ANNUAL REPORT 2024

CONTENTS

This Annual Report includes a comprehensive Sustainability Statement, which has been prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD). The Sustainability Statement is presented as part of the Board of Directors' report.

Business Review

VR in brief

VR's core business is providing passenger transport in Finland and Sweden, as well as logistics services on the rails in Finland. The company aims to be a competitive and modern service company offering excellent customer experiences.

Together with its stakeholders, VR strives to increase the popularity of electric rail and city transport. VR promotes a customer-oriented, sustainable and competitive rail market based on a combination of market competition and regional tendering for purchased transport.

- One of the largest public transport operators in the Nordic countries
- A high-quality and customer-centric service company
- Profitable growth in Finland and Sweden
- Strong values-based culture
- Committed to science-based climate targets
- Finland's most responsible brand in the passenger transport sector
(Sustainable Brand Index 2025)

Together towards a better world.

The year 2024 in figures

NET SALES

1,294.7 MEUR

(1,224 MEUR in 2023)

NUMBER OF JOURNEYS (Finland and Sweden)

ca. 263 million journeys

COMPARABLE OPERATING RESULT

84.6 MEUR

(59.9 MEUR in 2023)

FREIGHT ON THE RAILS

23.2 million tonnes

(23.4 million tonnes in 2023)

INVESTMENTS

234.1 MEUR

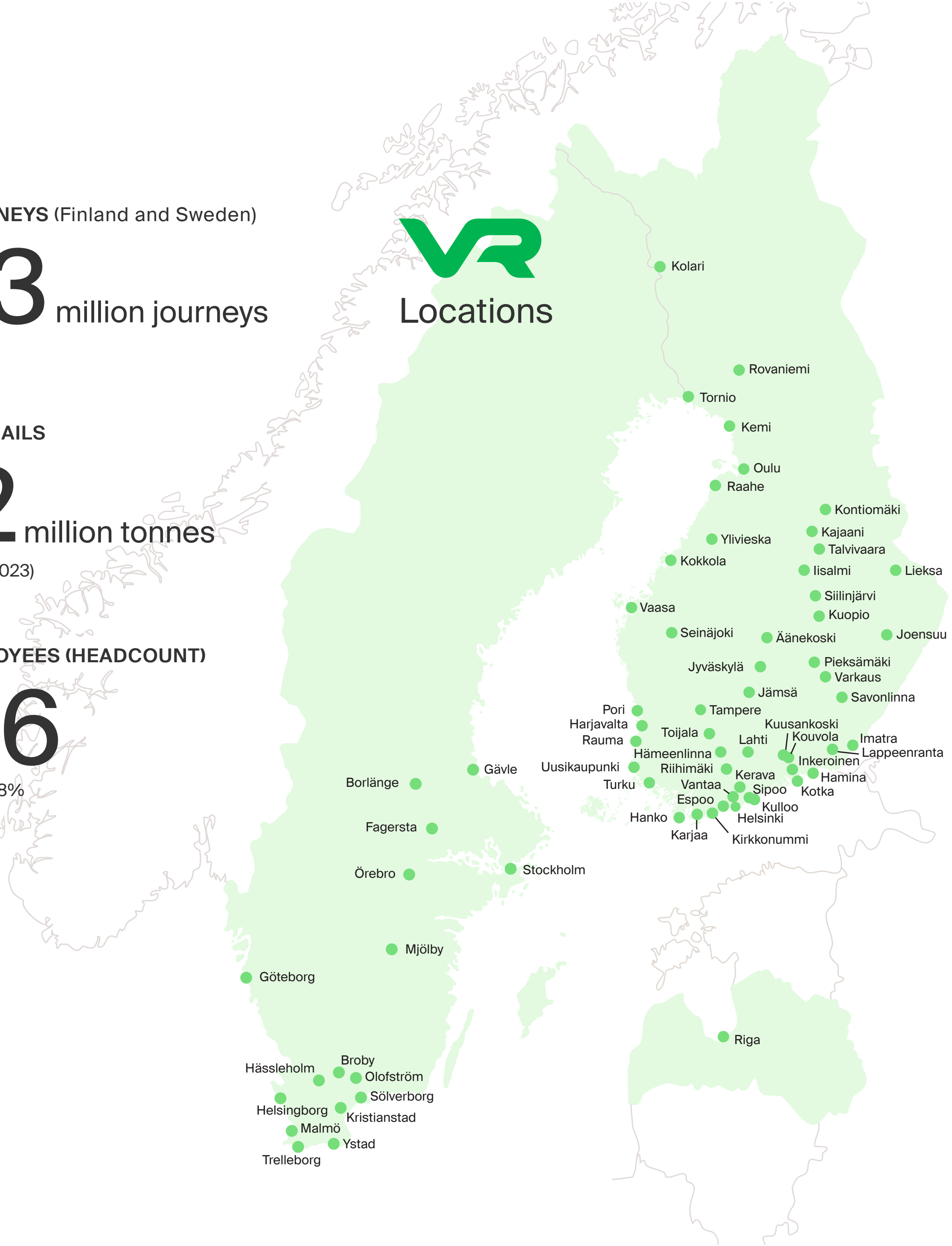
(186.9 MEUR in 2023)

NUMBER OF EMPLOYEES (HEADCOUNT)

8,416

Finland 72%, Sweden 28%

VR's net sales and operating result improved significantly in 2024. The growth was driven by an increase in passenger numbers, an acquisition in Sweden, and new city traffic contracts. Profitability was also improved by determining profit improvement measures that were aligned with the strategy.



Business operations

VR Long-Distance Traffic

VR Long-Distance ensures safe long-distance train journeys in Finland and Sweden. In Finland, travel comfort is complemented by Avecra restaurant services. A high-quality customer experience and punctuality are central to increasing the popularity of train travel.

Approximately 200 long-distance train services run daily in Finland, while 18 services in Sweden using VR's rolling stock.

VR LONG-DISTANCE

NET SALES

445.7 MEUR

OPERATING RESULT

95.0 MEUR

NUMBER OF EMPLOYEES (HEADCOUNT)

1,930

VR City Traffic

VR City Traffic operates commuter train, tram and bus services in Finland and Sweden. These services are procured through competitive tendering. VR actively participates in regional public transport tendering in both countries.

VR City Traffic also includes Finland's leader in electric bus transport, Pohjolan Liikenne. In addition, we operate trams on the Tampere Tramway as part of the Tramway Alliance.

VR CITY TRAFFIC

NET SALES

493.7 MEUR

OPERATING RESULT

-21.5 MEUR

NUMBER OF EMPLOYEES (HEADCOUNT)

4,448

VR Logistics

VR Logistics (VR Transpoint) is a strategic partner of industry, offering comprehensive rail transport and customized logistics chains with additional services.

VR Logistics develops the competitiveness of its customers through innovative and energy efficient logistics solutions

VR TRANSPOINT

NET SALES

334.9 MEUR

OPERATING RESULT

11.2 MEUR

NUMBER OF EMPLOYEES (HEADCOUNT)

1,655

VR FleetCare and Common functions support VR's business operations.

VR Long-Distance Traffic

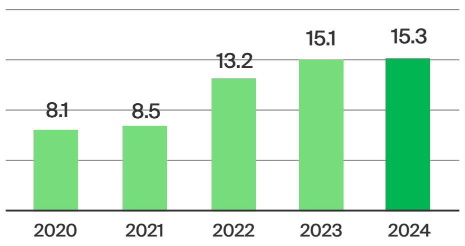
VR Long-Distance offers the most comfortable, safest and most environmentally friendly way to travel by train. In 2024, VR Long-Distance expanded its operations into Sweden's competitive commercial market and now operates 18 daily train services between Stockholm and Gothenburg. In Finland, VR's rolling stock uses approximately 200 long-distance train services daily. Avecra restaurant services provide added comfort for travellers. Approximately 34% of VR's revenue comes from long-distance traffic.

To support climate goals, VR aims to increase the share of train journeys as a percentage of overall travel. With this in mind, VR is developing station services and travel chains to continuously improve the customer experience. Customers especially appreciate the ease and convenience of train travel.

Customers are served through multiple channels, both face-to-face and digitally. There is a strong focus on digital services, as around 95% of train tickets are already purchased through digital channels. These include the vr.fi online service or the VR Matkalla mobile application. VR's online service has 1.3 million registered users, and the VR Matkalla application has approximately 0.6 million active users per month. VR Matkalla has been rated as one of the best applications in Finland, with a rating of 4.5/5.

Number of journeys in Finland

MILLION JOURNEYS



CASE

PROFITABLE GROWTH FROM THE SWEDISH LONG-DISTANCE TRAFFIC MARKET

By acquiring the Swedish long-distance train operations of MTRX in May 2024, VR's operations expanded in the Swedish passenger traffic market from regional contracted services to long-distance traffic. MTRX was integrated into VR's long-distance operations during the summer of 2024 under VR Snabbtåg AB.

With this acquisition, VR seeks profitable growth and experience from a competitive market where the travel experience is a decisive factor. Sweden is one of the pioneer countries where competition already exists in both market-based open access and regional contracted services. VR has been operating in Sweden's contracted city traffic market since 2022. The similarities between Sweden and Finland regarding weather conditions, infrastructure and travel habits support VR's operations in both countries.

VR's green brand identity is now visible in the Swedish market, from the appearance of the trains to ticket sales channels and marketing. The first green VR train started operating between Stockholm and Gothenburg on 26 August 2024.

On the Stockholm-Gothenburg route operated by VR Snabbtåg, travel volumes are at an excellent level. Top-class customer service is close to the hearts of the company's staff. According to the Swedish Customer Satisfaction Index (Svensk Kvalitetsindex), the company has had Sweden's most satisfied train passengers for eight consecutive years. In the 2024 measurement, MTRX achieved first place as Sweden's best passenger transport company.

CASE

MULTICULTURAL WORK COMMUNITY AS A STRENGTH

Over 50 languages are spoken at VR. We are actively investing in diversity to enrich the work community. A significant step was establishing a multicultural working group in September 2024. The working group aims to develop all employees' sense of inclusion and appreciation. In development workshops, the consideration of multicultural community in everyday work, such as in safety and workplace skills, is addressed from the perspectives of both employees and supervisors, and the culture of open discussion is improved.

VR City Traffic

VR City Traffic operates commuter train, tram and bus services, enabling a smooth everyday life for millions of customers in Finland and Sweden. Approximately 40% of VR's revenue comes from publicly tendered traffic contracts, typically lasting for 10 years.

In Finland, VR City Traffic transports people on the Helsinki Region Transport (HSL) area's commuter trains, but also VR's own commuter train services, purchased by the Ministry of Transport and Communications and using VR's rolling stock. Nearly 900 commuter train services are operated every weekday in Finland. VR City Traffic also includes Pohjolan Liikenne, a pioneer in electric bus transport. Pohjolan Liikenne operates in purchased traffic in the Helsinki metropolitan area, Kotka, Tampere and Kuopio. VR also operates the Tampere Tram.

VR has operated in Sweden's competitive regional traffic market since 2022, following the acquisition of Arriva Sverige AB. VR operates in Stockholm, southern Sweden, eastern Götaland, and the Bergslagen region in Central Sweden. VR is the third-largest train operator and the fourth-largest bus operator in Sweden.

NUMBER OF JOURNEYS

235.6 million journeys

VR is one of the largest public transport operators in the Nordic countries and actively participates in regional tendering in Finland and Sweden.

VR Logistics

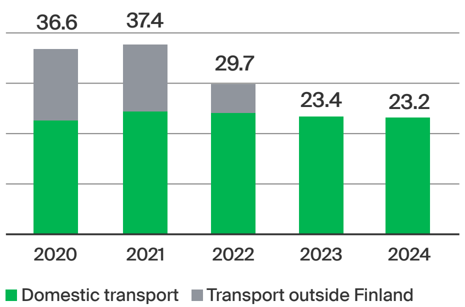
VR Logistics (VR Transpoint) offers comprehensive rail transport and tailored logistics solutions with additional services. It serves various industrial sectors, with a particular focus on the transport of products and raw materials for the export industry. With innovative logistics solutions, the company supports its customers' competitiveness and at the same time builds future-proof logistics. At the end of 2024, VR divested its road logistics business serving heavy industry in order to focus its logistics business on rail transport.

VR Logistics aims to be a reliable, competitive and profitable partner that supports the success of its customers and at the same time promotes the sustainable development of society as a whole.

Rail transport plays a crucial role in mitigating climate change, as it produces only about one percent of all transport emissions.

Freight on the rails

MILLION TONNES



CASE

REDUCING TRANSPORT EMISSIONS TOGETHER WITH CUSTOMERS

VR and UPM Plywood have started cooperation on sustainability to reduce transport emissions. Sustainability is a key part of both VR's and UPM's strategies. VR commits to using the same amount of renewable diesel in its train traffic as consumed by UPM Plywood's transport from the Pellos factory to Kouvola and Kotka. This is VR's first rail logistics HVO (Hydrotreated Vegetable Oil) concept, where the customer's transport emissions are reduced to almost zero in the Scope 1 emission category.

Companies strive to reduce carbon dioxide emissions through practical solutions. Only about 60% of Finland's entire rail network is electrified, so other responsible alternatives – such as renewable diesel and new power sources – are needed alongside electricity.

VR FleetCare

VR's business units are supported by VR FleetCare, which is responsible for the maintenance and modernisation services of rolling stock. Its primary task is to ensure high-quality and cost-effective maintenance of the fleet, which is key to improving customer satisfaction. VR FleetCare also offers the manufacture of freight wagons.

VR FleetCare's customers include several European rail operators. VR FleetCare combines innovative technology, strong expertise and customer-oriented solutions, making it a reliable partner for maintenance, wagon manufacturing and sustainable lifecycle management.

