacing components with new ones. In spring 2021, VR FleetCare received the sleeper car stock of a Norwegian customer, sourced from Germany, to be modified for the Bergensbane route. The modernisation project improved the passenger comfort and safety of the rolling stock and revamped the cars to match the customer's brand image. Some of the alteration work also focused on improving operational reliability in winter conditions. The project was carried out in cooperation between the Pieksämäki machine shop and the Oulu depot.

CASE

Train toilets

VR Passenger Services launched a project to renovate the toilets of long-distance trains at the end of 2020. The project began with a customer survey, and two toilets were renovated on the basis of the results at the end of 2020. Feedback from the personnel and customers about the changes made was collected in the pilot project, and all toilets on the Pendolino trains, totalling around two hundred, were renovated in 2021. The project will continue in 2022 with the renovation of the toilet facilities of IC trains. The aim is to upgrade all 600+ toilets to a new look by the end of August.

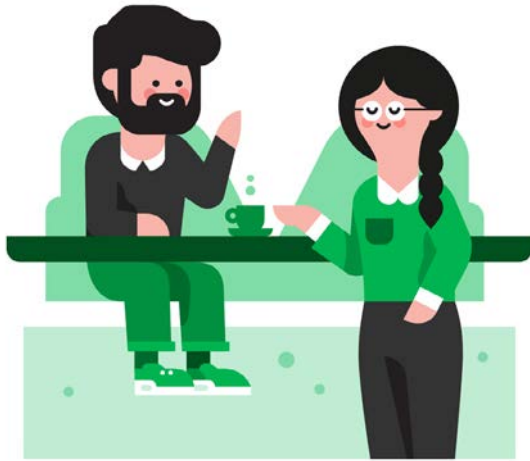
The renovation of toilets is focused on visual surfaces. For example, a birch landscape and birch veneer-like tape is added to the facilities. The walls, cabinets and countertops will be upgraded with the new look. The information stickers in toilets will also be updated.

A photograph of four VR Group employees—two men and two women—walking together in front of a red bus. They are all wearing black high-visibility work jackets with reflective silver stripes and a red shirt underneath. The man on the far left is smiling and looking towards the others. The woman next to him is also smiling. The woman in the center is looking towards the camera. The woman on the far right is looking towards the man next to her. The background shows the front of a red bus with its headlights on.

**Responsibility promise
of employee experience**

**Together we build an inspiring
workplace where everyone thrives**

Employee experience



**Together we build an
inspiring workplace
where everyone thrives**



The foundation of VR Group's operating culture and human resources management is comprised of management principles based on the expectations of the personnel:

- 1 I respect everyone and make use of diversity
- 2 I trust, authorise and coach
- 3 I notice people in challenging situations
- 4 I lead the way and clarify the meaning of work
- 5 I encourage curiosity and renewal.

Managerial work pursuant to the management principles, an appreciating operating culture and high-quality dialogue facilitate implementing the responsibility promise of employee experience. All of the units of the Group are committed to making the necessary development improvements to achieve a better employee experience and, consequently, a better customer experience.

In 2021, the employee experience was extensively affected by the COVID-19 pandemic and its consequences for business in the form of layoffs and changed operating models, among other things. In addition, as in previous years, the focus has been on increasing interaction and employee engagement. To improve these, new joint forums have been set up and cooperation with the personnel has been increased.

The impact of the measures is monitored through quarterly personnel pulse surveys. As in the previous year, the results of the pulse survey have continued to show a decreasing trend.

VR Group is committed to respecting human rights, such as equality and non-discrimination, and offers everyone equal rights and opportunities regardless of race, gender, nationality, religion or other similar characteristics. VR Group is also committed to the UN Sustainable Development Goals to reduce inequality and offer decent work. VR Group signed the FIBS Diversity Charter in 2015. By signing it, VR Group committed itself to the following principles:

- 1 We offer equal opportunities
- 2 We identify and make use of individual expertise and needs
- 3 We justly manage the personnel and customer accounts
- 4 We communicate about our objectives and achievements

The Group has zero tolerance to inappropriate treatment, harassment and occupational discrimination. Laws, agreements and other obligations are followed with regard to employment relationships. The right of employees to form and join trade unions is respected. The processing of personal data and data protection matters are subject to the principles of the EU's General Data Protection Regulation and national legislation. In 2022, the Group will conduct an equality survey.

VR Group uses a working capacity management model that promotes the working capacity and well-being of the personnel and supports in continuing to work longer. Systematic working capacity management has achieved significant results in supporting working capacity and reducing premature retirement. Occupational rehabilitation supported by the pension insurance company has been used extensively throughout the Group, focusing mainly on vocational retraining. As a rule, employees are also offered an opportunity for personal career coaching and future planning.

Moreover, VR Group provides all of its employees with comprehensive occupational health care that includes both preventive and care-related occupational health services. Occupational health care and joint operating models with the service provider are developed in a more proactive direction.

Employee experience key performance indicators and personnel figures

The Pulse employee satisfaction survey measures the willingness to recommend VR Group as an employer, general feeling among employees and their satisfaction with their supervisors on a scale of 1–4. The surveys are conducted four times a year and they also gather informal feedback. Based on the results, both unit-specific and group-level business development plans have been made, and the implementation and effectiveness of the development activities are regularly monitored. Sickness-related absence and the supervisor index are also monitored as key performance indicators regarding the employee experience.

Managerial work has been systematically developed since 2011 with good results. Employees are very satisfied with supervisor work in all units. The supervisor index for 2021 was 3.1 (1–4). The recommendation index decreased by 0.3 units in 2021 to 2.4. General feeling among employees decreased to 2.4. Investments in employee satisfaction and well-being will continue in 2022. The aim is to significantly improve the general feeling among employees and build a positive culture through small and big measures. Requiring good behaviour in all encounters, including interaction through digital channels, is a key factor in reaching the goal.

Actions to improve well-being and working capacity in VR group are diverse and effective. The sickness-related absence rate remained at a good level but, among the larger personnel groups, absences related to mental health and coping at work increased during the COVID-19 pandemic. The substitute work operating model adopted in 2020, replacing the previous adapted work model, has also continued to decrease sickness-related absence after accidents.

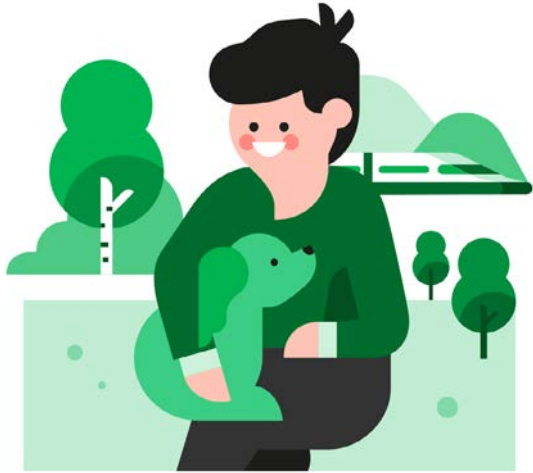
Personnel figures	2021	2020	2019	2018	2017
Full Time Equivalents in Finland – average	5,581	5,698	5,919	7,537	7 540
Change, %	-2.1	-3.7	-21.5	+0.4	-4.5
Number of employees working outside Finland	39	120	125	376	427
Total salaries and wages, EUR million	297.2	292.3	305.2	386.6	376.2
Share of permanent employees (on average), %	97	98.7	98.5	97.2	97.7
Sickness-related absence as % of regular working hours	4.6	4.4	4.4	4.4	4.7
Recommendation index	2.4	2.7	2.8	2.7	2.6
General feeling among employees	2.4	2.5	2.7		
Supervisor index	3.1	3.2	3.3		



Responsibility promise of
environmental responsibility

We reduce the environmental
impact of traffic and the
carbon footprint of society

Environmental responsibility



We reduce the environmental impact of traffic and the carbon footprint of society



VR Group plays an important role when it comes to mitigating climate change. Rail traffic is already the most energy-efficient and lowest-emission mode of transport, and we aim to be in the position of forerunner in our other business operations as well. With its operations, VR Group reduces the environmental impacts of transport and the carbon footprint of society while shouldering its own responsibility for reaching Finland's climate goals (carbon-neutral Finland 2035 and cutting traffic emissions by 50% by 2030). By making rail transport more popular, VR Group can also increase its handprint, i.e. reduce the emissions of its customers and Finland as a whole. VR Group does its part in global climate work, to which it has committed itself also through the UN Sustainable Development Goals. The Group has carried out systematic environmental work for approximately thirty years.




VR Group has an environmental management system compliant with the requirements and implementation guidelines of the ISO 14001 standard. The Group's environmental policy is complied with throughout the Group. At VR Group, everyone is responsible for taking environmental concerns into account in their own work and personnel is trained to act in an environmentally responsible manner. Our management is committed to ensuring responsible operations and taking environmental aspects into account in decision-making.

Environmental goals related to reducing emissions, increasing energy efficiency and material efficiency and chemical safety for the period of 2021–2025 have been defined. Emissions and energy consumption per unit of output are to be reduced by 15 per cent by 2025 compared to the level of 2019. Material efficiency will be improved by increasing the Group's recycling rate to 80 per cent and by committing the supply chain to continuous improvement of environmental aspects. With regard to chemical safety, the aim is to avoid major chemical leakages in the transport of dangerous goods and in handling chemicals.

Of the environmental goals, the reduction of greenhouse gas emissions and the improvement of material efficiency are also included in the remuneration systems of management and key personnel. VR Group has also signed a revolving credit facility agreement, the margin of which depends on the achievement of these environmental objectives.

Energy and emission efficiency targets showed no progress in 2021. The COVID-19 pandemic affected the achievement of both of these targets significantly. However, the recycling rate was 65% in 2021, and no significant chemical leakages occurred.