VR IS CRUCIAL TO MAINTAINING THE SECURITY OF SUPPLY

The company works closely with authorities and stakeholders to ensure rail services run smoothly during potential emergencies. The rail network's functionality, competitiveness, and resilience are vital for supply security. Both passenger and freight services are essential in crisis situations, where dependable transport is paramount.

FleetCare's service is strongly based on the circular economy: new parts are not automatically acquired; instead, spare parts are utilized, and components are refurbished to like-new condition.

CASE

SECURITY OF SUPPLY IN THE NORDIC COUNTRIES

At the end of 2024, VR FleetCare signed a significant agreement for security of supply with the Norwegian owner of the track infrastructure Bane NOR, the Norwegian Defence Materiel Administration and the Swedish Defence Forces. According to the agreement, VR FleetCare will design and manufacture 10 new heavy-duty wagons to transport heavy defence material by rail. The deal includes an option for 110 wagons in total.

DID YOU KNOW THIS ABOUT RAIL TRAFFIC IN FINLAND?

In Finland, long-distance traffic and rail transport are market-based businesses open to free competition. Rail traffic operates under an EU-regulated open-access model, allowing any operator to compete on the tracks. Several operators can be on the same routes, using their own or leased rolling stock. Unprofitable commercial passenger train traffic is supported through state- and city-funded purchased traffic.

COMMERCIAL TRAFFIC

More than 80% of Finland's long-distance traffic is provided by VR's own trains and is funded by ticket revenue. Railway freight traffic is entirely market-based and there are other operators too besides VR.

PURCHASED TRAFFIC

The Ministry of Transport and Communications annually purchases passenger train services – including for night trains, rail buses, and individual InterCity/Pendolino trains – on routes where operation is not commercially viable due to low passenger numbers. The Ministry determines the service level for this purchased traffic.

HSL TRAFFIC

VR has won the tender for commuter train services in the Helsinki metropolitan area with a ten-year contract for the years 2021–2031. HSL purchases the services and decides on the service level, ticket prices, and sales.

CEO REVIEW

Towards a future-proof VR

The year 2024 was a period of significant growth at VR. We continued to execute our turnaround, focusing on the three core goals of our strategy: profitability, growth, and the development of a values-based culture.

In the early part of the year, our profitability was weakened by a long-term political industrial action, rolling stock issues, and increased costs caused by an exceptionally long period of frost. In February, we had to suspend long-distance train traffic for safety reasons. This was due to a significant track breakdown that caused dents in the wheels of trains, leading to significant costs for VR.

Despite these challenges, VR's profit development turned positive after a difficult first quarter. I am very pleased that our full-year net sales grew by 5.8% and our profitability clearly improved. The Group's comparable operating result increased by more than 40% to EUR 84.6 million. The political industrial action at the beginning of the year had a negative impact of almost EUR 20 million on the result.

> **By improving the customer experience, we will increase the modal share of low-emission rail traffic. Every train journey we make promotes the wellbeing of society towards our climate goals.**
>
> ELISA MARKULA, CEO

GROWTH IN FINLAND AND SWEDEN

We made history in the rail industry by starting long-distance traffic in Sweden in August 2024. With the acquisition of the long-distance operator MTRX, VR's green brand identity is now visible in train traffic between Stockholm and Gothenburg. In line with our growth strategy, we have also grown successfully in the Swedish purchased traffic market. During 2024, we won three significant city traffic contracts in Sweden.

We are pleased that the popularity of environmentally friendly train travel is at an all-time high in Finland. A record 15.3 million journeys were made on our domestic long-distance train services in 2024. This growth was particularly driven by the increased popularity of both leisure travel and weekday business travel. I am happy to see that the customer experience has remained at a high level during this period of growth.

AMBITIOUS ZERO-EMISSION TARGETS

We invest heavily in sustainability and are committed to science-based emission reduction targets under the Science Based Targets initiative. Our goal is to reach net zero emissions by 2040. VR's new environmental targets were included in our 2024 sustainability agenda, which guides us towards even more sustainable business.

Rail transport accounts for just 1% of all transport emissions. 95% of our passenger traffic is electric driven, while 80% of our rail logistics already run on fossil-free electricity. Additionally, we support our corporate customers in reaching their environmental goals.

THE CUSTOMER EXPERIENCE AT THE HEART OF EVERYTHING WE DO

Increasing the modal share of rail transport requires continuous improvements in customer satisfaction. At VR, the customer experience is at the heart of everything we do. We take pride in delivering high quality services and are committed to maintaining a continuous dialogue with our customers. Passengers have particularly praised interactions with conductors, the ease of buying tickets, and the information provided during their journeys. In 2024, our vr.fi online service reached a record 1.3 million registered monthly users.

We made a major investment of approximately five million euros in new Wi-Fi equipment to improve the internet connectivity aboard long-distance trains. With the new VR Wi-Fi, onboard internet speeds have increased by up to five times. It is encouraging to see that customer satisfaction with onboard connectivity has risen to the level of 3.7/5. However, further improvements depend on telecom operators investing in trackside base stations.

We will also invest more in passenger comfort. For example, we will renew the interiors of our passenger trains and refresh the exterior of our train fleet.

> The most important thing is to strengthen the VR culture based on our values. By working together and trusting each other, we create success and ensure the well-being of our society in the future as well.

The biggest factor affecting customer satisfaction is train punctuality, which we can only partially influence. Around half of the delays are due to poor railway infrastructure, so government investments in renovating and developing the railway network are necessary to improve the punctuality of trains. One of the biggest challenges for rail transport in Finland is the maintenance backlog of the railway network, which has grown to approximately EUR 1.7 billion.

VR CULTURE AS A SUCCESS FACTOR FOR THE FUTURE

Developing a value-based corporate culture is at the heart of our strategy. I firmly believe that a strong corporate culture is a key factor in VR's success. Safety, customer focus, and taking responsibility are at the core of everything we do. When every employee feels valued and part of a meaningful whole, we can achieve great things together and deliver unforgettable experiences for our customers.

By creating a cohesive and distinctive VR community where everyone can feel valued and important, our value-based culture supports the implementation of VR's strategy and the achievement of our goals. We build this culture on a strong value base, uniform operating methods, and clear structures, processes and responsibilities. The goal is a culture where humanity and efficiency are combined, with trust and cooperation at the core. Safety, customer orientation and responsibility are at the heart of all operations.

I am also proud that we were once again able to offer summer jobs to more than 100 young people. For the first time, we were ranked eighth in Oikotie's Responsible Summer Job assessment, which demonstrates our commitment to providing high-quality and responsible summer jobs.

WE PROMOTE AN OPEN RAIL MARKET AND FOCUS ON THE CORE BUSINESS OF THE TRAIN OPERATOR

We remain committed to implementing our strategy and accelerating the company's turnaround. By 2027, VR aims to have applied profit improvement measures worth EUR 250 million. This will enable investments of EUR 1 billion in rolling stock, as well as investments in electrification, technology and expertise in Finland and Sweden. With these investments, we will secure the continuity of Finnish rail traffic for decades to come.

VR supports the objectives of the Government Programme and actively promotes a market-based and competition-neutral operating environment in the railway sector. As part of this, we have put our rolling stock up for sale and we also aim to divest our stations and depot properties. At the turn of the year, we sold our road logistics business and transferred private tracks to Raideinfra Oy and the Finnish Transport Infrastructure Agency. VR is focusing more and more on its core businesses: passenger and freight transport.

We also strengthened our role as a guarantor of the Nordic security of supply. VR FleetCare signed an agreement with the Norwegian company Bane NOR, the Norwegian Defence Materiel Administration, and the Swedish Defence Forces for the design and serial production of new heavy transport wagons. This significant project will enable heavy transport of defence materiel by rail.

A big thank you to all our employees for their great work and commitment to implementing our strategy. Together we do important work for our customers every single day. I would also like to thank all our customers for their trust and our stakeholders for their good cooperation in promoting sustainable transport.

ELISA MARKULA, CEO

Business environment

Number of train journeys in long-distance traffic in Finland reached record levels in 2024, with 15.3 million journeys made.

Demand for train travel is growing, despite continuing low consumer confidence in 2024. The Finnish rail traffic market has recovered well from its downturn caused by the coronavirus a few years ago. At the beginning of 2024, business was challenged by prolonged political strikes, significant track damage, rolling stock challenges caused by an exceptionally long period of freezing temperatures. Political strikes had a negative impact of almost EUR 20 million on VR's operating profit.

VR has operated in the competitive Swedish purchased traffic market since 2022. With the expansion into Sweden, VR gained access to contract-based public traffic markets that are multiple times larger compared to Finland, growing in terms of population growth and urbanization. In 2024, VR expanded its operations in Sweden to include market-based long-distance train services, which also have a larger market compared to Finland.

One of the biggest challenges for rail transport in Finland is the poor condition of the rail network and the repair debt, now estimated at EUR 1.7 billion. More than half of train delays are due to track conditions or disruptions on the state rail network, which is the responsibility of the Finnish Transport Infrastructure Agency. In the long term, deteriorating rail infrastructure also poses a risk to the security of supply. A reliable rail network is the best guarantee of security of supply, even in exceptional circumstances. Therefore, it is important to systematically reduce the maintenance backlog and build more double-track sections on Finland's 90% single-track network, which will streamline traffic and increase the network's capacity.

VR is committed to promoting the Finnish government's goal of increasing competition in rail transport. The aim is to grow a customer-oriented and sustainable rail market based on a combination of free competition and regional public transport tenders.

External factors affecting VR's business

Rail transport accounts for only

1%

of all transport emissions in Finland

95%

of our passenger trains run on fossil-free energy

80%

of freight trains run on fossil-free energy

Megatrends support VR's strategy and low-emission rail transport

Long-term megatrends support the implementation of VR's strategy. The growth in the popularity of electric public transport reduces emissions across society.

CLIMATE CHANGE is one of the most significant megatrends of our time, and mitigating it requires growth in rail transport. Electric trains are the most climate-friendly mode of transport, as they produce fewer emissions and consume less energy than most other modes. Modern solutions and technology in coach transport further reduce society's carbon footprint.

With continued **URBANISATION**, the number of passengers using urban transport and travelling between major cities is increasing. Growing cities need sustainable and efficient public transport services. In Finland, where distances are long, the train is a easily accessible mode of transport.

DIGITALISATION demands a new mindset, working methods and skills (such as agile development). It also brings new opportunities for customer service, operational efficiency and business development. Delivering an excellent customer experience and driving growth require the creation of superior and cost-effective digital services, which are becoming an increasingly important part of everyday life and business.

Strategy

VR aims to be a modern passenger and logistics service company offering excellent customer experiences. The focus is on growth and improving profitability.

For the benefit of customers – Always responsibly

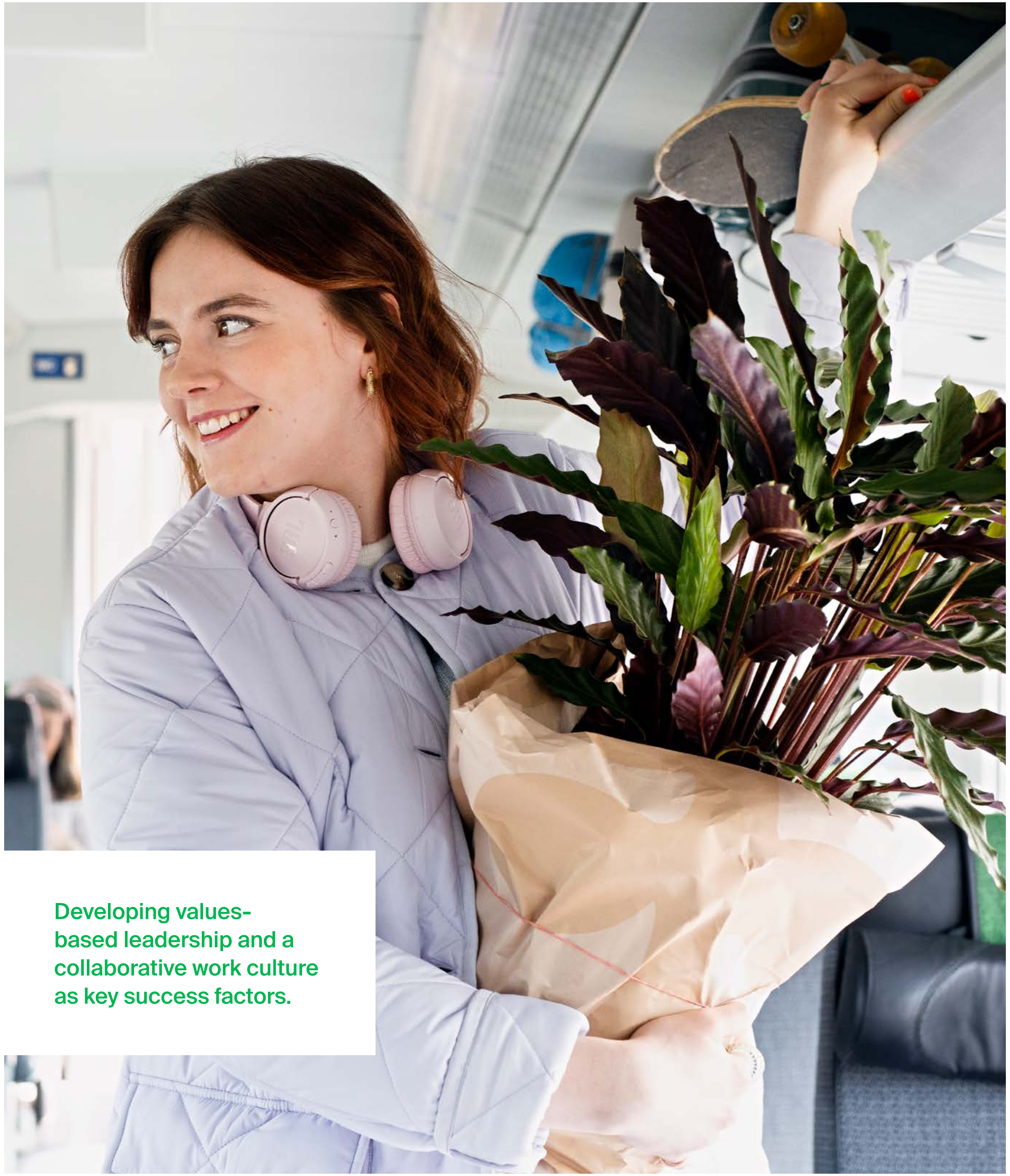
VR's strategic goals and values promote change towards a sustainable society. A high-quality travel experience increases travel volumes. The customer is at the heart of our operations, because we can only increase the modal share of emission-free rail and city traffic by improving customer satisfaction.

At the same time, emissions from our customers and society as a whole are reduced. Together with its customers, VR is moving towards a carbon-neutral future and actively participating in mitigating climate change. **The better VR succeeds, the more society as a whole benefits – through the growth of rail transport, VR's operational impact increases.**

Open markets require continuous development of competitiveness and the utilization of new opportunities. VR aims to be involved in growing a customer-oriented, sustainable, and competition-based rail market.

VR IS PREPARING FOR COMPETITION BY

- Promoting the development of a competition-neutral operating environment
- Supporting establishment of a state-owned rolling stock company for purchased traffic
- Divesting station and depot properties
- Selling its surplus rolling stock



Developing values-based leadership and a collaborative work culture as key success factors.

CASE

VR SUCCEEDED IN SWEDISH PURCHASED TRAFFIC TENDERS

VR won three new purchased traffic contracts in Sweden in 2024: the Norrtåg and Öresundståg rail transport contracts starting in December 2025, and the bus transport contract starting in June 2025 in the Tyresö area of Stockholm. The new contracts employ approximately 1,270 people.

VR's success is based on a competitive offer, high quality, strong commitment, and the ability to offer environmentally friendly solutions.

Previously, VR has won train service contracts in Sweden for "Tåg i Bergslagen" in the Bergslagen area, and "X-Trafik" in Central Sweden from Gävle to Ljusdal and Sundsvall.

Profitable growth from Sweden

Sweden is an important market area for VR, offering good opportunities for growth and improved profitability. VR's strong industry expertise and long experience bring added value to the Swedish market.

COMMERCIAL TRAFFIC: VR seeks profitable growth in Sweden's competitive long-distance traffic market by acquiring VR Snabbtåg in 2024. The travel experience is a competitive factor in a market served by several local and international rail transport operators. In Sweden, the demand for commercial long-distance transport is about twice that of Finland. Since August 2024, VR Snabbtåg has been operating long-distance train services between Stockholm and Gothenburg.

PURCHASED TRAFFIC: VR has been establishing its position in Sweden's competitive purchased city traffic market since 2022. The demand for contract-based public-purchased traffic in Sweden is four times larger than in Finland. In 2024, VR City Traffic operated in Sweden:

- **Southern Sweden:** Pågatågen train and bus services in Helsingborg and Kristianstad, commissioned by Skånetrafiken.
- **East Götaland:** Östgötapendeln train services commissioned by Östgötatrafiken.
- **Central Sweden:** Train services are available in the Bergslagen area in Central Sweden.
- **In the Stockholm area**, bus, tram and local train services tendered by SL.

VR is one of the largest public transport operators in the Nordic countries.

VR invests in new rolling stock and a better customer experience

Rolling stock is a competitive factor and a valuable production investment for a railway company. VR is investing almost EUR 1 billion in the renewal and modernization of rolling stock in Finland.

NEW ROLLING STOCK FOR TRAIN SERVICES

From 2026 onwards, 20 new commuter trains will be introduced into service. They are up to 50% more energy-efficient than their predecessors. Nine new sleeper cars and eight car-carrying wagons will be used for night train services in Finland. They are manufactured at the Škoda Transtech factory in Otanmäki, Kajaani. VR Group's current night train rolling stock comprises 75 sleeper cars and 33 car-carrying wagons.

ELECTRIC BUSES AND NEW LOCOMOTIVES

VR is also investing in the electrification of bus transport. Currently, Pohjolan Liikenne has more than 270 electric buses in use in the Helsinki metropolitan area. This number will increase in the coming years. At the end of 2024, approximately 80% of VR Group's bus transport was electric. VR is investing over EUR 500 million in two new series of locomotives. This more reliable and energy-efficient rolling stock enables the clean transport transition and promotes the popularity of low-emission rail transport.

Investments in rolling stock increase rail transport's popularity and customer experience, securing the continuity of Finnish railway transport for decades to come.

ROLLING STOCK INVESTMENTS

9	sleeper cars and eight car-carrying wagons for night services from 2026 onwards
8	car transport wagons for night trains from 2026 onwards
20	new Flirt commuter trains from 2026 onwards
80	new Sr3 electric locomotives, estimated 2017–2026
60	new Dr19 diesel locomotives, estimated 2023–2027

CASE

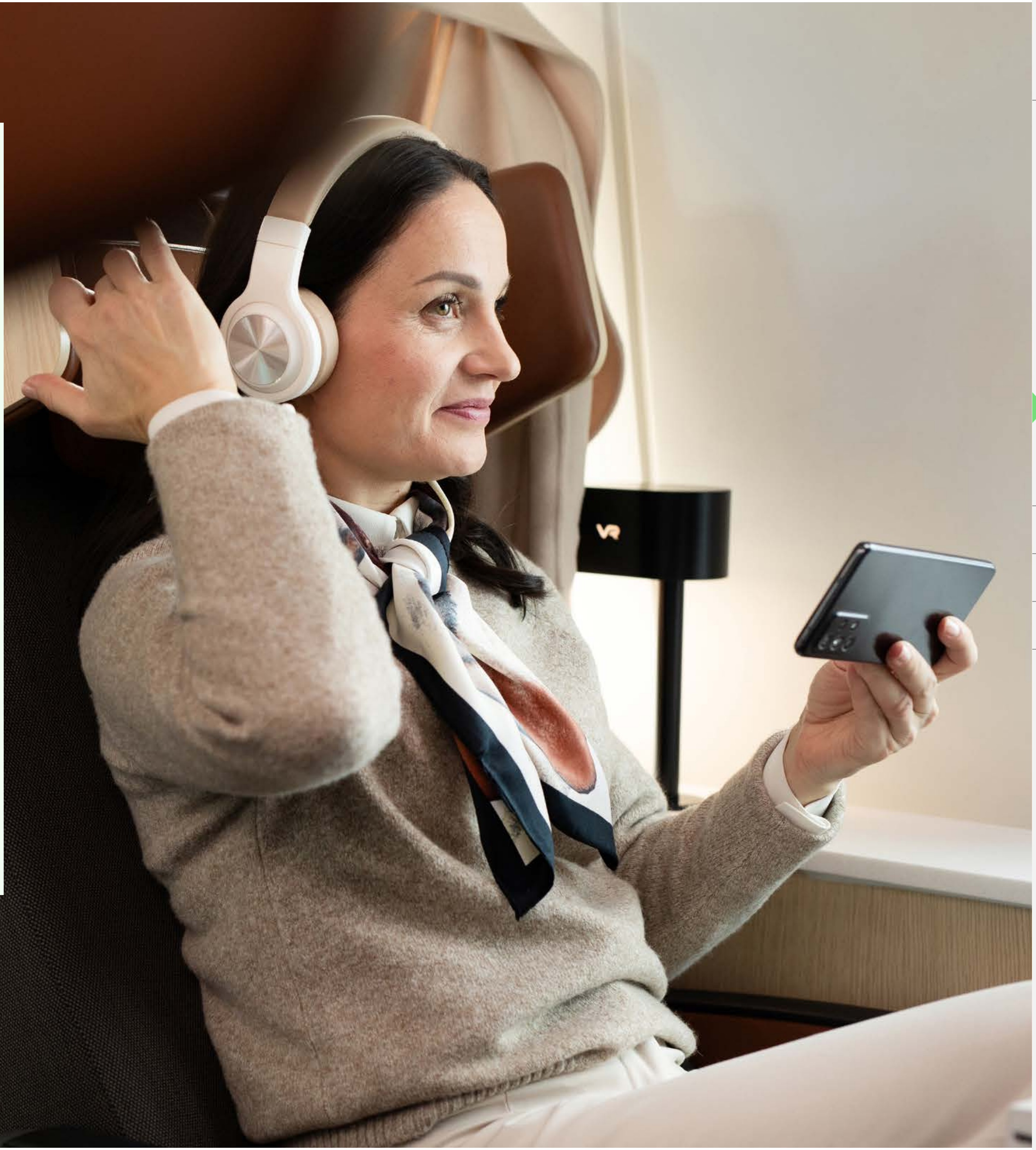
IMPROVING TRAIN CONNECTIVITY

In 2024, a significantly faster “New VR Wi-Fi” was introduced on all VR’s long-distance trains. VR has invested approximately EUR 5 million in this new network technology and Wi-Fi equipment. As a result, customer satisfaction with onboard Wi-Fi has risen to 3.7/5.

VR is also testing ways to enhance radio signal penetration into train carriages. In addition to connecting to the Wi-Fi, customers use mobile data and make phone calls, requiring a signal from base stations. Repeaters inside the train amplify this signal and VR is actively researching and testing new technologies to further improve it. However, this onboard signal boosting technology is redundant in areas where there is no signal, or where the capacity of base stations is inadequate.

VR’s measures alone cannot guarantee a working connection for the entire train journey. The biggest challenges for train connectivity are the coverage gaps in the rail network, and network capacity that is insufficient for the needs of hundreds of train passengers.

Telecom operators invest in network capacity according to commercial demand. But demand is low in sparsely populated areas, except for the demand from train passengers. Improving train network connections in areas with coverage gaps requires close cooperation between telecom operators, the state, municipalities, other authorities and VR.



VR's strategic targets

HAPPY CUSTOMERS BRING GROWTH

VR is seeking growth both in Finland and Sweden, where it operates through acquisitions in Sweden's large purchased traffic and market-based long-distance traffic market. A high-quality and successful customer experience increases the travel volumes. VR enhances customer understanding by listening to customers, analyzing collected data, and developing services together with customers. Continuous improvement of the customer experience and brand renewal has been a significant part of VR's growth strategy.

VR is also seeking new growth by actively participating in purchased traffic tenders in both countries. VR Logistics tailors comprehensive rail transport solutions for various industrial sectors and develops new services to support business together with its industrial customers. For international maintenance customers, VR offers rolling stock modernizations and freight car manufacturing.

EFFICIENCY ENABLES A PROFITABLE FUTURE

VR aims to achieve a profit improvement of EUR 250 million by the end of 2027, enabling the financing of over EUR 1 billion in new rolling stock investments.

To ensure its future competitiveness, VR seeks efficiency in all its operations. It continuously invests in improving the customer experience while enhancing operational efficiency, critically examining fixed costs, and streamlining procurement.

COMMITTED PEOPLE CREATE SUCCESS

Values-based leadership and culture are the foundation of everything. VR's culture is based on mutual respect, trust, cooperation, and continuous learning and improvement. A good employee experience and, through this, a better customer experience are essential parts of VR's success. Satisfied and motivated staff create a positive atmosphere reflected in customer satisfaction. Customer relationships are built on openness and cooperation.

OUR VALUES

WE CARE

We care about and value each other and our customers. We take care of safety and the environment.

WE WORK TOGETHER

We listen to and learn from each other. We succeed and prosper by working together. We invite colleagues, customers and partners to cooperate.

WE DRIVE IMPROVEMENT

With curiosity and courage, we continuously improve our operations. As professionals in sustainable transport, we drive a better future for everyone.

CASE

IMPLEMENTING THE STRATEGY TOGETHER – FOCUSING ON EMPLOYEE ENGAGEMENT

The Strategy into Action (SiA) forum brings together VR's key personnel to commit to a common direction and be inspired on the journey of change. The purpose of the forum is to promote understanding of the company's strategy and the significance of its implementation.

The goals of the forum are to:

- Create an understanding of the content of the strategy and the necessary next steps
- Create a shared vision of good leadership
- Build trust across unit boundaries

The forum addressed among other things, the employee experience, culture building, operational development, improving the customer experience and enabling growth. Success stories were also shared and learned at the forum.

Together on a value journey

VR's value-based culture is founded on three core values: ***We care, We work together****, and* ***We drive improvement****. These values guide the daily work and decision-making.*

TOWARDS AN EVEN STRONGER VALUE-BASED CULTURE

Developing a value-based corporate culture is at the core of the company's strategy. A value-based culture supports the implementation of the strategy and the achievement of the company's goals by creating a unified and distinctive VR community where everyone can feel valued and important. We build the culture on a strong, shared value foundation, consistent practices, clear structures, processes, and responsibilities.

We invest in developing an open, inclusive, and collaborative work community and value-based leadership. The goal is a culture where humanity and efficiency combine, trust and cooperation are central, and safety and customer orientation are the foundation of all activities.

Our values are integrated into all key personnel processes and management practices. The values also serve as the basis for goal and development discussions. They provide a framework that helps employees recognize their strengths and areas for development, as well as the expectations placed on them. Our updated Ethical Principles (Code of Conduct) are also based on our values and are part of clarifying our culture. The guidelines provide direction for ethical and value-based behavior in everyday work. Inappropriate behavior, harassment, or discrimination is not allowed under any circumstances.

We systematically measure the development of a value-based culture through the Pulse survey, which measures employee engagement. In 2024, a record 74% of the company's employees responded to the Pulse survey, and 88% of them recognized the company's values.