New environmental goals for 2021–2025

SDG	Targets specified by the UN	Heading	Goal for 2025	Baseline 2019	Situation in 2021
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Reducing emissions	Greenhouse gas emissions per output decrease by 15%	0 (baseline year)	+2
	7.3 By 2030, double the global rate of improvement in energy efficiency.	Increasing energy efficiency	Energy consumption per output decreases by 15%	0 (baseline year)	+8
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Increasing material efficiency	The recycling rate is 80%	60	65
	12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.		Major suppliers commit themselves to continuous improvement (a share of new contracts, %)	Not required previously	38
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	Chemical safety	No significant leakages (qty)	0	0
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.				

Reducing emissions

VR Group has calculated its carbon footprint in accordance with the GHG protocol (GHG Protocol Corporate Accounting and Reporting Standard) since 2018. Emissions are divided into Scope 1 and 2 emissions from own operations and Scope 3 emissions from the value chain. Scope 1 emissions are greenhouse gas emissions caused directly by our own operations. In practice, these emissions are caused by the fuels of diesel-powered train traffic and diesel bus traffic. Scope 2 emissions are greenhouse gas emissions caused by the production of purchased electricity, district heat and cooling. Scope 3 emissions, or other indirect emissions, are caused by the lifecycle emissions of goods and services we obtain, for instance. In addition, indirect emissions are caused by the commute and business travel of our employees, final disposal of waste, investments and emissions from the production of purchased energy.

VR Group's total emissions for 2020 were 253,723 tCO₂e. Of the emissions, used fuels caused 77,172 tCO₂e and purchased products and services 73,900 tCO₂e. In 2021, the emissions were 268,817 tCO₂e. The share of used fuels was 76,364 tCO₂e and the share of purchased products and services 74,800 tCO₂e.

In accordance with the new environmental goals (2021–2025), VR Group's emissions per unit for output will be reduced by 15 per cent from the 2019 level by 2025. The figure includes the output-specific greenhouse gas emissions of all business operations (Scope 1 and 2 and subcontracted transports). The share of renewable fuel used by Pohjolan Liikenne is not included in calculating progress toward the goals, as its share is heavily dependent on tendered contracts and their specifications.

The adoption of renewable energy and increasing energy efficiency are the most essential ways of reducing emissions.

The electricity used by VR Group's operations in Finland is produced with hydropower and involves no greenhouse gas emissions. Its origin has been verified with certificates of origin.

VR Transpoint's shunting work at Stora Enso's plants in Anjala and Inkeroinen started to use Neste's renewable light fuel oil in March. Replacing conventional fuel with a renewable fuel reduces greenhouse gas emissions from trains by 90%, and the renewable fuel burns cleaner than fossil fuels.

Efforts are being made to expand the use of renewable fuel in the future, but this requires many challenges to be overcome, such as the suitability of the fuel must be piloted for each diesel locomotive series as the engines are different.

VR Group also cooperates extensively with companies to reduce the environmental impact and carbon footprint. Examples of such cooperation include partnering with Metsä Group (see the case), SSAB, Terrafame and Boliden.

Pohjolan Liikenne deployed 23 new fully electric buses in 2021. The total number at the end of 2021 was 85 buses. For example, Sipoo's local bus traffic became almost entirely electric with the introduction of Pohjolan Liikenne's e-buses. The company receives a lot of good feedback about the e-buses. Travelling is quieter and more comfortable and the buses do not generate exhaust gases in traffic.

VR Passenger Services has been offsetting the fuel emissions of railcars and Kolari night trains since late 2019. Due to the non-electrification of the railway network, it is not possible to run these routes on renewable electricity. In addition, VR Passenger services offsets the greenhouse gas emissions of the production of electricity and diesel used in passenger rail services and the operations of the shunting yards of passenger rail services. The offset is performed by investing in Gold Standard certified voluntary emissions trading projects that reduce emissions and increase carbon sinks.

In addition to greenhouse gases, traffic also causes fine particulate (PM) and nitrogen oxide (NO_x) emissions. These emissions are calculated on the basis of fuel consumption for both train and road transport.

Reporting principles and methods / Greenhouse gas emissions and fine particulate and nitrogen oxide emissions

VR Group's accounting for greenhouse gas emissions follows the Greenhouse Gas Protocol prepared by the World Resources Institute and World Business Council for Sustainable Development. The accounting is based on the operational control boundary approach.

Carbon dioxide equivalent emission factors have been used as the emission factor whenever they have been available. The most recent published data is used as the factors. The sources of emission factors are the energy companies used by VR Group, the Energy table service, VTT's Lipasto calculation system for traffic exhaust emissions, the global Exiobase input-output analysis model funded by the EU and the emission factor tables published by the UK Department for Environment, Food & Rural Affairs (DEFRA). The five-year average published by Statistics Finland has been used in location-based accounting for electricity emissions and emissions accounting for district heat. The impacts on climate warming have been assessed in accordance with the IPCC's Fourth Assessment Report (AR4 – 100 years).

The emission factors of VTT's Lipasto system and Rastu project have been used in accounting for fine particulate (PM) and nitrogen oxide (NO_x) emissions.

Some corrections have been made to the energy and emission calculation data for 2020 and 2019 due to errors in the suppliers' reports at the time. The figures have been corrected in the tables.

Greenhouse gas emissions, tCO₂e

	2021	2020	2019
Fossil emissions			
Direct emissions (Scope 1)	76,364	77,172	90,206
Change	-808	-13,034	-14,006
Indirect emissions from energy production, market-based (Scope 2)	9,770	8,003	10,053
Change	1,767	-2,050	-3,458
Indirect emissions from energy production, location-based (Scope 2)	96,209	96,373	108,231
Change	-164	-11,858	-16,659
Other indirect emissions (Scope 3)	182,683	168,548	183,032
Change	14,135	-14,484	18,323
Total (market-based)	268,817	253,723	283,291
Change	15,094	-29,568	859
Purchased certified emission reductions	8,288	11,803	2,392
Biogenic emissions (1)			
Biogenic direct emissions (Scope 1)	15,318	14,200,	7,883

(1) No data available for Scope 3 (subcontractors' biofuels)

Other indirect greenhouse gas emissions (Scope 3) by emission source, tCO₂e

	2021	2020	2019
Purchased materials and services	74,800	73,900	88,800
Rolling stock procurement	15,339	9,076	8,656
Other emissions from energy production (production of fuels and transmission losses)	32,204	29,417	33,326
Subcontracted transports with regard to incoming and internal transport	1,094	1,440	1,609
Subcontracted transports with regard to services sold	49,753	48,148	42,295
Waste	943	1,403	1,840
Business travel	622	597	1,228
Commuting	7,926	4,567	5,278
Total	182,683	168,548	183,032

Greenhouse gas intensity

Emissions per unit of output, unit	2021	2020	2019
Passenger train traffic, gCO ₂ e/pkm	2.2	2.3	1.3
Bus traffic, gCO ₂ e/km	275.4	310.0	489.9
Rail logistics, gCO ₂ e/tkm	5.4	5.4	5.9
Road logistics, gCO ₂ e/tkm	45.6	46.5	-

The indicators have been limited to the direct emissions from the traffic use of electricity and fuel and the direct emissions from the fuel consumption of subcontracted transports. With regard to passenger traffic, the indicator has been calculated without the purchased emission reductions. The indicator for road logistics is limited to operations in Finland, the indicator has been calculated since 2020.

Traffic emissions by mode of transport, tonnes

Rail traffic	2021	2020	2019
CO ₂ e	61,381	60,028	66,291
NO _x	1,447	1,389	1,474
Fine particulate	29	28	30

Road transport

CO ₂ e	52,851	50,447	48,839
NO _x	106	133	233
Fine particulate	2.2	2.0	2.3

The CO₂e emissions of rail traffic are limited to Scopes 1 and 2. Road transport emissions are limited to domestic operations, with regard to CO₂e emissions, the limit is Scopes 1 and 2 and direct emissions from subcontracted transports.

Increasing energy efficiency

VR Group has been working long-term to improve energy efficiency. The means for this have included increasing electric traction traffic, upgrading tractive stock to more energy-efficient, increasing train sizes, improving planning and training drivers in economical driving habits.

In accordance with the new environmental goals (2021–2025), the Group's energy consumption per unit of output will decrease by 15 per cent from the 2019 level by 2025. The figure includes the per unit of output energy consumption of all business operations. Subcontracted road logistics transports are also included in the goal.

The Group's energy efficiency per unit of output worsened by 8%. The COVID-19 pandemic had a particular impact on the number of passengers travelling by train and, consequently, on the energy efficiency of passenger services, as train traffic was not reduced accordingly, in order to allow for safe distances during the journey. In freight traffic, the impact has been smaller in both 2020 and 2021.

The energy efficiency of rail traffic did not change much from the previous year in 2021. In passenger services, the energy consumption decreased by 1.5 per cent to 133.6 (135.7) Wh/passenger-kilometre. In 2019, the corresponding figure was 92.4 Wh/passenger-kilometre. In rail logistics, relative energy consumption increased by 1.8 per cent to 45.5 (44.7) Wh/tonne-kilometre.

VR Group has increased the energy efficiency of train traffic by introducing new and more energy-efficient rolling stock and DAS (Driver's Advisory System), which assists train drivers as well as by increasing train sizes.

The first new diesel locomotives (Dr19) arrived for testing in 2021. The new locomotives are significantly more energy-efficient than the previous locomotives, and they can be fuelled with renewable fuels. The modular structure of the locomotive also enables a change in the source of motive power. In addition, the exhaust and noise emissions of these locomotives are significantly lower than those of previous stock.

The DAS system was fully deployed in both passenger and freight trains during 2021. DAS is a system that uses AI to support the train driver's work and help optimise driving the train to increase energy efficiency, improve punctuality and at the same time increase travel comfort. The system has been developed together with Fintraffic, the party responsible for rail traffic control in Finland. The system provides the driver with proactive information on, among other things, the track and shapes of terrain.