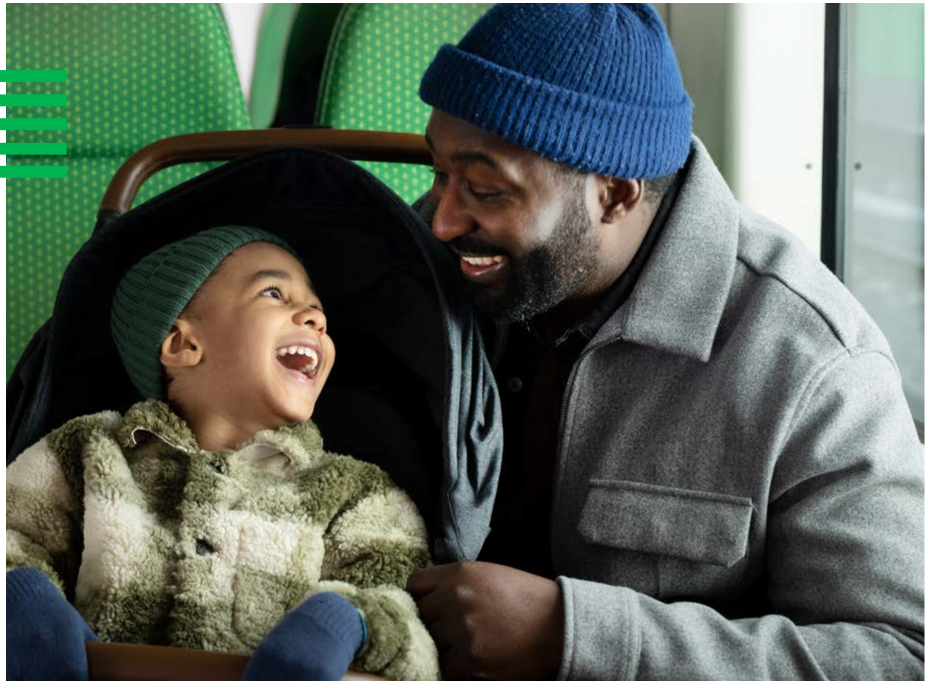
A value-based culture is built through every daily encounters.

CASE

LEADERSHIP PRINCIPLES

VR's Leadership Principles were defined in 2024. These principles are firmly based on the company's values, ethics, openness and responsibility. The Leadership Principles define what is expected from our leaders at VR. They clarify what is good leadership and what kind of leadership competences and behaviors supporting our value-based culture and business success. VR Leadership Principles are common to all leaders.

Highlights of 2024



TOWARDS LOWER EMISSIONS THROUGH ENERGY EFFICIENCY

VR continues its successful work to improve energy efficiency in transport and its properties. In 2024, energy efficiency of train traffic in Finland improved nearly by 9% compared to 2022. The energy efficiency of train traffic has been improved, for example, through locomotive drivers optimizing speeds to minimize the need for braking. Energy consumption has also been optimized by adjusting the ventilation and lighting of trains, utilizing analytics, and improving timetable planning in cooperation with traffic control.

Energy efficiency of train traffic in Finland improved by almost

9%

compared to 2022.

Record-breaking train travel

A record 15.3 million journeys were made on long-distance trains in Finland in 2024. This is the highest number in VR's measurement history. Growth in leisure and weekday business travel drove a 1.3% increase in train journeys compared to the previous year. As the lowest-emission mode of transport, the popularity of train travel benefits society.

15.3 million

long-distance train journeys

+1.3%

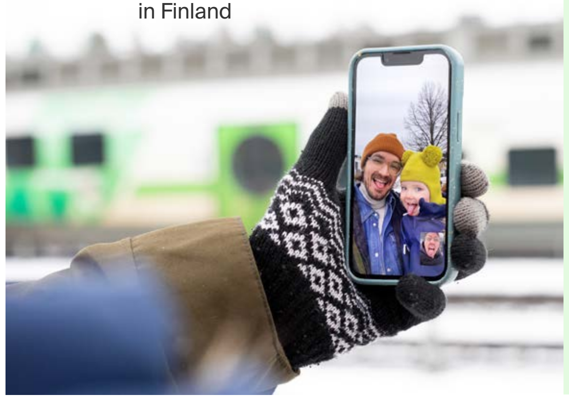
growth year-on-year

Acquisition in Sweden – VR Snabbtåg

VR expanded its operations into the Swedish commercial long-distance transport market by acquiring the business of the Swedish company MTRX in May 2024. MTRX was integrated into VR's long-distance transport operations during the summer under the name VR Snabbtåg AB. VR's green brand identity is now visible in the Swedish market, from the appearance of the trains themselves to ticket sales and marketing channels. The first green VR train started operating between Stockholm and Gothenburg on 26 August 2024.

46 NPS

in Finland



CUSTOMER SATISFACTION AT A HIGH LEVEL

Customer satisfaction with long-distance traffic was high in Finland in 2024. The customer's post-trip recommendation index (NPS) was 46, and in the previous year it was 49. The most significant factors affecting NPS are train punctuality, the functionality of the train network, the cleanliness of the trains, and the condition of the rolling stock. The customer experience and continuous service development are at the heart of VR's strategy.

Towards net-zero emissions

VR Group is committed to the Science Based Targets initiative (SBTi) and aims to achieve net-zero emissions by 2040. The company plans to halve its emissions in the next seven years. VR Group collaborates with its partners to reduce emissions throughout its value chain.

Pohjolan Liikenne, a pioneer in electric transport

In bus transport, VR's Pohjolan Liikenne is a leader in sustainable development, with approximately 80% of its traffic operated electrically. This significantly reduces traffic emissions and promotes a cleaner urban environment. The electrification of bus transport has been rapid at VR, as the first electric buses were introduced in 2019.

VR RANKED NINTH IN THE COMPARISON OF EUROPE'S BEST TRAIN COMPANIES

VR ranked 9th out of 27 companies in the Transport & Environment (T&E) train company comparison and was the best among Nordic companies. The companies were evaluated in eight categories, including price, reliability, compensation practices in delay situations, and the passenger experience. VR received particularly good scores for the customer experience and its prices.

1.3 million registered users monthly on vr.fi

Some 95% of domestic long-distance transport sales are made digitally. VR is constantly developing its customer channels, the largest of which are the vr.fi online service and the VR Matkalla mobile application. Travel tickets and additional services are purchased by up to 1.3 million registered users every month through the online service. The VR Matkalla application has been rated as one of the best applications in Finland and has over 0.6 million active users every month. VR Matkalla supports the customer throughout the journey, from choosing a trip to following the journey's progress all the way to the destination.

95%

of long-distance domestic transport sales are digital.

0.6 million

monthly users of the VR Matkalla app

Auntie Service

In 2024, VR introduced Auntie, a low-threshold mental health service. Auntie includes self-study materials, discussion packages and mini-webinars to address everyday challenges before they cause significant problems. The service supports managing personal issues and mental wellbeing, helping employees to manage stress, decreased motivation or work-life imbalance.

New paint shop brings new expertise and jobs to Oulu

VR FleetCare has invested almost EUR 10 million in improving its Oulu depot and project centre facilities, as well as in developing a new paint shop. The paint shop is mainly used for surface treatment of rail vehicles, but it also enables the subcontracting of other large-scale processing. The investment is part of a project that includes modernizing a Swedish customer's rolling stock and renewing the appearance of VR's Sm6 rolling stock. It's a step towards safer and more efficient maintenance, while supporting VR FleetCare's goal of offering high-quality and cost-effective services.

Competitive wins in Sweden

As a train operator offering high quality services, VR achieved significant wins in competitive tenders for purchased transport in Sweden. During 2024, VR won three contracts: the Norrtåg and Öresundståg rail transport contracts starting in December 2025, and the bus transport contract beginning in June 2025 in the Tyresö area of Stockholm. VR won these contracts thanks to its competitive offer, high quality and strong commitment. The company's abilities to offer environmentally friendly solutions and improve infrastructure were also essential to wining the tenders.

VR as part of society

VR promotes growth and competition of the rail market in Finland

VR is committed to promoting the Government Programme's objective of increasing competition in rail transport. The aim is to grow a customer-oriented and sustainable rail market based on free competition and with tenders for regional transport contracts.

Finland's long-distance and rail transport markets have been opened to free competition under an open-access model. In freight transport, several operators offer services alongside VR. More than 80% of long-distance transport in Finland is operated by VR and funded by ticket revenue. Unprofitable passenger rail services and commercial transport are supported through purchased transport services funded by the state and cities.

VR is increasingly focusing on its core business: operating passenger and freight transport. To create a competition-neutral environment, VR is divesting its station and depot properties, as well as rail infrastructure that has remained under the company's ownership. VR has divested its road logistics business and will focus on railway transport in its logistics business.

VR is actively encouraging the establishment of a rolling stock company for publicly supported purchased transport. The company is involved in a joint project group with the Finnish State Ownership Steering Department and the Ministry of Transport and Communications, which are together responsible for establishing the rolling stock company. The rolling stock currently used for purchased transport is to be transferred to the state-owned rolling stock company. VR supports the development of regional purchased transport and advocates for municipalities to be allowed to organise such transport.

VR has also advanced market-based competition by selling surplus rolling stock to other operators in the rail transport sector.

The aim is to grow a customer-focused and sustainable rail market, based on a combination of free competition and regional tendered services.

VR maintains active social dialogue and cooperation to develop rail transport

VR aims to promote the growth of rail transport, thereby reducing overall transport emissions and improving safety. Increasing rail capacity, maintaining the existing network, and electrification are crucial to establishing a foundation for sustainable competition and growth in rail transport.

By engaging in dialogue and cooperating with various stakeholders, VR aims to grow the Finnish rail market and promote competition on the tracks. VR's objective is to promote the popularity of rail transport to improve Finland's accessibility, transport supply security and competitiveness in the sector.

VR continuously engages with cities, municipalities and regions to develop regional train services. Regular customer surveys are aimed at improving the customer experience and developing services.

Social engagement to promote sustainable change is integral to VR's corporate social responsibility. This includes sharing expert insights with stakeholders and decision-makers.

In 2024, VR submitted expert statements to, among others, the Finnish Parliament's Transport and Communications Committee and the Transport Subcommittee of the Finance Committee. These statements covered the development of rail transport systems, the processing of EU legislative initiatives for rail transport, and climate and energy issues.

Sustainable value creation in 2024

Customers

- High customer satisfaction (long-distance traffic NPS 46)
- Accessible and equal mode of transport
- Promoting the competitiveness of industry

Personnel

- Value-based culture
- Commitment index 73 (Pulse)
- Safe working environment

Society & owner

- Sustainable traffic system
- Ensuring the security of supply
- Capital return of EUR **44.4 million**
- Taxes paid to Finland EUR **109 million**

Environment

VR Group has set a long-term goal to achieve net-zero emissions throughout its value chain by 2040.

The core of our business

256.7 million
journeys in Finland and Sweden

23.2 million tn
by rail

We accelerate the responsible transport of the future in Finland and Sweden.

Our purpose

Together towards a better world.

Our values

We care, we work together, we drive improvement.

Our key resources

Financial resources

Comparable net sales	**EUR 1,294.7 million**
Comparable operating result	**EUR 84.6 million**
Return on investment	**5.2%**

360 locomotives
640 wagons in passenger services
8,000 wagons in freight traffic
573 buses

Rolling stock maintenance and life cycle services

EUR **234.1** million
in investments to improve the customer experience

Personnel

8,416
employees contributing their know-how and expertise

Natural resources

100%
of the electricity used is generated in Finland

Towards a more sustainable society

VR is continuously developing its operations to be more responsible and supports its customers and stakeholders in achieving sustainable development goals. The company generates economic value for society, among other things, by distributing dividends to society, which, without earmarking, go towards supporting societal well-being.

The year 2024 has been significant for VR in terms of sustainability work. VR set ambitious climate targets for the years 2032 and 2040 in accordance with the Science Based Targets (SBT) initiative. These targets are part of the new sustainability agenda updated in 2024. With science-based targets, VR commits to reducing its greenhouse gas emissions and promoting the achievement of climate goals. The focus on social responsibility is also increasing with the new sustainability agenda.

The topics of VR's new sustainability agenda were defined based on a double materiality assessment in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD). In 2024, VR will publish a sustainability report for the first time as part of the board's annual report. The report complies with the CSRD. This report provides a comprehensive overview of VR's sustainability actions and achievements. It is an important step towards more transparent and responsible business operations.

VR's sustainability work is based on the company's vision, values, and strategy. The guidelines of the Government's ownership policy decision on social and corporate responsibility, the UN's sustainable development goals, and VR's commitments guide the sustainability work. In 2020, VR signed the Global Compact initiative, committing to promoting human rights, labor standards, environmental protection, and anti-corruption efforts.

You can find VR's 2024 Sustainability Statement (CSRD) within the Board of Directors' Report. The full report begins on page 58.

Read the full Sustainability Statement

Sustainability management

VR's sustainability management model has been updated to align with new goals and challenges. The VR Group Board of Directors approves the company's sustainability goals and oversees their implementation. The Board also approves VR's operating principles and the key policies that guide operations. The Board's Audit Committee monitors the progress of sustainability reporting.

The VR Group Leadership Team assesses the progress of sustainability goals and defines the focus areas and projects for sustainability work. Within the Leadership Team, sustainability is represented by the Senior Vice President, Communications, Public Affairs and Sustainability. Sustainability is managed in line with the agenda and VR's business units are responsible for implementing the sustainability agenda and related measures by setting objectives within their operations. The policies and commitments that guide sustainability are integrated into everyday operations and are consistently monitored.

Rail transport is a low-emission and sustainable mode of travel, but VR wants to do even more. The company continuously strives to improve its environmental performance and support sustainable development.

For more detailed information on the management of sustainability work and reporting can be read in VR's sustainability statement.