The DAS is based on machine learning: during test runs, passenger and freight traffic routes have been traversed and the system has learnt when to accelerate and when to slow down. While driving, DAS guides the driver and suggests an optimal speed profile. It is especially useful in situations where the train driver is driving a more unfamiliar route or, for example, the speed limits for the track have changed. The aim is to reduce the amount of energy used for traction by 8 per cent with the system.

Increasing train sizes also supports energy efficiency. For example, VR Transport's 7,000-tonne train called Mörkö (the Ogre) is the equivalent of almost one hundred trucks. The train has 80 wagons and is about one kilometre long. The train is pulled by two Vector electric locomotives and operates between Vainikkala and Hamina as part of Finnish transit traffic.

Measures to improve the energy efficiency of properties have also been taken. The major technical changes related to the renovation project of Helsinki Central Railway Station have been completed. They make it possible to change the premises into commercial premises while taking into account their energy efficiency and comfort. The new building services will also be connected to the virtual power plant system, which makes it possible to balance the main power grid.

Measures to improve the energy efficiency of the Group's premises were made by investing in repair and building automation and by utilising analytics of automation systems. Remotely readable water meters were installed in 17 of the most significant properties in terms of water consumption, which provide automatic alarms of deviations in water consumption.

The solar power plant, which was in operation at the Helsinki depot for its first full year, produced approximately 750 MWh of electricity for the maintenance of rolling stock, which is the equivalent of the electricity consumption of approximately 40 electrically heated detached houses.

In Mussalo, Kotka, approximately 600 m² of office and social space for railway yard control and the staff was completed. Geothermal heating was chosen as the heating solution, and VR's electric vehicle charging systems were built in the parking area.

There are plans to increase the production of solar energy in 2022. In addition, charging stations for electric and hybrid vehicles will be piloted for use by passenger customers and staff, and charging stations will be added to properties for the use of business operations.

Energy consumption, GWh

Own energy consumption	2021	2020	2019
Fuels, renewable	52.6	52.6	29.2
Change	-	23.4	3.7
Fuels, non-renewable	289.1	293.9	346.4
Change	-4.8	-52.5	-56.3
Electricity	638.3	657.0	730.0
Change	-18.7	-72.9	-33.4
District heating	68.1	52.6	66.0
Change	15.5	-13.3	-19.0
District cooling	0.9	0.9	1.1
Change	-	-0.2	-0.1
Total	1,049.0	1,057.1	1,172.7
Change	-8.1	-115.6	-105.2

Energy consumption of subcontractors

Fuels, renewable	0	0	0
Fuels, non-renewable	137.8	98.1	127.3

Subcontractors' fuel consumption is limited to operations in Finland.

Energy intensity

Energy consumption per unit of output, unit	2021	2020	2019
Passenger train traffic, Wh/pkm	133.6	135.7	92.4
Rail logistics, Wh/tkm	45.5	44.7	45.4
Bus traffic, l/100 km	26.4	30.6	30.3
Road logistics, l/100 tkm	1.6	1.7	-

The figure for road logistics has been calculated since 2020.

Increasing material efficiency

VR Group aims to prevent waste and increase material efficiency and recycling in its operations. Wastage is prevented and recycling is promoted by paying attention to reasonable procurement, working methods and work planning. In addition, the lifecycle of rolling stock and components is extended by refurbishing components that need to be repaired and reinstalling them instead of replacing the components with new ones.

The extension and optimisation of the lifecycle of rolling stock and components and the development of maintenance systems also offer opportunities for business growth. Examples of such activities include the basic repair of Helsinki City Transport's metro trains and the renovation of sleeper cars acquired by the Norwegian operator Vy Tog AS. The objective of the modernisation of rolling stock is to improve passenger comfort and safety as well as to make the appearance of the rolling stock more modern.

Removed textiles, such as old work clothes or sleeper car sheets, are recycled for new materials. They generate new textile fibres as raw materials for various industrial sectors. For example, the City of Tampere carpet washing sites are piloting benches made from VR's discarded work clothes.

The operations of VR Group that generate waste in particular include the maintenance of the rolling stock and cleaning of trains and properties. According to the environmental goals, the recycling rate will be increased to 80 per cent by 2025. The total volume of waste in 2021 was 14,442 (13,580) tonnes, of which 65% (65) was recycled for materials. VR Group does not store or process waste, as all waste is processed by service providers.

VR FleetCare, the maintenance company of VR Group, tendered its waste management services in 2021. The new hazardous waste agreement with Fortum entered into force on 1 October 2021. The agreement on non-hazardous waste will be signed in early 2022. The aim is to develop material efficiency through closer cooperation with partners.

Procurement plays an important role from the point of view of both material efficiency and emissions. One of the new environmental goals (2021–2025) of VR Group is that, in all new contracts, major suppliers are required to commit to continuous improvement. This requirement has been added to contract templates in 2021. The responses to the major suppliers' self-assessment surveys (part of the Group's responsibility process) were discussed in 2021, and the comments made on the basis of the answers were discussed and further clarification from the suppliers was requested. No major environmental risks were identified by the survey.

Waste

	2021	2020	2019
Total amount/t	14,442	13,580	13,128
Non-hazardous waste	12,860	12,348	11,475
Hazardous waste	1,582	1,232	1,652

Processing method/t

Re-used as material	9,339	8,809	7,836
Re-used as energy	4,363	3,561	4,025
Disposal	714	875	1,146
Landfill	28	151	251
Recycling rate (%)	65	65	60

Chemical safety

VR Transpoint annually transports a significant volume of production chemicals by rail. In case of any leakages, those chemicals ending up in the environment is detrimental. Chemicals are also used in the maintenance of the rolling stock. VR Group is committed to ensuring that, when handling, transporting or storing chemicals, its operations do not pollute the soil or the groundwater.

Railway companies have to have up-to-date safety reports for those shunting yards for dangerous goods that have been designated by the Finnish Transport and Communications Agency Traficom. Updating the safety reports is a continuous process that takes into consideration any significant changes in operations and transports. The situation is reviewed at least annually together with railway operators.

Major emergency drills testing the functionality of the shunting yard's emergency plan and the collaboration between authorities and railway operators were organised at three different shunting yards for dangerous goods. Finnish Transport and Communications Agency Traficom made official inspections on two shunting yards. They inspected the level of preparation of the shunting yards for dangerous goods in case of major accidents.

In the summer of 2021, an environmental safety campaign concerning the submission of environmental notifications to the safety information system, Tuuma, was arranged. The aim is to make the submission of environmental notifications a routine similar to other types of safety notifications and to increase the number of observations to make it possible to deal with the incidents even before they occur. Under the current system, an environmental incident can also be recorded as another type of safety incident and monitoring is made easier. In addition to the normal notification handling process, the Group's environmental team regularly reviews the environmental notification situation and the observations made in its meetings. If necessary, topics that require closer monitoring are selected by the environmental team.

The aftercare of the environmental accident in Kinni, Mäntyharju, in 2018 continued during 2021. In the accident, 35 tonnes of methyl tert-butyl ether (MTBE) leaked to the ground. The MTBE concentrations of surface and groundwater and wells have been monitored in accordance with the monitoring plan approved by the environmental authorities. According to a model created by the Finnish Environment Institute, no significant increase in MTBE concentration would be observed after 2022, even during the peak floods in spring and autumn. Concentrations below the limit of quantification would be achieved in surface waters by the end of 2025.

There were no major chemical spills in the transport of dangerous goods or in the handling of chemicals in 2021.

VR Group manages several shunting yards, depot and refuelling site premises with soil contaminated decades ago. These contaminated areas are now being restored every year in connection with upgrading of structures, construction of buildings or changing the use of the area. Several restoration contracts were carried out at the Pasila machine shop area in 2021, including the renovation of the last plot on Sturenkatu (extension of Fredriksberg).

The handling of storm water in the Ilmala area was planned together with the Finnish Transport Infrastructure Agency on the basis of a pilot carried out at the turn of 2020 and 2021. Stormwater is conducted to a wastewater treatment plant from the area. The purpose of the planning is to find a suitable treatment method for impurities in the stormwater so that it can be conducted to a rainwater sewer.

Groundwater monitoring required by the authorities was carried out at eight sites. At the Riihimäki depot, oil was removed from the area's groundwater by pumping.

In 2021, a total of EUR 1.8 (3.3) million was spent on soil and surface water surveys, clean-up and monitoring, including Kinni's restorative measures.

Significant chemical leakages

	2021	2020	2019
Number of leakages	0	3	0

Other environmental topics

Our operations comply with environmental legislation, and no environmental breaches took place in 2021.

A total of 12 EU tenders were completed in 2021. The rate of using environmental criteria in these tenders was 17% during the year, compared to 43% the previous year.

Compliance with environmental legislation

Breaches of environmental legislation and regulations

	2021	2020	2019
Number of breaches	0	0	0

Environmental assessments of suppliers

Share of new suppliers assessed in accordance with the environmental criteria

	2021	2020	2019
Share of suppliers, %	17	43	50

Environmental risks and opportunities and economic impacts caused by climate change

The most significant environmental risks caused by VR Group's operations are related to accidents that may cause contamination of soil and groundwater and other environmental damage. VR Group also manages several shunting yard, depot and refuelling site premises where soil contamination, which occurred decades ago, requires comprehensive risk management. Additionally, restrictions and requirements due to disturbance caused by noise and vibration impair the operating conditions of rail traffic.

Mitigating climate change requires both increasing energy efficiency and reducing emissions. VR Group has expanded its emissions accounting in line with the GHG Protocol (GHG Protocol Corporate Accounting and Reporting Standard) so as to provide an increasingly comprehensive view of the Group's impact on climate change. The environmental goals (2021–2025) focus on increasing energy efficiency and reducing greenhouse gas emissions.

Public transport and rail traffic, in particular, play a key role in mitigating climate change. An electric train is a more environmentally friendly option than other modes of transport. It produces less emissions and consumes less energy than other modes of transport. Also, VR Group has used electricity produced with renewable energy, in other words, hydropower since 2008. VR Group also offsets the greenhouse gas emissions of its passenger service routes on which renewable energy cannot be used.

Mitigating climate change provides rail traffic with new growth opportunities, with people paying increasing attention to the carbon footprint of their activities and the shift in attitude to favour public transport increases the number of passengers on trains. The needs of freight traffic are increasing and joint emission strategies with corporate customers are being developed to an increasing extent.

The risks caused by climate change to train traffic are mostly related to the effects of extreme weather conditions, such as storms and floods, on traffic and the railway network. They cause delays and increase costs. On the other hand, increasing energy prices and reducing emissions result in economic impacts as well. The economic impacts of climate change have not been assessed on monetary terms, because the data required for that is not available. In 2022, VR Group is starting the processing of climate risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

CASE

VR Transpoint to ensure the wood supply of the new Kemi bioproduct mill

Metsä Group has chosen VR Transpoint as the logistics partner for roundwood transports to the bioproduct mill to be constructed in Kemi. This decision was based on more than two years of strategic cooperation. An effective and environmentally friendly overall transport solution that brings together the mill's activities and railway transport in a seamless manner has been designed. Due to the increased use of wood, wood must be transported from a more extensive area north and south of Kemi; however, thanks to efficient railway transport, emissions will be reduced by 20% per cubic metre.

Eight to ten trains will arrive at the Kemi bioproduct mill every day. The efficiency of the transport system is based on perfectly fine-tuned wagon rotation: the time between two consecutive loadings, including all the stages, takes only half the time of an average roundwood transport. With the new contract, VR Transpoint is investing in new roundwood wagons. The latest electric and diesel locomotives will be used as the tractive stock. The new electric locomotives can handle loads of up to 2,500 tonnes, which means approximately 20–25% more wood per train. Traffic infrastructure has also been considered from the very start of the project and planned together with the Finnish Transport Infrastructure Agency.

An aerial photograph of a large industrial complex, likely a railway or manufacturing facility, situated in a forested area. The complex features several long, parallel buildings with corrugated metal roofs. To the left, there are railway tracks and a parking lot. In the background, a large body of water is visible under a blue sky with scattered clouds. The image is partially overlaid with a series of white, diagonal, parallel lines that create a sense of depth and movement.

Responsibility promise of
corporate social responsibility

We increase Finland's well-being

Corporate social responsibility



We increase Finland's well-being



For VR Group, the key objective of corporate social responsibility is to increase the volume and share of environmentally friendly rail traffic and other public transport. VR Group makes smooth everyday transport and industry transports possible and, consequently, supports the achievement of sustainable development goals in customer operations and in society at large. VR Group also wants to promote Finland's well-being as a major tax and dividend payer.

From the perspective of social responsibility, the train is the most equal mode of transport. Nearly everyone can travel by train thanks to fair pricing and the extensive railway network. Up to 95% of Finns live less than 50 km from a railway station. VR Group aims to serve all customer groups well and to take the accessibility of services into account, for example.

As a major party in society, VR Group continuously strives to build cooperation with its stakeholders in a way that helps both VR Group and its customers achieve national and global goals related to climate and energy efficiency, for example. Through continuous dialogue, VR Group promotes green investments that drive Finnish society towards sustainable growth. An important theme for VR Group is the development of a sustainable traffic system, both nationally and regionally.

In 2021, VR Group presented its views on, for example, the twelve-year infrastructure investment programme related to the national traffic system in the National Transport System Plan for 2021–2032. The increasing number of journeys in rail traffic and the tonnage carried on railways will contribute to the green transition by reducing transport emissions and increasing the overall safety of traffic.

Functional rail infrastructure that allows for competitive travel times and seamless trip chains promotes tourism, commuting and accessibility of regions in general. Increasing the capacity of the railway network and modernising the tracks reduces emissions, increases the mobility of workforce and supports the competitiveness of businesses.

As a state-owned company, VR Group is required to seek pioneering approaches in different areas of sustainable development and responsibility by increasing our handprint in society. Digitalisation and data are the driving forces behind this development. By working to accomplish these goals, VR Group promotes social well-being.

Corporate social responsibility KPIs

The indicators related to corporate social responsibility are included in the indicators of other areas of responsibility and in the financial indicators. The goal of increasing the volume of electric public transport and environmentally friendly rail traffic is measured by the development of number of journeys and tonnes transported. A significant tax footprint and dividend for the Finnish state is made possible by growing, more efficient and profitable business operations.

Human rights and anti-corruption activities

VR Group adheres to its Code of Conduct that includes anti-corruption guidelines. The Code of Conduct is available on the Group's website and to the personnel on the intranet. Each employee in the Group must complete the training on the Code of Conduct and all new employees are instructed to complete the training when they start working in the Group. VR Group also has separate anti-corruption guidelines and related training for key personnel and supervisors.

VR Group encourages its personnel to report all suspected irregularities and violations of the Code of Conduct. The company has an anonymous whistleblowing service to report suspected irregularities. Notifications received through this channel during 2021 have been properly processed. No significant corruption-related risks were identified or considered to have realised in 2021.

Supply chains

VR Group's procurement is guided by the procurement guideline updated in late 2019, in addition to which operations are based on procurement strategies and instructions for supplier management. VR Group's procurements totalled slightly over EUR 480 million in 2021, which is approximately 5% more than in 2020. The effects of the pandemic that started in 2020 were still apparent in procurements in 2021. As in previous years, the majority of procurements particularly concern rolling stock investments on rail and road, transport subcontracting, maintenance of the rolling stock and energy and IT procurement.

VR Group's procurement was divided between slightly more than 4,000 suppliers, of which some 40 suppliers account for more than one-half of all procurement. The biggest individual suppliers were associated with rolling stock investments and energy procurement. The majority of procurements are related to Finnish suppliers or suppliers other European suppliers. A process has been defined for ensuring the responsibility of procurement, which includes the approval of VR Group's Code of Conduct and risk country assessments for all suppliers, self-assessments for suppliers of annual procurements worth more than EUR 100,000, Vastuu Group audits and any additional approvals and audits for contracts under the Act on the Contractor's Obligations and Liability when Work is Contracted Out.

Supply chain management is at the core of responsible business operations, and VR Group continuously works to develop the sustainability and responsibility of its supply chains. In order to supply products and/or services to VR Group, suppliers must accept VR Group's Code of Conduct for Partners, which deal with ensuring legal compliance as well as conformity with international sanctions, suppliers' ethics, human rights and labour rights and the environment. These terms and conditions are an essential part of VR Group's bidding and contract process, in which suppliers are also required to make sure that their own supply chains are committed to the same terms and conditions. In tenders pursuant to the Act on Public Contracts in Special Sectors, completing the ESPD form (European Single Procurement Document) is mandatory. With the form, the bidder assures that the exclusion criteria are in order and the requirements for eligibility are met. We also require our suppliers to fulfil the obligations set out in the Act on the Contractor's Obligations and Liability when Work is Contracted Out. In addition, suppliers are required to take a self-assessment survey and ensure continuous improvement in environmental matters with contractual terms and conditions.

The self-assessment survey is sent to each supplier whose procurements are worth more than EUR 100,000 per year. Based on the self-assessment, suppliers are classified into five different risk categories, on the basis of which the supplier may be asked to provide additional clarifications and/or audits carried out by a third party. In late 2020, the survey was sent to nearly 600 suppliers and related requests for further clarifications were sent to a total of approximately 160 suppliers in 2021. In 2021, approximately 350 suppliers had submitted valid responses to the self-assessment survey.

Areas for development were identified during the self-assessments and further reviews, but no significant supply chain responsibility risks were identified. At the beginning of 2022, an updated self-assessment survey will be sent to the approximately 400 suppliers that have not submitted a valid response to the self-assessment survey or are classified in the two lowest risk categories based on the previous self-assessment survey. Taking the self-assessment survey at required intervals will continue to be a prerequisite for maintaining supplier status.

Tax footprint

Companies belonging to VR Group pay their taxes and other statutory charges in accordance with the provisions in their home countries. In addition to Finland, VR Group comprised companies registered also in Russia and Norway in 2021. Taxes were paid almost entirely to Finland.

Figures for the financial year 2021 (EUR million)

Taxes paid for the financial year	Finland 2020	Finland 2021	Russia	Total
Income tax	2.9	8.6	0.3	8.9
Real estate tax	1.6	0.8	0.0	0.8
Production taxes	0.0	0.0	0.0	0.0
Employer's contributions (only social security contributions)	3.9	4.5	0.0	4.5
Other taxes (if any)	0.6	0.1	0.0	0.1
Taxes to be accounted for the financial year				
Value added taxes, sales	86.4	181.5	0.0	181.5
Value added taxes, procurement	-160.8	-173.7	-0.5	-174.2
Excise duties	0.0	0.0	0.0	0.0
Withholding tax	71.9	72.6	0.0	72.6
Source taxes	0.0	0.0	0.0	0.0
Other taxes (if any)	0.7	0.0	0.0	0.0
Taxes paid and to be accounted, total	7.0	94.4	-0.2	94.2
Net sales by country				
Net sales by country	776.0	831.7	6.5	838.3
Internal net sales by country	0.0	0.0	0.9	
Taxes recognised through profit or loss	4,611.5	6,393.1	-0.6	5,781.9
Profit before taxes by country	-34.5	-22.19	2.7	-19.5
Tangible assets	1,457.4	1,484.1	13.4	1,497.6

CASE

WeThe15 - a message for equality in the run-up to the Paralympics

The bell tower of the Helsinki Central Railway Station was illuminated purple in August, the international colour for disability. This was part of the WeThe15 campaign featuring dozens of destinations around the world, including the Colosseum in Rome, Niagara Falls and the London Eye.

The campaign raised awareness of the fact that 15% of the world's population have some form of disability. The Paralympic Games were a good time to remind people that sports and exercise belong to everyone.