Highlights of VR's sustainability activities in 2024

1. SCIENCE-BASED TARGETS:
VR is committed to Finland's carbon-neutral goal by 2035. The company intends to halve emissions over the next seven years and achieve net-zero emissions by 2040.

2. VALUES-BASED CULTURE AND SAFETY:
VR invests in the wellbeing and safety of its employees. The company provides training and resources that support employee wellbeing and safety in the workplace. 88% of employees are familiar with the company's values. Ethical principles were updated in 2024.

3. INVESTMENTS IN ENVIRONMENTALLY FRIENDLY ROLLING STOCK:
VR has invested in new, energy-efficient rolling stock that produces less emissions and significantly reduces the environmental impact of transport.

4. COOPERATION WITH STAKEHOLDERS:
VR works closely with its customers, communities and other stakeholders to promote the popularity of rail transport and sustainable development goals. This cooperation includes, for example, joint customer projects, such as the wood transport optimisation project with a forest industry customer.

The new VR Sustainability Agenda

VR's new Sustainability Agenda is based on the EU's Corporate Sustainability Reporting Directive (CSRD) and its requirement for double materiality assessment. The agenda includes e.g. concrete targets and metrics for mitigating climate change, promoting the circular economy, and improving occupational safety.

VR'S MATERIAL SUSTAINABILITY TOPICS according to CSRD		SUSTAINABILITY AGENDA METRICS
E Environmental Sustainability	**Climate Change** (E1)	• Science-based targets • Energy efficiency
	Resource use and Circular economy (E5)	• Recycling rate
S Social Sustainability	**Own workforce** (S1)	• Zero tolerance for inappropriate conduct, harassment, and discrimination • Reducing obstacles to diversity, equity and inclusion • Zero fatalities or serious injuries • Injury frequencies (TRIF and LTIF) • Safety observations and their coverage • Sickness related absence • Employee engagement
	Workers in the value chain (S2)	• Supplier assessment and Code of Conduct commitment • Contracted subcontractors of operational services on VR sites and depots to be aligned with VR safety requirement
	Consumers and End-users (S4)	• Zero fatalities or serious injuries • Railway and bus incident frequencies • All passenger-facing employees trained in interacting with people with disabilities • NPS and punctuality • Zero major privacy incidents
G Governance	**Business Conduct** (G1)	• Zero major NIS2 incidents • Zero bribery and corruption cases

Towards net-zero emissions

Sustainability and caring for the environment are key factors in VR's success. The company is investing in energy efficiency and the use of fossil-free energy in its pursuit of carbon neutrality in accordance with the Paris Agreement.

VR plays a societally important role in mitigating climate change. Rail transport is already energy-efficient and low-emission mode of transport, and VR aims to be a pioneer in its other business operations as well. Through its operations, VR reduces the environmental impact of transport and society's carbon footprint.

In 2024, VR set new environmental targets as part of its Sustainability Agenda. The previously set environmental targets for 2021–2025 will continue to be monitored until the end of the target period.

In 2024, the international Science Based Targets initiative (SBTi) validated VR's short- and long-term targets for reducing greenhouse gas emissions. The targets are in line with limiting global warming to 1.5 degrees Celsius. VR intends to halve its emissions over the next seven years and is aiming for net-zero emissions by 2040. VR's other environmental goals are to increase energy efficiency and improve the recycling rate.

Long-term target:
VR to achieve net-zero emissions by 2040, throughout its entire value chain.

Progress towards environmental targets 2021–2025

Theme	Target 2025	Situation in 2024
Reducing emissions	Greenhouse gas emissions per unit of output decrease by 15% from 2019	-26%
Increasing energy efficiency	Energy consumption per unit of output decreases by 15% from 2019	-19%
Increasing material efficiency	Increasing the recycling rate to 80%	44%
	Major suppliers commit themselves to continuous improvement (share of new contracts, %)	88%
Chemical safety	No significant leakages	0

The environmental targets set in 2024

Halving emissions and net-zero emissions

-50%

The target is to halve emissions by 2032 and achieve net-zero emissions by 2040.

Increasing energy efficiency

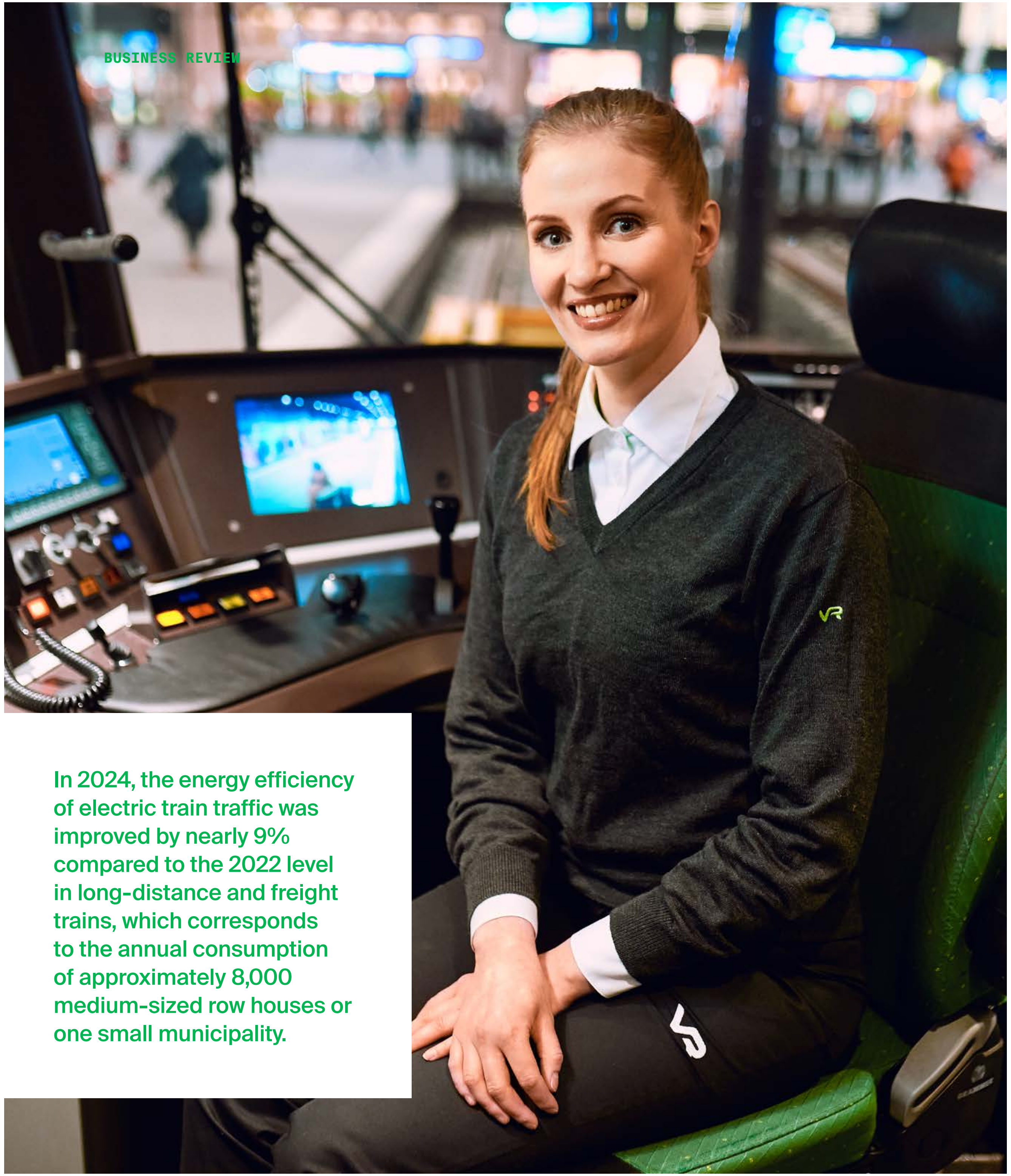
-18%

The target is to increase energy efficiency in electric train traffic in Finland by 2027 from the 2022 level.

Improving the recycling rate

80%

The target is to improve material efficiency by raising the recycling rate to 80%.



In 2024, the energy efficiency of electric train traffic was improved by nearly 9% compared to the 2022 level in long-distance and freight trains, which corresponds to the annual consumption of approximately 8,000 medium-sized row houses or one small municipality.

ENERGY EFFICIENCY

VR is committed to improving energy efficiency in both transport and properties. Increasing electric traction and renewing locomotives are key measures. The new locomotives are more energy-efficient, and the energy efficiency of the rolling stock is improved, for example, by renewing the ventilation and lighting in IC train carriages. The energy efficiency program, launched in 2022, has also produced significant results.

In 2024, the ambitious energy efficiency program continued, with an expanded range of measures compared to the previous year. One of the most important measures has been the continued development of energy-efficient driving practices for drivers and finding new ways to improve energy efficiency, for example, through system development and timetable planning. VR also invests in cooperation with external stakeholders such as Fintraffic, as traffic control has a significant impact on the energy efficiency of rail transport.

A key factor in the success of the program is the use of advanced data analytics, which helps identify new measures to improve energy efficiency from large amounts of data. Additionally, reporting and monitoring are continuously developed, providing drivers with better personal visibility into their own energy efficiency.

The alliance with property maintenance companies continued, significantly reducing the energy and water consumption of properties. Clear energy savings have been found, for example, by renewing lighting, ventilation, and heating systems.

Taking responsibility for personnel and customers

VR is responsible for everyone affected by its operations, including passengers, employees and partners.

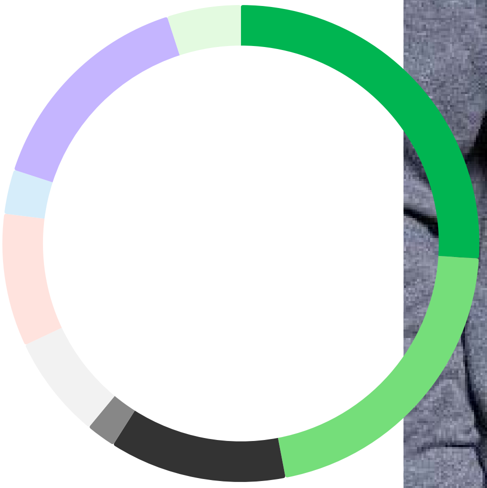
TRAINING AND DEVELOPMENT OF PERSONNEL

Developing employee skills is very important to VR. Employees are continuously trained and developed, with most training being professional, technical, and safety-related, which also supports business operations. In 2024, in addition to professional, technical, and safety training, there was a focus on developing supervisory work. In 2024, over 300 training and development events were held in Finland, with a total of over 5,000 participants. More than 150,000 hours were spent on employee skill development. In 2024, 1.3% of the calculated working time was used for study leave. In Finland, training for laid-off personnel was offered to those laid off for production and economic reasons.

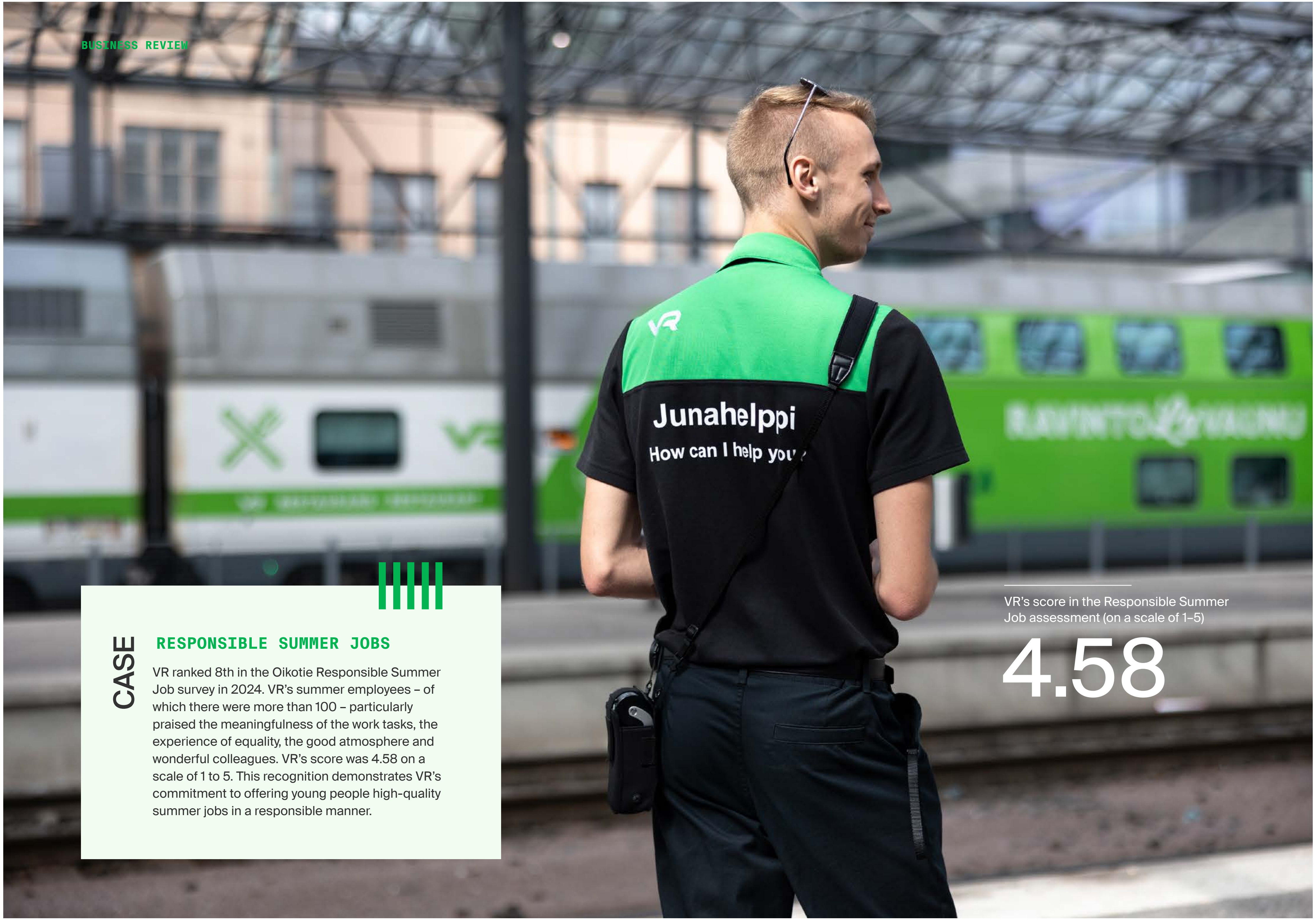
LARGEST PERSONNEL GROUPS

(in Finland and Sweden)

- Bus drivers 26%
- Train drivers 21%
- Conductors 12%
- Tram drivers 2%
- Railway yard personnel 7%
- Mechanics 9%
- Restaurant personnel 3%
- Salaried employees 15%
- Other roles* 5%



* supervisors, group supervisors, operational planning



CASE

RESPONSIBLE SUMMER JOBS

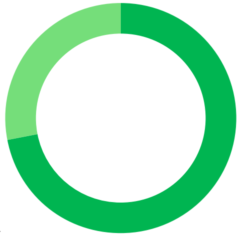
VR ranked 8th in the Oikotie Responsible Summer Job survey in 2024. VR's summer employees – of which there were more than 100 – particularly praised the meaningfulness of the work tasks, the experience of equality, the good atmosphere and wonderful colleagues. VR's score was 4.58 on a scale of 1 to 5. This recognition demonstrates VR's commitment to offering young people high-quality summer jobs in a responsible manner.