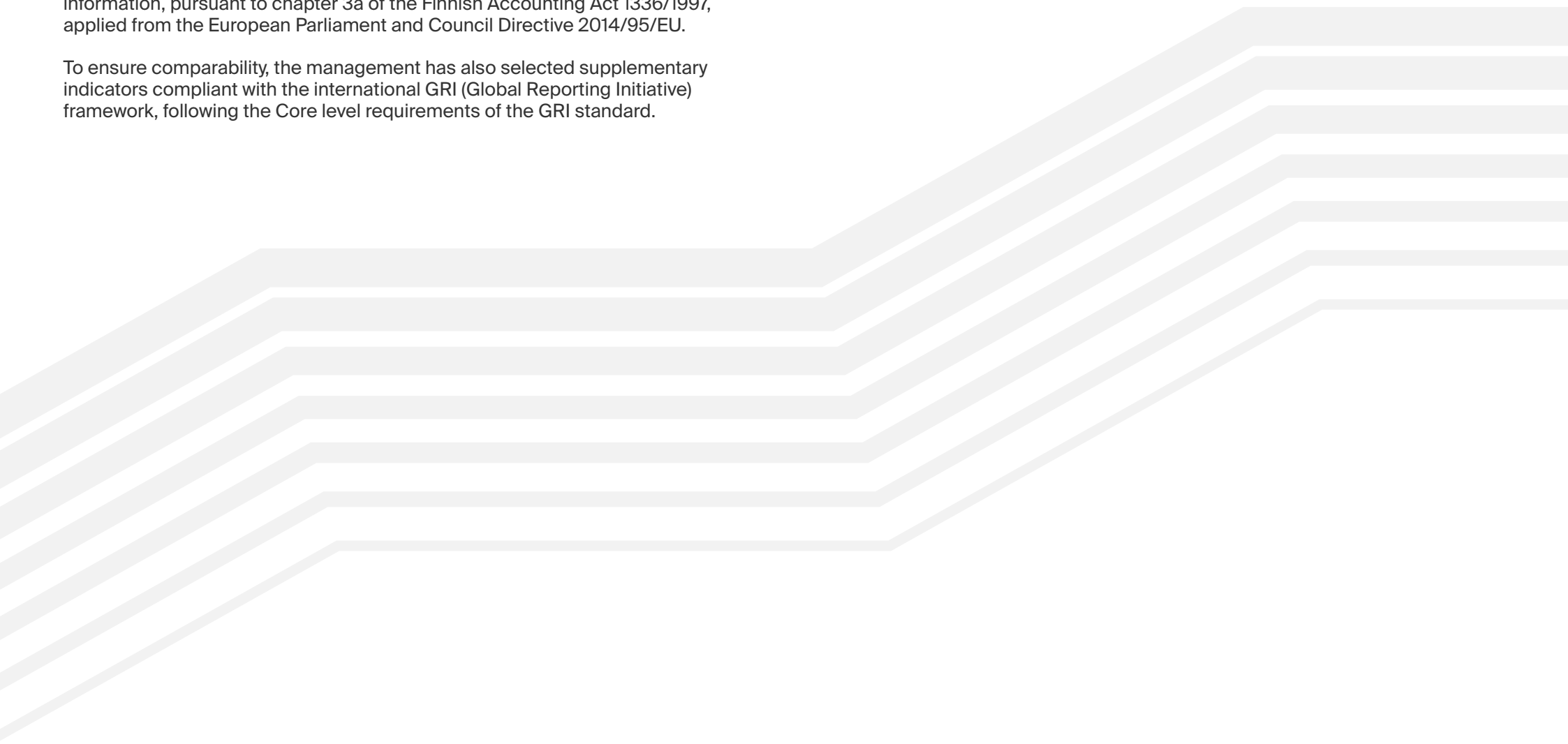
VR is continuously developing its operations by listening to customers and considering special groups, such as people with disabilities, for whom accessible travel services are designed. For example, VR has long been a pioneer in offering a personal assistant's ticket, which allows an assistant of a customer with reduced mobility or functional limitations to board the train free of charge. At the moment, almost 90 per cent of long-distance train services are accessible, and Lapland, for example, can also be reached with a night train in an accessible sleeper cabin.

In the development of the rolling stock and services, representatives of disability organisations as well as customer testers representing special groups are listened to and involved. New digital services introduced include improvements in the accessibility, user interface and visual aspects of ticket vending machines, which made on the basis of feedback.

GRI content index

At VR Group, responsibility is part of the daily work and the Group strategy. In its responsibility reporting, VR Group complies with the Government Resolution on Ownership Steering Policy from 2020 and guidelines for reporting on country-specific taxes for majority state-owned companies from 2014. In addition to the responsibility report, the Group voluntarily prepares a statement of non-financial information, pursuant to chapter 3a of the Finnish Accounting Act 1336/1997, applied from the European Parliament and Council Directive 2014/95/EU.

To ensure comparability, the management has also selected supplementary indicators compliant with the international GRI (Global Reporting Initiative) framework, following the Core level requirements of the GRI standard.



General

Description of the organisation

102-1	Name of the organisation	VR-Group Ltd
102-2	Activities, brands, products and services	Report of the Board of Directors 2021 › Business operations www.vrgroup.fi/en/vrgroup/ ›
102-3	Location of headquarters	Postal address: PO box 488, FI-00101 HELSINKI Visiting address: Radiokatu 3, FI-00240 Helsinki, Finland
102-4	Location of operations	Report of the Board of Directors 2021 › Business operations Report of the Board of Directors 2021 › Statement of non-financial information www.vrgroup.fi/en/vrgroup/ ›
102-5	Ownership and legal form	Limited liability company. Finnish state's holding 100%.
102-6	Markets served	Report of the Board of Directors 2021 › Business operations Report of the Board of Directors 2021 › Statement of non-financial information www.vrgroup.fi/en/vrgroup/vr-group/business-operations/ ›
102-7	Scale of the organisation	Report of the Board of Directors 2021 Financial statements 2021 › Table 102-7 Table 102-8
102-8	Information on employees and other workers	Report of the Board of Directors 2021 › Statement of non-financial information Table 102-8
102-9	Supply chain	Report of the Board of Directors 2021 › Statement of non-financial information
102-10	Significant changes to the organisation and its supply chain	Report of the Board of Directors 2021 › Changes in corporate structure

Description of the organisation

102-11	Precautionary principle or approach	Report of the Board of Directors 2021 › Risks and uncertainties Corporate Governance Statement 2021 › www.vrgroup.fi/en/vrgroup/responsibility/environment/environmental-policy/
102-12	External initiatives	Report of the Board of Directors 2021 › Statement of non-financial information
102-13	Membership of associations	www.vrgroup.fi/en/vrgroup/operating-environment/our-stakeholders/

Strategy

102-14	Statement from top management	2021.vrgroupraportti.fi/en › Review by the President and CEO
102-15	Key impacts, risks and opportunities	Report of the Board of Directors 2021 › Risks and uncertainties

Code of Conduct

102-16	Values, principles, standards and norms of behavior	Report of the Board of Directors 2021 › Statement of non-financial information www.vrgroup.fi/en/vrgroup/vr-group/vision-strategy-and-values/ › www.vrgroup.fi/en/vrgroup/responsibility/code-of-conduct/ › www.vrgroup.fi/en/vrgroup/responsibility/procurement/ ›
102-17	Mechanisms for advice and concerns about ethics	Report of the Board of Directors 2021 › Risks and uncertainties www.vrgroup.fi/en/vrgroup/responsibility/code-of-conduct/ ›

Governance

102-18	Governance structure	Report of the Board of Directors 2021 › Statement of non-financial information Report of the Board of Directors 2021 › Governance Corporate Governance Statement 2021 ›
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Stakeholders

102-40	List of stakeholder groups	www.vrgroup.fi/en/vrgroup/operating-environment/our-stakeholders/ ›
102-41	Collective bargaining agreements	99%
102-42	Identifying and selecting stakeholders	www.vrgroup.fi/en/vrgroup/operating-environment/our-stakeholders/ ›
102-43	Approach to stakeholder engagement	www.vrgroup.fi/en/vrgroup/operating-environment/our-stakeholders/ ›
102-44	Key topics and concerns raised	Report of the Board of Directors 2021 › Statement of non-financial information

Reporting practice

102-45	Entities included in the consolidated financial statements	Financial statements 2021 ›
102-46	Defining report content and topic boundaries	Report of the Board of Directors 2021 › Statement of non-financial information See item 103-1 www.vrgroup.fi/en/vrgroup/operating-environment/our-stakeholders/ ›
102-47	List of material topics	Table 102-47
102-48	Restatements of information	Description of the annual report
102-49	Changes in reporting	Description of the annual report
102-50	Reporting period	1 January–31 December 2021
102-51	Date of most recent report	1 April 2021
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Media desk contact number +358 (0)29 434 7123

Reporting practice

102-54	Claims of reporting in accordance with the GRI Standards	Corporate Responsibility report 2021 › Independent assurance report
102-55	GRI content index	2021.vrgroupraportti.fi/en ›
102-56	External assurance	Corporate Responsibility report 2021 › Independent assurance report

Management approach

103-1	Explanation of the material topic and its Boundary	<p>VR Group's most relevant responsibility issues arise from responsibility issues brought up by the major stakeholders and expectations regarding the Group's operations. During autumn 2018, the material issues of responsibility were updated by interviewing representatives of major external and internal stakeholders. The update work included a peer analysis in which the list of VR Group's material topics was compared with key responsibility themes and future challenges mentioned in the reports of other companies operating in the same industry. In addition, stakeholder interviews were carried out, surveying any changes relating to the previous list of material topics. The interviewees included consumer and corporate customers, suppliers and partners, authorities, political decision-makers and representatives of industry associations and personnel. The results obtained from the interviews were discussed in an expert workshop with representatives of VR Group's different operations. Finally, the insights of the top management regarding the materiality definition and their approval of the list of VR Group's material topics were obtained. Based on the update, VR Group's material responsibility topics largely remained unchanged. Among the themes, the impact of rail traffic on mitigating climate change and the company's social importance were particularly emphasised, besides safety.</p> <p>Description of the annual report</p> <p>www.vrgroup.fi/en/vrgroup/responsibility/ ›</p> <p>Table 102-47</p>
103-2	The management approach and its components	Corporate Responsibility report 2021 › Responsibility management
103-3	Evaluation of the management approach	Corporate Responsibility report 2021 › Responsibility management

Economic

Economic performance

201-1	Direct economic value generated and distributed	Table 201-1 Report of the Board of Directors 2021 › Statement of non-financial information
201-2	Financial implications and other risks and opportunities due to climate change	Corporate Responsibility report 2021 › Environmental risks and opportunities and economic impacts caused by climate change
201-3	Defined benefit plan obligations and other retirement plans	<p>VR Group issued pensions to 173 persons in 2021 (2020: 201). Of these, 28 were permanent disability pensions (2020: 39) and 18 were partial disability pensions (2020: 11).</p> <p>The purpose of rehabilitation allowance, or fixed-term disability pension, is to allow the rehabilitee to return to work. With regard to occupational rehabilitation, rehabilitation allowance was granted for vocational retraining or work experiments to a total of 84 (2020: 99) persons with an imminent threat of incapacity for work.</p> <p>The average age of those retiring on old-age pension was 62.4 (2020: 61.3) years and of those retiring on disability or partial disability pensions 60.9 (2020: 58.4) years.</p> <p>For additional information about pensions, see the Financial statements 2021.</p>
201-4	Financial assistance received from government	<p>Avecra Oy received government grants for its restaurant operations from the Finnish state amounting to EUR 1,624.8 (778.0) thousand, which is recognised in other operating income in the income statement for the financial year. The amount of the compensation received from the state, EUR 1,624.8 (788.0) thousand, does not exceed the statutory maximum (EUR 1,676.4 thousand). VR Group also received EUR 67.9 (48.7) thousand in product development grants and a grant of EUR 76.0 thousand for the machine shop energy efficiency project from Business Finland in 2020. Energy aid amounting to EUR 167.2 thousand was received from the Ministry of Economic Affairs and Employment in 2021.</p>

Indirect economic impacts

203-2	Significant indirect economic impacts and their extent	Report of the Board of Directors 2021 › Statement of non-financial information Table 201-1
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Procurement practices

204-1	Proportion of spending on local suppliers	Of the total value of procurements in 2021, about 80% concerned suppliers registered in Finland, as in the year before (the figure includes certain manual corrections to further specify the local impact).
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Anti-corruption

205-1	Operations assessed for risks related to corruption	All of VR Group's business and support units are included in the annual risk survey of risk management. No significant corruption-related risks were identified or considered to have realised in 2021.
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Anti-competitive behavior

206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	There were no pending or completed legal actions regarding anti-competitive behaviour in 2021.
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Tax

207-1	Approach to tax	VR Group does not have a tax strategy
207-2	Tax governance, control and risk management	VR Group does not have tax governance
207-3	Stakeholder engagement and management of concerns related to tax	VR Group does not have a separately defined programme for influencing taxation. VR Group indirectly participates in tax-related advocacy efforts through its membership in the Confederation of Finnish Industries, Service Sector Employers Palta and the Central Chamber of Commerce, for example. As part of its other advocacy efforts, VR Group also issues statements concerning EU regulations and national legislation to the Finnish Parliament and the Ministry of Transport and Communications, among others. One example of such regulatory developments is the revision of the Energy Taxation Directive included in the European Commission's Fit for 55 package.
207-4	Country-by-country reporting	Corporate Responsibility report 2021 › Tax footprint Table 102-8 Information on employees and other workers Financial statements 2021 › Group structure Financial statements 2021 › Income taxes

Environmental topics

Energy

302-1	Energy consumption within the organisation	Corporate Responsibility report 2021 › Increasing energy efficiency
302-2	Energy consumption outside of the organisation	Corporate Responsibility report 2021 › Table Energy consumption
302-3	Energy intensity	Corporate Responsibility report 2021 › Table Energy intensity
302-4	Reduction of energy consumption	Corporate Responsibility report 2021 › Increasing energy efficiency
302-5	Reductions in energy requirements of products and services	Corporate Responsibility report 2021 › Increasing energy efficiency

Emissions

305-1	Direct (Scope 1) GHG emissions	Corporate Responsibility report 2021 › Table Greenhouse gas emissions
305-2	Energy indirect (Scope 2) GHG emissions	Corporate Responsibility report 2021 › Table Greenhouse gas emissions
305-3	Other indirect (Scope 3) GHG emissions	Corporate Responsibility report 2021 › Table Other indirect greenhouse gas emissions by emission source
305-4	GHG emissions intensity	Corporate Responsibility report 2021 › Table Greenhouse gas intensity
305-5	Reduction of GHG emissions	Corporate Responsibility report 2021 › Reducing emissions
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	Corporate Responsibility report 2021 › Reducing emissions

Waste

306-1	Waste generation and significant waste-related impacts	Corporate Responsibility report 2021 › Increasing material efficiency VR Group reports the waste generated in its own operations and the measures taken, and planned, to reduce the impacts of waste.
306-2	Management of significant waste-related impacts	Corporate Responsibility report 2021 › Increasing material efficiency Information on waste is based on reports obtained from the service providers.
306-3	Waste generated and a breakdown by waste fraction and treatment method	Corporate Responsibility report 2021 › Increasing material efficiency

Environmental compliance

307-1	Non-compliance with environmental laws and regulations	Corporate Responsibility report 2021 › Other environmental topics
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Environmental assessments of suppliers

308-1	New suppliers that were screened using environmental criteria	<p>VR Group requires its suppliers to operate responsibly and comply with the Group's procurement Code of Conduct, whereby the supplier undertakes to comply with all applicable environmental laws and regulations at the minimum and work systematically and proactively to promote its environmental responsibility. Suppliers also have to commit themselves to ensuring that their supply chains comply with the same requirements.</p> <p>In EU tenders completed in 2021, the rate of using environmental criteria in screening was 17%, compared to 43% the previous year. The decrease is attributable to the different project types in 2021 (in particular, certain service purchases).</p>
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Social topics

Employment

401-1 New employee hires and employee turnover

Table 401-1

Labour/management relations

402-1 Minimum notice periods regarding operational changes

The negotiation period followed in restructuring is 2–6 weeks, the minimum notice period and negotiation right are specified in collective agreements.

Occupational health and safety

403-1 Workers representation in formal joint management-worker health and safety committees

VR Group's well-being, health and occupational safety activities are managed using a management system specified to correspond with the ISO 45001 certificate at the Group level (certified in VR Maintenance Oy). The management system specifies the minimum level of WHS operations, in addition to which the business operations have their own guidelines supplementing the management system. WHS operations are based on identifying hazards and the stress factors of work as well as the assessment and management of risks, i.e. proactive measures under both normal circumstances and in disruption situations. A separate agreement has been made on cooperation regarding occupational health and safety at VR Group workplaces together with representatives of the personnel. VR Group has business operation- or unit-specific work safety committees that cover all personnel groups.

403-2 Hazard identification, risk assessment and incident investigation

We encourage our staff to report safety-related observations in the safety information system, which directs the reports to be processed by supervisors and experts. The reports are used to determine the measures to be systematically monitored. In accordance with the Occupational Safety and Health Act, the employer is responsible for appropriate risk assessments and workplace surveys being carried out at the workplace. The supervisor is responsible for carrying out the risk assessment and uses experts for assistance. Occupational health care is responsible for workplace surveys, and they are primarily conducted in connection with risk assessments. Risks are assessed both in terms of consequences and probability (5x5). The required and necessary risk management measures are specified based on the risk assessment to continue operations or prepare for the risk. VR Group uses a standardised investigation process for accidents, reviewing both human and organisational factors besides investigating the course of events. VR Group also has a whistleblowing channel if a person does not want to report a defect they have observed to their supervisor.

Occupational health and safety

403-3 Occupational health services

Occupational health care services are provided in accordance with good occupational health care practices and the occupational health care action plan, in partnership with an external service provider. The planning of VR's occupational health care activities is based on the needs of workplaces and the personnel. Traffic safety requirements and the related health status requirements are an integral aspect of VR's occupational health care activities. Occupational health care action plans are prepared on a company-specific basis and, for VR Group, on a business-specific basis. The action plans are supplemented by unit-specific local appendices. The occupational health care action plan is valid for three years at a time and updated annually. The business planning schedule is applied in the drafting of the action plan. Occupational health care action plans and claims for compensation are processed on a cooperative basis by the work safety committees of businesses/companies. The business-level and company-level local appendices to occupational health care action plans are based on workplace surveys conducted in accordance with the Occupational Health Care Act and risk surveys conducted in accordance with the Occupational Safety and Health Act. The HR unit coordinates the drafting of the occupational health care action plans and the local appendices that supplement the action plans together with the business-level HR managers, supervisors and the occupational health care service provider, and is responsible for the action plans being reviewed and discussed by the work safety committees.

Proactive assessment and planning of the need for well-being activities at the business level and the company level are carried out annually in connection with business planning. The HR manager is in charge of the planning of well-being activities at the business level. Group-level planning is coordinated by the manager responsible for working capacity and well-being. The plans are used to create Group-level and business-level well-being plans, which are reviewed and discussed at work safety committee meetings.