VR's score in the Responsible Summer Job assessment (on a scale of 1–5)

4.58

NUMBER OF EMPLOYEES (headcount)

8,416



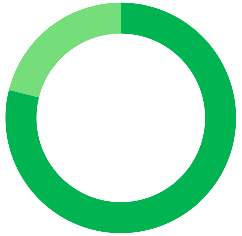
- Finland 72%
- Sweden 28%

Latvia is excluded as VR has fewer than 1% employees there.

AGE DISTRIBUTION OF PERSONNEL

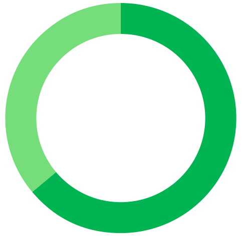
Under 30 years old	9%
Between 30 and 50 years old	60%
Over 50 years old	31%

GENDER DISTRIBUTION OF PERSONNEL



Male	79%
Female	21%

GENDER DISTRIBUTION OF VR LEADERSHIP TEAM*



Male	64%
Female	36%

* VR Group's Leadership Team comprises The President and CEO (Chair), Group CFO, SVP Long-distance Traffic, SVP City Traffic Finland, SVP City Traffic Sweden, SVP Logistics, SVP People & Culture, SVP Maintenance (VR FleetCare), SVP Communications, Public Relations and Sustainability, SVP Strategy, and SVP Legal Affairs.

Number of employees by contract type, categorized by region

	Finland	Sweden	Latvia	Total
Number of employees (headcount)	**6,045**	**2,334**	**37**	**8,416**
Number of permanent employees (headcount)	**5,815**	**1,650**	**37**	**7,502**
Number of temporary employees	**210**	**6**	**0**	**216**
Number of non-guaranteed hours' employees	**20**	**678**	**0**	**698**

Number of employees per contract type categorized by gender

	Male	Female	Total
Number of employees	**6,662**	**1,754**	**8,416**
Permanent employees	**5,950**	**1,552**	**7,502**
Temporary employees	**163**	**53**	**216**
Non-guaranteed hours' employees	**549**	**149**	**698**

SUPPORTING WORK ABILITY AND WELLBEING

VR proactively supports employee work ability and wellbeing, with needs and development measures assessed annually in collaboration with business units. Our work ability programme provides guidelines for identifying and responding to work ability challenges. It also serves as an early support model. Supervisors monitor the performance of their team members and respond in time to potential work ability challenges. Experts from our People & Culture organisation support supervisors in handling and finding solutions to work ability-related issues.

In 2024, we offered various wellbeing coaching sessions related to work ability challenges. The substance misuse programme was updated to emphasise proactive support. Wellbeing measures focused on supervisor training related to work ability management and updates to online learning materials related to wellbeing.

A systematic method for monitoring long-term sick leave was also developed during the year. The impact of the measures is monitored internally each quarter. The annual pulse survey also tracks employee feedback on occupational health measures.

SAFETY IS OUR WAY OF WORKING

Safety is a key part of VR's operations. The aim is to be a pioneer in safety and provide society with the safest way to move. In 2024, the development of railway safety continued to be good, and the number of railway safety deviations in Finland and Sweden decreased by about 10% from the previous year. Deviations in bus traffic safety decreased significantly in Sweden, but there were slightly more deviations in Nordic traffic than in the previous year.

The year 2024 was a sad year in terms of occupational safety at VR. In February, there was a level crossing accident in Kurkimäki, in which the rail yard worker died. Based on the internal and external investigations conducted on the case, measures were taken to ensure that switching work is permanently safer in the future. The total number of accidents at work and accident frequency were also higher than in the previous year. The most significant impact on growth was the very challenging winter conditions in early 2024, due to which slips increased. In Finland, the accident frequency rate (TRIF) increased by 20% and in city traffic in Sweden, the accident frequency rate (LTIF) remained unchanged compared to last year.

VR's personnel are committed to developing safety by making safety observations. The number of safety observations made in Finnish units increased by 8% from previous year reaching 23,397 (21,377), which means 2.8 reported observations per person. The increase in observations is linked to the positive development in the number of safety deviations. Measures taken based on

CASE

JOINT JOURNEY DEVELOPMENT COMMUNITY

In order to improve its service to its diverse customer base, VR launched the digitally operating developer community at the end of 2022. This community provides a platform where passengers can participate in the development of services.

At the end of 2024, there were nearly 1,050 train users of different ages and localities in the community. You can become a member by filling in the registration form on VR's website. During the year, nearly 20 different tasks and surveys were published in the community, related to, among other things, customer service expectations, station service ideas, restaurant car upstairs services and trip selection on the vr.fi website.

observations are vital to establishing a safety culture and improving safety. Systematic management and utilisation of safety information are prerequisites for continuous improvement of the safety level.

CONSISTENT CUSTOMER EXPERIENCE

The customer is at the heart of VR's operations, as increasing customer satisfaction is the only way to increase the popularity of emission-free rail and city transport.

Customers include passengers in city and long-distance traffic, authorities procuring public transport, industrial companies in various logistics sectors, and rolling stock owners in terms of maintenance. VR aims to provide all its customers with an excellent customer experience.

Customer experience is developed by focusing on the areas that matter most to customers and have the most significant impact. The overarching theme of customer experience development in 2024 was consistency. In long-distance transport, more attention is paid to the comprehensive description of the customer journey and, more broadly, to measuring customer encounter points.

Several customers experience indicators measure factors related to brand image, additional services, disruption situations, and the purchasing experience. In addition, a Mystery Shopping research package measures the quality of service.

EQUAL PUBLIC TRANSPORT

VR's efforts to improve reachability and accessibility are reflected in internal guidelines and training programs. For instance, in Finland, conductors undergo specialized training in interacting with passengers with disabilities. Similar training will be provided to all employees working directly with customers.

Another initiative is VR's ongoing dialogue with various stakeholders on accessibility. An example was in May 2024 when VR organized an accessibility forum for customers, stakeholders, and others interested in developing public transport. This was the second forum, and it will be held annually.

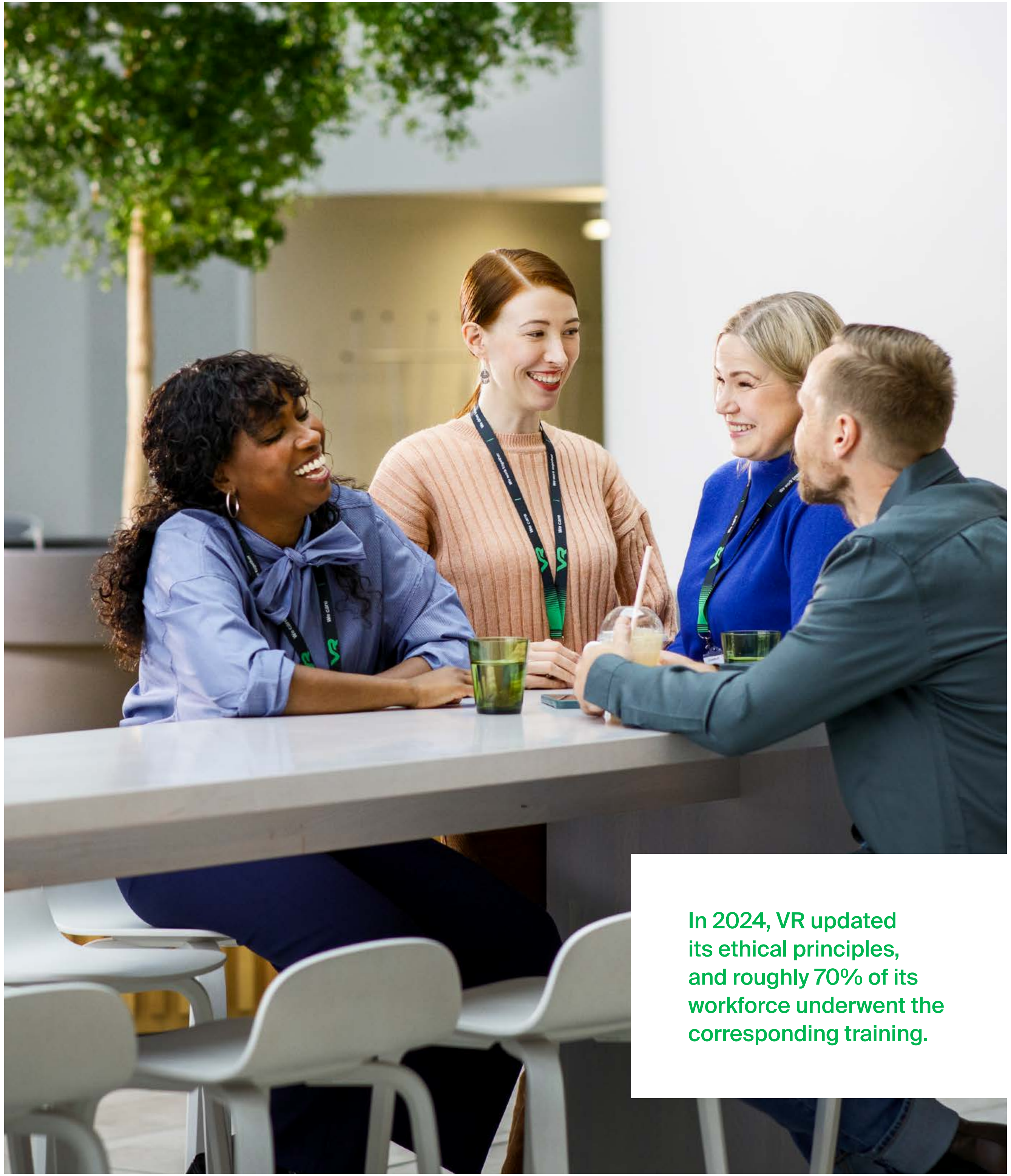
Ethical principles and sustainable procurement

Values and ethical principles for all personnel guide VR's operations.

VR's ethical principles (Code of Conduct) were updated during 2024, and the personnel has familiarized themselves with it using a training tool available in eight languages. In 2024, approximately 70% of the staff completed the training.

All of VR's procurements are guided by the company's procurement policy, procurement guidelines, procurement-related strategies, and supplier management guidelines. Suppliers, including their group companies and subcontractors, must commit to adhering to the Code of Conduct for Suppliers. This ensures that VR's suppliers comply with relevant laws and regulations, respect human rights and workers' rights, and act ethically. The Code of Conduct for Suppliers complements the terms of procurement contracts and is an integral part of the tender and contract process. The latest version of the Code of Conduct for Suppliers was published in early 2024.

To ensure procurement responsibility, VR has established a process that includes the acceptance of VR's Code of Conduct for Suppliers risk country assessments, self-assessments of responsibility for suppliers with annual procurements exceeding €100,000, inspections conducted through Vastuu Group for contracts under the Contractor's Liability Act, and any additional investigations and audits.



In 2024, VR updated its ethical principles, and roughly 70% of its workforce underwent the corresponding training.

Transparency in lobbying

A new public transparency register was introduced in Finland on 1 January 2024. Organisations and companies submit information about lobbying activities directed at the Parliament and ministries to this register.

VR registered in the transparency register on 9 January 2024. On 14 August 2024, the company submitted to the register information about meetings and contacts with ministers, their special advisers and state secretaries, ministry officials, members of Parliament and their assistants, parliamentary group staff, and officials of the Parliament Office during April–June.

VR is committed to transparency in its stakeholder cooperation. Therefore, the company disclosed information about its lobbying activities even before introducing the transparency register. Information was already published for 2023 on which decision-makers VR sought to influence and on what topics.

Lobbying topics in 2024

The main topics of meetings with decision-makers in 2024 were the Government Programme's rail transport objectives, rail infrastructure projects, passenger rail transport development, promotion of competition in the rail market, purchased rail transport development, and improvement of train connectivity.