Occupational health and safety

403-4	Worker participation, consultation, and communication on occupational health and safety	<p>The engagement and commitment of employees is vital for maintaining and developing the safety culture of the workplace and for improving the employees' personal well-being and working capacity. Employees are involved in the development of occupational safety, well-being and occupational health at various levels and in various contexts. The development of WHS issues is communicated openly to the personnel. The personnel are engaged in development efforts through participation in risk assessments, safety briefings, observation rounds and the investigation of incidents and accidents, for example. The views of the personnel and their representatives are taken into account in decision-making.</p> <p>At VR, a separate agreement has been signed with personnel organisations regarding statutory occupational safety activities. The agreement defines roles and the organisation and activities of work safety committees, among other things. The work safety committee acts as a cooperative body between the employer, employees and salaried employees on far-reaching matters concerning occupational safety and health and well-being at work. Work safety committees cooperate with the public authorities and key stakeholders as necessary.</p>
403-5	Worker training on occupational health and safety	<p>Orientation on WHS issues is included in the basic training for railway professions. As part of the VR Academy, the Group organises training related to working capacity, occupational health, occupational safety and well-being that is available to everyone. Details of the occupational health and safety organisation's training are specified in agreements between the employer and personnel organisations. In addition to basic training, the occupational health and safety organisation participates in additional training related to the occupational safety aspects of the workplace in accordance with the annual training plan. Occupational Safety Card qualifications are used at shared workplaces, and the workplaces have organised Occupational Safety Card training accordingly.</p> <p>Supervisors are responsible for orientation training. Supervisors are also responsible for the competence of the personnel during their work and for ensuring that they have the necessary competencies. In orientation training and mentoring, special attention is paid to reviewing various possible incidents and risks related to the work and learning safe, healthy and ergonomic working methods. Safety briefings are held at the workplace in connection with other training, meetings and group development discussions. Area-specific and workplace-specific training is organised in the context of exceptional situations and special problems and to disseminate up-to-date information. The occupational health care service providers provide advice and guidance in accordance with the Occupational Health Care Act and the workplace action plan, and at the request of supervisors. First-aid training is conducted on a workplace-specific basis and in accordance with risks and job roles. A centralised agreement has been signed with a service provider for first-aid training.</p>

Occupational health and safety

403-6	Promotion of worker health	<p>VR Group's well-being activities are guided by the ability to work programme. The aim of the ability to work programme is to manage the personnel's ability to work by ensuring that their ability to work is systematically monitored and supported. The ability to work programme serves as an early support model at VR Group. The programme includes descriptions of signs and limits related to compromised working capacity and working capacity problems that supervisors must recognise and respond to. The programme also describes various rehabilitation measures that can be used to support continued work or return to work. The most important tools for addressing threats and problems related to working capacity include "Let's talk" discussions and working capacity meetings. Development measures at the workplace are key ways of supporting the working capacity of employees and the well-being of workplace communities. These development measures may be allocated to work and working conditions, the workplace community, competencies and the individual resources of employees. Promoting well-being and working capacity is part of the normal activities of the workplace community and the various parties to cooperation and, especially, supervisory work in its various forms. Supervisors are responsible for monitoring the personnel's work performance and sickness-related absences and react to any threats or issues as early as possible. Supervisors are supported in working capacity management and the monitoring of sickness-related absences by the supervisor compass, which notifies the supervisor when sickness-related absences exceed the criteria set out in the ability to work programme. Experts from the HR unit support supervisors in addressing issues related to working capacity and finding solutions. Occupational health care plays a key role in the identification of threats to working capacity, the assessment of employees' working capacity and in supporting working capacity. The ability to work programme emphasises the importance of cooperation between supervisors and the occupational health care provider. Regular meetings ensure that workplace conditions and changes therein are known to the occupational health care provider, which also supports the working capacity of employees.</p>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>When VR employees work in shared workplaces, occupational safety risks and issues are identified as part of the shared workplace's occupational safety cooperation and also taken into account in occupational safety risk assessments concerning the Group's personnel. Work-related accidents that occur in shared workplaces are investigated in accordance with VR's investigation model and cooperation with stakeholders is utilised as necessary. VR has a Group-level occupational safety team whose members include the occupational health and safety manager and occupational health and safety representative of each business. The aim of the team is to share best practices, agree on the management of common occupational safety risks and related procedures, and maintain a shared situational picture of the development of occupational safety. Customer health and safety risks related to VR's business are managed and closely monitored as part of the Group's safety-related activities. The railway safety management system provides the framework for the continuous development of traffic safety.</p>

Occupational health and safety

403-8	Workers covered by an occupational health and safety management system	All personnel.
403-9	Work-related accidents	Work-related accidents are reported at VR Group with regard to in-house employees and external workers working at VR Group workplaces. Subcontractors' work-related accidents are monitored quantitatively (a total of 24 in 2021) but not included in VR Group's lost-time injury frequency. In addition to accidents, safety observations and near miss situations are reported in the safety information system. The accidents that involved VR Group personnel in 2021 were primarily related to moving around (slipping and falling). Accidents also happened with sharp objects and during physical load. Minor finger, eye and lower limb injuries were the common consequences of accidents that happened to subcontractors.

Training and education

404-3	Percentage of employees receiving regular performance and career development review	All personnel
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Diversity and equal opportunity

405-1	Diversity of governance bodies and employees	Corporate Governance Statement 2021 › See item 102-8 Table 405-1
405-2	Ratio of basic salary and remuneration of women to men	The remuneration systems used are based on the applicable collective agreements. Personal contractual pay is proportioned to market salaries and salaries in other positions in the company. Wage equality is reviewed as part of the equality plan with regard to salaried positions, in addition to which a gender equality analysis has been carried out with regard to positions with contractual pay. Based on these, no significant differences were observed in salaries and remuneration between women and men.

Non-discrimination

406-1	Incidents of discrimination and corrective actions taken	No cases identified.
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Supplier social assessment

414-1	New suppliers that were screened using social criteria	<p>The cornerstones of the assessment of the social responsibility of suppliers are 1) assessment of products or services supplied from high-risk countries, 2) ensuring the supplier's compliance with the Act on the Contractor's Obligations and Liability when Work is Contracted Out and 3) VR Group procurement's Code of Conduct for Suppliers. By seeking an invitation to take part in a competitive tendering process organised by VR Group, by submitting a tender in response to an invitation to tender or by entering into a contractual relationship, a company also agrees to comply with VR Group procurement's Code of Conduct for Partners, which also includes requirements for human rights and employee rights. In tenders pursuant to the Act on Public Contracts in Special Sectors, completing the ESPD form (European Single Procurement Document) is mandatory. With it, the supplier declares to the procurement unit that the exclusion criteria are in order and the supplier meets the requirements set by the procurement unit for the eligibility of the supplier. We also require our suppliers to fulfil the obligations set forth in the Act on the Contractor's Obligations and Liability when Work is Contracted Out.</p> <p>www.vrgroup.fi/en/vrgroup/responsibility/code-of-conduct-for-suppliers/ ›</p>
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Public policy

415-1	Political contributions	VR Group does not support political parties, candidates or organisations.
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Customer health and safety

416-1	Assessment of the health and safety impacts of product and service categories	The assessment of the health and safety impacts concerns 100% of VR Passenger Services products and services. Risk assessments have been carried out with particular care following the COVID-19 situation of 2021. In rail logistics, risk assessments are conducted customer-specifically in cooperation with the biggest customers, accounting for 75% of the service offering. At VR FleetCare, risk assessments of rolling stock safety are included in the rolling stock safety management system and they have been carried out comprehensively with regard to all rolling stock.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Number of written warnings concerning non-compliance with safety guidelines 13, 3 of which relate to not complying with mask mandates

Marketing and labelling

417-3	Incidents of non-compliance concerning marketing communications	No significant non-compliance referred to in the GRI.
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Customer privacy

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No significant non-compliance leading to sanctions referred to in the GRI.
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Socioeconomic compliance

419-1	Non-compliance with laws and regulations in the social and economic area	No significant non-compliance referred to in the GRI.
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Notes

102-47

VR Group's material responsibility themes and topics and boundaries of reporting

Themes	Topics	GRI standards	Topic-specific accounting boundary
Customer orientation	Punctuality, delivery reliability and reliability	GRI 102 Stakeholder engagement	Entire Group and partners (Group's operations in Finland, VR Transpoint's share also includes Transpoint International)
	Service package; logistics solutions, trip chains	GRI 103 Management approach	
	Taking the needs of different customer groups into consideration		
	Digital development and customer experience		
	Partnerships		
	Innovative new solutions		
	Up-to-date communication		
	Competitive pricing		
Safety	Traffic safety	GRI 103 Management approach	Entire Group, suppliers, partners (Group's operations in Finland)
	Passenger safety	GRI 416 Customer health and safety	
	Occupational safety	GRI 403 Occupational health and safety	
	Data security and cybersecurity	GRI 418 Customer privacy	
Environment	Renewable energy and mitigation of climate change	GRI 103 Management approach	Group's operations in Finland, energy figures and emissions also include road logistics subcontractors
		GRI 302 Energy	
	Business model and logistical efficiency (trains, capacity utilisation rate)	GRI 305 Emission	
	Environmental safety	GRI 306 Waste	
	Energy efficiency	GRI 307 Environmental compliance	
	Material efficiency		

102-47

VR Group's material responsibility themes and topics and boundaries of reporting

Themes	Topics	GRI standards	Topic-specific accounting boundary
Employee experience	Employer reputation	GRI 103 Management approach	Entire Group (Group's operations in Finland)
	Competence and its development	GRI 401 Employment	
	Personnel diversity	GRI 402 Labour/management relations	
	Competitiveness to maintain jobs	GRI 404 Training and education	
		GRI 405 Diversity and equal opportunity	
		GRI 406 Non-discrimination	
Corporate social responsibility	Social importance	GRI 102 Ethics and integrity	Entire Group and suppliers
	Responsible procurement	GRI 103 Management approach	
	Good reputation	GRI 201 Economic performance	
	Code of Conduct and transparency	GRI 203 Indirect economic impacts	
		GRI 204 Procurement practices	
		GRI 205 Anti-corruption	
		GRI 206 Anti-competitive behaviour	
		GRI 207 Tax	
		GRI 308 Supplier environmental assessments	
		GRI 414 Supplier social assessments	
		GRI 415 Public policy	
		GRI 419 Socioeconomic compliance	

102-7

VR Group, key figures (EUR million)