Targets of lobbying activities in 2024

MINISTERS, SPECIAL ADVISERS TO MINISTERS, AND STATE SECRETARIES
Adlercreutz Anders, Minister for European Affairs and Ownership Steering (NCP);
Elfving Andreas, Special Adviser (NCP);
Essayah Sari, Minister of Agriculture and Forestry (CD);
Fagerlund Laura, Special Adviser (NCP);
Grönroos Crista, Special Adviser (NCP);
Järvikare Kai, Special Adviser (PS);
Kokko Kristiina, State Secretary (CP);
Lindgren Marjo, State Secretary (PS);
Loponen Marjo, Special Adviser (CD);
Luoma-aho Tapio, Special Adviser (CD);
Lång Alexander, Special Adviser (NCP);
Martikkala Mikko, Special Adviser (CP);
Mäkäräinen Jari, Special Adviser (PS);
Nuuttila Eemil, Special Adviser (CP);
Nykänen Mika, State Secretary (CP);
Sorsa Tuomas, Special Adviser (PS);
Strand Joakim, Minister for European Affairs and Ownership Steering (NCP)

MINISTRY OF TRANSPORT AND COMMUNICATIONS
Immonen Elina, Head of Unit; Kurki-Suutarinen Matleena, Senior Ministerial Adviser; Nykänen Emmi, Senior Officer; Orjasniemi Tiia, Senior Officer; Rainiala Miikka, Head of Steering Unit; Riihelä Atte, Special Adviser; Ruuskanen Sanna, Leading Expert; Takala Pyry, Ministerial Adviser; Government Office, Ownership Steering Department; Mustakari Sinikka, Senior Officer; Pajumaa Maija, Senior Finance Adviser; Punkari Jari-Pekka, Senior Officer; Strandberg Maija, Director General

MINISTRY OF ECONOMIC AFFAIRS AND EMPLOYMENT
Jaatinen Timo, Permanent Secretary; Miettinen Samuli, Leading Expert

MINISTRY OF FINANCE
Teräväinen Markus, Legislative Counsel

MINISTRY OF EDUCATION AND CULTURE
Salonen Päivi, Cultural Counsellor; Teräsvirta Eeva, Cultural Counsellor

MEMBERS OF PARLIAMENT
Autto Heikki, MP (CP); Eestilä Markku, MP (CP); Harakka Timo, MP (SDP); Huru Petri, MP (PS); Kallio Vesa, MP (Centre Party); Kaunisto Ville, MP (CP); Kinnari Teemu, MP (CP); Kokko Jani, MP (SDP); Immonen Toni, MP (PS); Laakso Sheikki, MP (PS); Lahdenperä Milla, MP (CP); Marttinen Matias, MP (CP); Mäkelä, Jani, MP (PS); Ovaska Jouni, MP (Centre Party); Rintamäki Anne, MP (PS); Rostila Onni, MP (PS); Savola Mikko, MP (Centre Party); Strandman Jaana, MP (PS); Tynkkynen Oras, MP (Green League); Valtola Oskari, MP (CP); Wallinheimo Sinuhe, MP (CP); Wickström Henrik, MP (NCP); Zyskowicz Ben, MP (CP)

PARLIAMENT'S TRANSPORT AND COMMUNICATIONS COMMITTEE
Aittakumpu Pekka, MP (PS); Asell Marko, MP (SDP); Autto Heikki, MP (CP); Eskelinen Seppo, MP (SDP); Furuholm Timo, MP (Left Alliance); Harjanne Atte, MP (Green League); Huru Petri, MP (PS); Jäntti Aleksi, MP (CP); Kilpi Marko, MP (CP); Koulumies Terhi, MP (CP); Laakso Sheikki, MP (PS); Löfström Mats, MP (NCP); Mikkonen Anna-Kristiina, MP (SDP); Mäkelä Jani, MP (PS); Ovaska Jouni, MP (Centre Party); Perholehto Pinja, MP (SDP); Rintamäki Anne, MP (SDP)

PARLIAMENT'S FINANCE COMMITTEE'S TRANSPORT SUB-COMMITTEE
Eskelinen Seppo, MP (SDP); Heinonen Timo, MP (CP); Heikkinen Janne, MP (CP); Hoskonen Hannu, MP (Centre Party); Kymäläinen Suna, MP (SDP); Mäenpää Juha, MP (PS); Räsänen Joona, MP (SDP); Wickström Henrik, MP (NCP); Östman Peter, MP (CD)

PARLIAMENTARY GROUPS
Centre Party Parliamentary Group, National Coalition Party Parliamentary Group, Social Democratic Party Parliamentary Group, Finns Party Parliamentary Group

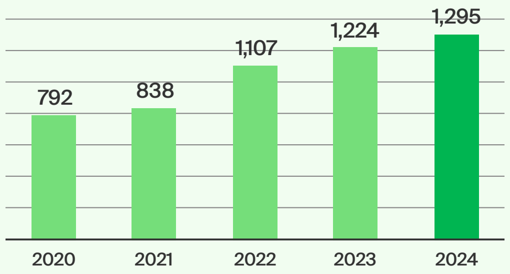
VR'S SUPERVISORY BOARD
Eestilä Markku, MP (CP); Garedew Kaisa, MP (PS); Holopainen Hanna, MP (Green League); Junnila Vilhelm, MP (PS); Kettunen Tuomas, MP (Centre Party); Kinnari Teemu, MP (CP); Luukkanen Arto, Docent and Doctor of Theology (PS); Lyly Lauri, MP (SDP); Malm Niina, MP (SDP); Mäkipää Anna, Party Secretary (Left Alliance); Paasi Martin, MP (CP); Salla Aura, MP (CP); Viitala Juha, MP (SDP); Aaltonen Juri, Chairman, Trade Union ERTO; Kokko Ismo, Chairman, Transport Workers' Union AKT; Lehtinen Markku, Chairman, Railway Union RAU; Lillqvist Petri, Chairman, Joint Organisation of Railway Professionals JHL; Nyman Olli-Pekka, Chairman, VR Akava; Rönni-Sällinen Annika, Chairman, Service Union United PAM; Äikäs Jari, Chairman, Railway Technical and Clerical Staff Union RTTL

In addition, in 2024, VR has engaged in dialogue and meetings with customer and partner companies, the Finnish Transport and Communications Agency (Traficom), the Finnish Transport Infrastructure Agency, cities and municipalities, regional councils, interest groups, the media, employer associations, trade unions, employee organisations, and NGOs.

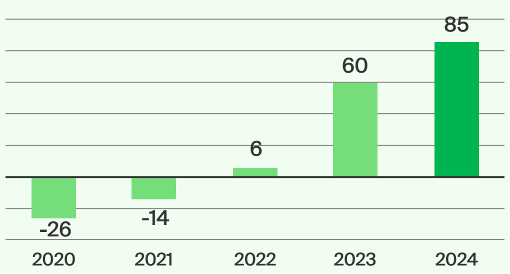
Report of the Board of Directors and Financial Statements 2024

Key figures

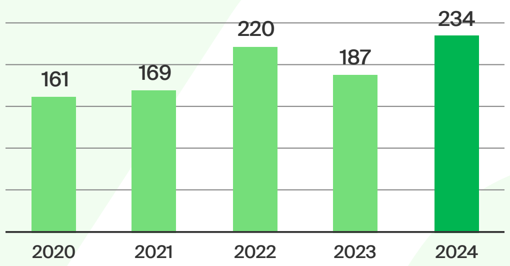
Comparable net sales
EUR million



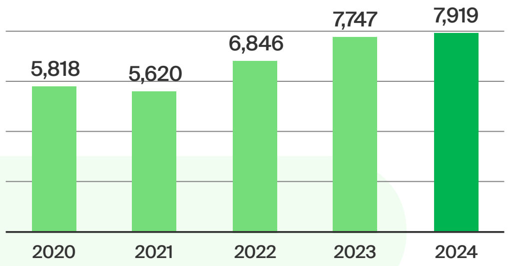
Comparable operating profit
EUR million



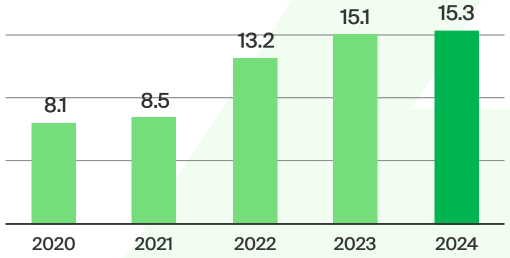
Investments
EUR million



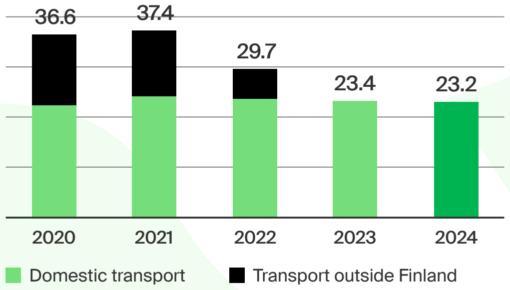
Personnel (FTE)



Long-distance train journeys in Finland
EUR million



Tonnes transported by rail logistics
EUR million



Report of the Board of Directors

Report of the Board of Directors

Market conditions and operating environment

In long-distance traffic in Finland, the number of journeys reached a record level, particularly with the increasing popularity of leisure and business travel. In 2024, a total of 15.3 million trips were made, which is 1.3 percent more than the previous year.

The demand for train travel increased, even though consumer confidence in the economy remained low in 2024. The Finnish rail transport market has recovered well from the slump caused by the coronavirus a few years ago. At the beginning of the year, business was affected by political strikes, a significant track damage, and equipment challenges caused by an exceptionally long cold spell. Political strikes had a negative impact of nearly 20 million euros on operating profit.

Since 2022, VR has been operating in Sweden's competitive public purchased traffic market. With the expansion to Sweden, VR gained access to contract-based public traffic markets that are many times larger compared to Finland, growing in terms of both population growth and urbanization. In 2024, VR expanded its operations in Sweden through acquisition to market-based long-distance train services, which also has a larger market compared to Finland.

One of the biggest challenges in rail transport is the poor condition of Finland's rail network and the rail infrastructure maintenance backlog, which has grown to approximately 1.7 billion euros. More than half of train delays are due to the condition or disruptions of the rail network. Deteriorating rail infrastructure is also a long-term risk to security of supply.

VR is committed to promoting the Finnish government's goal of increasing competition in rail transport. The aim is to grow a customer-oriented and sustainable rail market based on a combination of free competition and regional public transport tenders. Finland's long-distance and freight transport has been opened to free competition with the Open Access model, where each operator can compete on a market basis with their own equipment and chosen routes. In addition to VR, there are other operators in freight transport. Over 80% of long-distance transport is VR's own ticket revenue-funded train services. Unprofitable passenger train services are maintained alongside market-based services with state and city-funded public transport.

VR is increasingly focusing on its core business, which is the operation of passenger and freight transport. To create a competition-neutral environment, VR is divesting station and depot properties as well as rail infrastructure that remains in the company's ownership. VR has also promoted market-based competition by putting surplus rail equipment up for sale to other industry players. At the turn of the year, VR also sold its road logistics business and will focus on rail transport in its logistics business going forward.

VR is actively promoting the establishment of a publicly supported public transport rolling stock company. VR is involved in a joint project group with the Ownership Steering Department and the Ministry of Transport and Communications, which is responsible for establishing the rolling stock company. The current public transport rolling stock is intended to be transferred to the state-owned rolling stock company. VR supports the development of regional public transport and wants municipalities to be given the opportunity to organize public transport.

Long-term megatrends support VR's strategy. Environmental awareness is increasing, and urbanization is progressing. Customers are increasingly using sustainable modes of transport. By increasing the popularity of electric rail and city traffic, VR promotes the achievement of society's overall emission reduction targets.

Strategy

VR updated its strategy at the beginning of 2023. In May 2022, VR became a public limited company when it issued a Green Bond to finance green new investments in train equipment.

VR changed its business structure from the beginning of 2023. The business units are VR Long-Distance Traffic, VR City Traffic, and VR Logistics. The business units are supported by the maintenance unit VR FleetCare, which enables competitive passenger and freight transport equipment through efficient maintenance. Maintenance plays an important role in improving VR's customer experience.

VR's goal is to be a modern travel and logistics service company that offers excellent customer experiences. The core of the strategy is the long-term improvement of business profitability.

VR's updated strategy focuses on profitability, growth, and creating a value-based culture.

1) Happy customers bring growth: VR seeks growth both in Finland and Sweden, where we operate through acquisitions in Sweden's large public transport market and market-based long-distance traffic.

By providing a high-quality and successful customer experience, the number of journeys is increased. VR enhances customer understanding by listening to customers, analyzing collected data, and developing services together with customers. Continuous improvement of the customer experience and brand renewal has been a significant part of VR's growth strategy.

VR also seeks new growth by actively participating in public traffic tenders in both countries. VR Logistics tailors comprehensive transport solutions for various industrial sectors and develops new business-supporting services together with its industrial customers. For international maintenance customers, VR offers equipment modernizations and freight wagon manufacturing.

2) Efficiency enables a profitable future: VR aims to achieve 250 million euros in profit improvement measures by the end of 2027, enabling the financing of over one billion euros in new equipment investments. To ensure future competitiveness, VR seeks efficiency in all its operations. VR continuously invests in improving the customer experience while developing operational efficiency, critically examining fixed costs, and enhancing procurement.

3) Motivated people create success: Value-based leadership and culture form the foundation of everything. VR's culture is based on mutual respect and trust, collaboration, and continuous learning and improvement. A good employee experience, and thereby a better customer experience, are essential parts of VR's success. A satisfied and motivated staff creates a positive atmosphere that reflects customer satisfaction - customer relationships are built on openness and cooperation.

VR's strategic goals and values promote the transition to a sustainable society. A high-quality travel experience increases the number of trips. The customer is at the center of VR's operations, as only by improving customer satisfaction can the share of emission-free rail and city transport be increased. At the same time, emissions from customers and society as a whole are reduced.