	2021	2020
Net sales	838.3	791.9
Operating profit (EBIT)	-22.7	-24.6
% of net sales	-2.7	-3.1
Comparable operating profit (EBIT)	-14.1	-26.1
% of net sales	-1.7	-3.3
Net profit for the financial year	-13.7	-33.1
Cash flow from operating activities	138.1	99.5
Investments	168.8	161.2
Capital invested at the end of the period	1,583.1	1,560.7
Return on investment, %	-0.5	-1.1
Comparable return on investment, %	0.0	-1.2
Interest-bearing net debt at the end of the period	238.1	87.6
Gearing, %	18.6	6.9
Average number of personnel in Finland	5,581	5,698

102-8

Personnel figures

	2021	2020	2019	2018	2017
FTE average in Finland (1)	5,581	5,698	5,919	7,537	7,540
Change	-2.1	-3.7	-21.5	+0.4	-4.5
Number of employees working outside Finland	39	120	125	376	427
Total salaries and wages, EUR million	297.2	291.8	305.2	386.6	376.2
Permanent employees (average) of the Group's personnel, % (2)	97	98.7	98.5	97.2	97.7
Fixed-term employees (average) of the Group's personnel, % (2)	3	1.3	1.5	2.8	2.3
Full-time employees (average) of the Group's personnel, % (2)	92	91.9	91.4	93.4	94.5
Part-time employees (average) of the Group's personnel, % (2)	8	8.1	8.6	6.6	5.5
Men, % of personnel	82	81	80.5	81.9	81.9
Women, % of personnel	18	19	19.5	18.1	18.1
Average age of personnel, years	43.2	43.1	42.8	43.1	43.8
Average duration of employment, years (2)	10.8	11.1	11.4	13	14
New employee hires (2) (3)	607	464	935	1,168	952
Terminations of employment (2) (3)	725	607	874	1,063	1,047
Total turnover, % (2) (3)	11	8.7	14.3	14.6	13
Retired (2)					
Retirement pension, incl. years-of-service pension	113	136	143	227	267
Disability pension (4)	22	23	22	33	31
Average retirement age (2)	61.7	61.4	60.4	60.8	60.5
Sickness-related absences as % of regular working hours (2)	4.6	4.4	4.4	4.3	4.7
Group's lost-time injury frequency (total number of work-related accidents per million hours worked)	9.2	7.6	14.1	11.7	13.5

(1) FTE from Searail and Transitar added to FTE total (2021: 17 (2020): 16 (2019): 9). These FTE are not included in other personnel figures due to data unavailability

(2) The figures do not include VR Track's and VR Transpoint's international operations.

(3) The turnover figures include both permanent and fixed-term employees. The name of the indicator is "Total turnover", but the average turnover is calculated

(4) Those retiring on disability pension after employment

102-8

FTE by country, 2021

Finland	5,581
Sweden	1
Norway	1
Russia	37
Total, on average	5,620

Gender breakdown of personnel, 2021

	Men	Women
Permanent, %	79.7	17.6
Fixed-term, %	2.3	0.5
Full-time, %	77.9	14.1
Part-time, %	4.0	4.0
Train drivers, qty	1,108	59
Train drivers, %	95	5
Train crew, qty	330	264
Train crew, %	56	44

Age breakdown of personnel, 2021

	Number	Share
Train drivers	1,167	
-29	44	4%
30-49	1,037	86%
50-	86	7%
Average age, years	40	
Train crew	594	
-29	105	17%
30-49	318	51%
50-	171	28%
Average age, years	42	

201-1

Dividends, taxes and levies (EUR million)

	2021
Dividends	100.0
Return of capital	0.0
Income tax	0.4
Deferred taxes	-6.2
Direct taxes, total	-5.8
Basic track access fee	43.7
Track tax	0.0
Investment tax	0.0
Track tax and track access fee, total	43.7
Other taxes and levies (e.g. Traficom permit fees)	0.5
Vehicle tax	0.1
Traffic electricity tax	0.0
Tax on fuels	13.7
Other electricity tax	1.9
Energy taxes, total	15.5
Paid to the state, total	154.1

	2021
Property tax	1.8
Pension contributions	51.1
Other personnel-related expenses	11.6
Employer's contributions, total	62.8
Value added tax (sales - purchases)	-7.9
Payroll taxes (withholding tax)	72.6
Taxes to be accounted for the financial year	64.8
Total of everything	283.4

401-1

New employee hires and employee turnover, 2021

Employee hires	Number	Share
Men	462	76%
Women	145	24%
Under 29	225	37%
30-49	288	47%
Over 50	94	15%
Total	607	

Terminations of employment		
Men	507	70%
Women	218	30%
Under 29	154	21%
30-49	283	39%
Over 50	288	40%
Total	725	

Includes new employee hires in Finland

403-9

Occupational safety in figures

Occupational safety at VR Group

Number of fatal accidents	0
Number of serious	12
Serious frequency (LTIF30)	1.3
TRI number	182
TRI frequency	19.1
Main types of accidents	Slipping and falling
Hours worked	9,505,951

Accidents to outsiders at VR workplaces

Number	24
Number of serious	0
Main types of accidents	Slipping and falling, injury from sharp objects

Working hours are calculated per million hours worked. The frequency includes all of VR Group employees.

Accidents are monitored based on the Finnish accident insurance system and corresponding accident decision and indemnity practice.

405-1

Diversity of governance bodies

Body	Number	Share
Supervisory Board	12	
Male	7	58%
Female	5	42%
Under 30	0	0%
30–50	6	50%
Over 50	6	50%
Board of Directors	7	
Male	4	57%
Female	3	43%
Under 30	0	0%
30–50	2	29%
Over 50	5	71%
Management Team of the Group	10	
Male	8	80%
Female	2	20%
Under 30	0	0%
30–50	3	30%
Over 50	7	70%
Total of everything	29	

Independent assurance statement

To the Management and Stakeholders of VR Group

Scope and Objectives

The Management of VR Group commissioned us to perform a limited assurance engagement over the sustainability information presented in the VR Group Corporate Responsibility Report 2021 ("the Report") for the reporting period 1st January to 31st December 2021. The assurance engagement was conducted in accordance with the AA1000 Assurance Standard (AA1000 AS v3, 2020) as a type 2 engagement.

We have duly performed an independent external assurance, the objective of which was to evaluate:

- VR Group's adherence to the AA1000 Accountability Principles (2018) of inclusivity, materiality, responsiveness and impact;
- the reliability of performance information presented in the Report according to the Principles for defining report quality in the GRI Standard 101 Foundation (2016); and
- the compliance with the GRI Standards in accordance criteria at the Core option.

Responsibilities

VR Group's Management is responsible for the preparation of the Report and the performance data and statements presented therein, which the VR Group management has approved. Our responsibility as assurance providers is to express a conclusion based on our work performed. The criteria used for our assessment include the GRI Standards and VR Group's internal reporting guidelines.

Assurance Provider's Independence and Competence

We have conducted our assessment as independent and impartial from the reporting organisation. We were not committed to any assignments for VR Group that would conflict with our independence, nor were we involved in the preparation of the Report. Our team consists of competent and experienced corporate responsibility reporting experts, who have the necessary skills to perform an assurance process.

Basis of Our Opinion

Assurance providers are obliged to plan and perform the assurance process to ensure that they collect adequate evidence for the necessary conclusions to be drawn. The procedures selected depend on the assurance provider's judgement, including their assessment of the risk of material misstatement adhering to the reporting criteria.

Our opinion is based, among other things, on the following procedures performed:

- Interviews with senior management representatives to gain an understanding of the major impacts, risks and opportunities related to VR Group's corporate responsibility areas;
- Assessment of the procedures VR Group has in place to ensure the inclusivity of stakeholder engagement processes, the identification of material stakeholder expectations, the responsiveness to stakeholder concerns and the assessment of impacts;
- Interviews with VR Group's specialists responsible for corporate responsibility performance data collection and calculations;
- Review of systems and procedures to generate, collect and report corporate responsibility performance data for the Report;
- Reviewing data at source and following this through to the responsibility information presented in the Report;
- Reviewing whether the evidence, measurements, and scope of the performance data is prepared in accordance with the Criteria; and
- Reviewing the Report and narrative accompanying the performance indicators in the Report with regard to the Criteria.

Inherent limitations

Our assurance relies on the premise that the data and information provided by VR Group to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. For instance, greenhouse gas (GHG) emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

Conclusions

Adherence to AA1000 Accountability Principles

- **Inclusivity:** VR Group has a stakeholder engagement process in place in order to understand stakeholder expectations, and the company has committed to active stakeholder dialogue.
- **Materiality:** VR Group has identified corporate responsibility reporting topics, which correspond to stakeholder interests and major economic, environmental and social impacts in VR Group's value chain.
- **Responsiveness:** VR Group has policies and procedures in place to respond to stakeholder's expectations.
- **Impact:** VR Group has identified impacts related to the material corporate responsibility topics and has committed to manage and disclose comprehensive and balanced information on these impacts.

Corporate responsibility performance data

We have reviewed the basis of the corporate sustainability information provided in the Report. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria.

GRI Standards in accordance criteria

The Report complies with the GRI Standards: Core option.

Observations and Recommendations

Based on our limited level assurance engagement, we present the following observations and recommendations, which do not affect the conclusions presented above.

- VR Group has systematic safety management procedures and action plans in place. In 2021 targets set for railway safety and occupational safety were not met. We recommend, that VR Group continues efforts to develop safety culture and preventive safety work in all operations.
- VR Group has solid environmental management practises in place. The company has set Group-wide environmental targets and committed to Finland's target to carbon neutrality by 2035. In 2021 the development did not progress fully in the line with targets set. We recommend, that VR Group continues efforts to minimize environmental impacts and further develops environmental data collection and monitoring performance against the targets.
- VR Group aims to develop employee experience and responsible business culture. In 2021 the COVID-19 pandemic and its consequences have an extensive influence on the employee experience. We recommend, that VR Group continues efforts to leadership work in the line with the management principles, an appreciating operating culture and dialogue according to the employee experience targets.

Helsinki, Finland, 7th March 2022

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Independent Sustainability Practitioner

Mitopro Oy



VR GROUP

Corporate responsibility report 2021

18 March 2022