Sweden is an important growth area for VR. The Swedish market offers good opportunities for growth and profitability improvement. With its strong industry expertise and experience, VR has much to offer the Swedish market.

VR aims to achieve 250 million euros in profit improvement measures by the end of 2027, enabling the overcoming of inflation and increasing profitability. The profit improvement enables one billion euros in new equipment investments for the years 2023–2027 and ensures the company's competitiveness in the future. By the end of 2024, slightly more than half of the profit improvement measures had been implemented according to the plan.

Description of the business model

VR is a state-owned service company in Finland, providing travel, logistics, and maintenance services. The company serves both consumer and business customers. Passenger transport is operated by trains, buses, and trams in Finland and Sweden. VR focuses on electric rail and urban transport in its business, increasing the share of these modes of transport to reduce overall societal emissions. VR Logistics, on the other hand, provides logistics services by rail in Finland.

VR Long-Distance Traffic ensures equal and accessible long-distance train services in Finland and Sweden. VR expanded its operations into Sweden's market-based long-distance traffic by acquiring a Swedish long-distance operator in May 2024. VR is responsible for ticket sales and pricing on long-distance trains. Restaurant and café services are also offered on trains and at stations. VR owns the long-distance rolling stock, electric multiple units, rail buses, and locomotives.

VR City Traffic manages commuter train, tram, and bus services in Finland and Sweden. VR actively participates in regional public transport tenders in both countries. VR City Traffic also includes Pohjolan Liikenne, a pioneer in electric bus traffic. Additionally, VR City Traffic operates the Tampere Tramway as part of the tramway alliance. In bus traffic, the equipment is owned by the operator, while in commuter train and tram traffic, the equipment is currently mainly provided by the client.

City traffic is a significant growth area for VR. Typically, ticket revenues in city traffic can cover about half of the operating costs, with the other half being public support. In publicly supported traffic, the client defines the scope and service level of the traffic. Operating contracts in urban traffic are long-term, even up to ten years.

VR Logistics offers logistics services for heavy industry by rail in Finland. VR sold its road logistics business at the turn of the year and will focus on rail transport in the future. VR Logistics serves various industrial sectors, focusing particularly on the transport of products and raw materials for the export industry. Freight traffic is entirely market-based, and in addition to VR, there are other operators in the field. VR Logistics has the largest market share.

Our business units are supported by VR FleetCare, which enables competitive passenger and freight transport equipment through efficient maintenance. VR FleetCare offers maintenance and lifecycle services to both domestic and international customers.

In Finland, long-distance and freight train traffic are market-based and freely competitive businesses. Rail transport operates under the EU-regulated open access model. This means that any operator can compete on the tracks, and multiple operators can run on the same routes. Operators use their own or leased equipment on the routes. Unprofitable passenger train services are maintained alongside market-based traffic with state and city-funded public transport. Over 80% of long-distance trips are VR's own ticket revenue-funded, i.e., market-based train services.

The Ministry of Transport and Communications annually purchases passenger train services (night train and rail bus services and individual IC/Pendolino routes) where traffic is not commercially viable due to low passenger numbers. The Ministry of Transport and Communications decides on the service level of public transport, and VR bears the ticket revenue risk. The Ministry is preparing to tender public transport at the end of the current contract period in 2030. VR operates regional commuter train services purchased by the Ministry of Transport and Communications with the company's own equipment. VR promotes the establishment of a rolling stock company for regional, publicly supported commuter train services, following the Swedish model.

HSL has tendered the commuter train services in the Helsinki metropolitan area, and VR won this tender with a ten-year contract for 2021-2031. HSL purchases the services and decides on the service level, ticket prices, and sales.

There are several different actors in Finnish rail transport. The Finnish Transport Infrastructure Agency is responsible for the state rail network and its maintenance and development. Fintraffic is responsible for traffic control and passenger information at stations.

VR's key intangible resources include owned patents, the company's brand and reputation, skilled and competent employees, partnerships with other companies, and other important stakeholders. These resources enable VR to maintain its competitive advantage and are a central part of the company's strategy.

VR Group’s key figures

	2024	2023	2022
Net sales, M€	**1,294.7**	1,224.1	1,107.0
Operating result (EBIT), M€	**76.1**	81.5	-58.4
% of net sales	**5.9**	6.7	-5.3
Comparable operating result (EBIT), M€	**84.6**	59.9	6.0
% of net sales	**6.5**	4.9	0.5
Net result, M€	**48.6**	52.4	-47.4
Operating cash flow, M€	**226.9**	203.8	179.9
Investments, M€	**234.1**	186.9	219.8
Capital employed at the end of the accounting period, M€	**1,817.9**	1,823.6	1,862.5
Comparable return on capital employed (ROCE) %	**5.2**	4.0	2.0
Comparable return on equity, %	**4.7**	2.5	1.4
Net interest-bearing debt at the end of the accounting period, M€	**443.4**	330.8	341.9
Gearing ratio %	**35.1**	26.1	27.4
Headcount at end of period	**8,416**	9,110	9,113
Employees on average, FTE	**7,919**	7,747	6,861

Employees on average (FTE) is the average number of FTEs during the fiscal year. The headcount at the end of period is the headcount on the last day of the year and it includes both full-time and part-time employees. Further information in financials statement is disclosed in note 3.1. Personnel expenses.

Net sales

VR Group’s net sales increased by 5.8% compared to 2023, to EUR 1,294.7 (1,224.1) million. The growth in net sales was driven by an increase in travel volumes, the acquisition of the long-distance traffic operator in Sweden in May, and new contracts in city traffic. Political strikes, challenging winter conditions, and traffic cancellations due to track damage in the early part of the year all negatively impacted net sales. Without the acquisition in Sweden in May, net sales increased by 3.6% to EUR 1,268.3 million.

Net sales (EUR million)	1-12/2024	1-12/2023	Change %
VR Long-distance Traffic	**445.7**	405.6	9.9%
VR City Traffic	**493.7**	465.7	6.0%
VR Transpoint	**334.9**	339.9	-1.5%
Other operations and eliminations	**20.4**	12.8	59.2%
VR Group in total	**1,294.7**	1,224.1	5.8%

Operating result (EBIT)

In 2024, VR's comparable operating result (EBIT) improved to EUR 84.6 (59.9) million. Profitability in the early part of the year was impacted by political strikes, increased costs due to challenging weather conditions, as well as rolling stock repairs and service cancellations caused by track damage. The negative effect of political strikes on operating profit amounted to nearly EUR 20 million. From the second quarter onward, the Group's performance improved significantly. Growth in net sales, disciplined execution of profitability measures, and a increase in travel volumes compared to the previous year all supported earnings development, lifting cumulative comparable operating profit well above the previous year's level.

VR's operating result (EBIT) was EUR 76.1 (81.5) million, or 5.9% of net sales. VR recorded items affecting comparability of EUR -8.4 (21.6) million. Items affecting comparability in January-December 2024 included inter alia gains from the sale of fixed assets and a provision related to a loss-making contract.

By the end of 2027, VR is seeking to have made profit improvement measures worth EUR 250 million, of which more than half had been implemented by the end of 2024 according to plan.

Comparable operating result (EUR million)	1-12/2024	1-12/2023	Change %
VR Long-distance Traffic	**95.0**	89.9	5.7%
VR City Traffic	**-21.5**	-29.9	28.0%
VR Transpoint	**11.2**	-6.4	276.2%
Other operations and eliminations	**-0.2**	6.2	-102.9%
VR Group in total	**84.6**	59.9	41.2%

Operating result (EUR million)	1-12/2024	1-12/2023	Change %
VR Long-distance Traffic	**102.9**	83.2	23.7%
VR City Traffic	**-33.5**	-33.2	-0.8%
VR Transpoint	**5.2**	-9.6	154.4%
Other operations and eliminations	**1.4**	41.1	96.6%
VR Group in total	**76.1**	81.5	-6.6%

Net profit before taxes and profit for the period

Profit before taxes was EUR 63.0 (70.0) million. Income taxes amounted to EUR -14.3 (-17.6) million. Profit for the accounting period was EUR 48.6 (52.4) million.

Cash flow, investments and financing

The company's liquidity remained a good level during the review period. VR's liquid assets at the end of the period amounted to EUR 111.6 (224.2) million, and in January-December 2024, cash-flow from operating activities before investments and financing was EUR 226.9 (203.8) million. VR has strengthened the Group's liquidity by means of a revolving credit facility (RCF) of EUR 200 million, which will mature on 3 June 2026.

In May 2022, VR Group issued a fixed-rate green bond as part of the Group's Green Finance Framework. The bond has a nominal value of EUR 300 million and a maturity of seven years. The bond will mature in May 2029 and bears a fixed interest rate of 2.375%.

VR-Group Plc has a credit rating of A+ with a stable outlook, issued by the international credit rating agency S&P Global.

VR's balance sheet total was EUR 2,311.0 (2,305.5) million at the end of 2024.

Financial position (EUR million)	2024	2023
Cash and cash equivalents	**111.6**	224.2
Unused committed credit facilities	**200.0**	200.0
Interest-bearing debt	**555.0**	555.0
of which current	**49.4**	36.9
Interest-bearing net debt	**443.4**	330.8
Net debt / Comparable EBITDA*	**1.6**	1.3
Net gearing, %	**35.1**	26.1
Equity ratio, %	**54.7**	55.0

*Net debt / Comparable EBITDA is based on the last 12 months' comparable EBITDA

Total investments amounted to EUR 234.1 (186.9) million.

Rolling-stock investments progressed as planned during the period. The production of the new commuter trains and night trains has started as planned. The new night trains will be in use by the end of 2025 and the commuter trains at the beginning of 2026. Deliveries of diesel locomotives and electric locomotives will continue until 2026-2027.

Investments (EUR million)	2024	2023	Change %
Rolling stock	**143.2**	136.7	4.8
Bus fleet	**34.0**	14.1	141.2
Other investments	**56.8**	36.1	57.3
Total	**234.1**	186.9	25.2

Business operations

VR Long-distance Traffic

VR Long-distance Traffic is responsible for long-distance train journeys in Finland and Sweden. The business unit also includes Avecra, which provides restaurant and café services.

Travel volumes and customer experience

In 2024 the number of journeys on long-distance trains in Finland increased by 1.3% to 15.3 (15.1) million journeys. Especially leisure travel and business travel focused on weekdays increased in popularity.

Customer satisfaction (NPS) in VR Long-distance Traffic decreased, although it remained at a good level 46 (49). In particular, the punctuality challenges in the early part of the year and extensive track works during the summer season negatively affected customer satisfaction. Towards the end of the year, customer satisfaction improved.

VR Long-distance Traffic	1-12/2024	1-12/2023	Change %
Net sales, M€	445.7	405.6	9.9
Comparable EBITDA, M€	162.0	154.2	5.1
% of net sales	36.4	38.0	
Comparable operating result, M€	95.0	89.9	5.7
% of net sales	21.3	22.2	
Operating result, M€	102.9	83.2	23.7
% of net sales	23.1	20.5	
Capital employed at the end of the accounting period, M€	990.1	855.1	15.8
Comparable return of the capital employed (ROCE) %	9.6	10.5	
Investments, M€	54.2	56.8	-4.6
Number of journeys in long-distance traffic, Finland (mil.)	15.3	15.1	1.3
Punctuality, Finland	78	86	-8.8

Net sales and profitability

In 2024 net sales of VR Long-distance Traffic increased by 9.9% compared to 2023, reaching EUR 445.7 (405.6) million. The growth was driven by the completion of the acquisition in Sweden, an increase in passenger numbers, and the development of additional services sales. Net sales excluding the impact of the 30 May 2024 acquisition in Sweden increased by 3.4% to EUR 419.2 million. Over the same period the number of journeys on long-distance trains in Finland increased by 1.3% to 15.3 (15.1) million journeys.

The comparable operating result (EBIT) of VR Long-distance Traffic increased to EUR 95.0 (89.9) million. Track damage and difficult weather conditions weakened profitability in the first quarter. The increase in the number of journeys and the popularity of additional services had a positive effect on the EUR 102.9 (83.2) million operating result (EBIT).

Significant events during the period under review

VR expanded its operations to Sweden's commercial long-distance train traffic by acquiring a Swedish long-distance operator on May 30, 2024. The company operates under the name VR Snabbtåg Sverige and is part of the VR Long-distance Traffic. The first green VR Snabbtåg train started operating between Stockholm and Gothenburg in August. VR's green brand identity is now visible in the Swedish market through ticket sales channels and in marketing activities. On the Stockholm-Gothenburg route operated by VR Snabbtåg, the number of journeys and customer satisfaction were both at an excellent level.

VR City Traffic

VR City Traffic includes commuter train, tram, and bus services in both Finland and Sweden.

VR City Traffic	1-12/2024	1-12/2023	Change %
Net sales, M€	**493.7**	465.7	6.0
Comparable EBITDA, M€	**32.9**	31.4	4.8
% of net sales	**6.7**	6.7	
Comparable operating result, M€	**-21.5**	-29.9	28.0
% of net sales	**-4.4**	-6.4	
Operating result, M€	**-33.5**	-33.2	-0.8
% of net sales	**-6.8**	-7.1	
Capital employed at the end of the accounting period, M€	**354.5**	399.9	-11.4
Vertailukelpoinen sijoitetun pääoman tuotto (ROCE) %	**-6.1**	-7.5	
Investments, M€	**67.6**	29.0	133.2

Net sales and profitability

In 2024, VR City Traffic's net sales totalled EUR 493.7 (465.7) million, which is an increase of 6.0% compared to 2023. The increase was due to new contracts came into effect in both Finland and Sweden.

The comparable operating result (EBIT) improved to EUR -21.5 (-29.9) million. The result was positively influenced by operational efficiency improvements in Finland and Sweden, as well as the removal of integration costs, related to the earlier made city traffic acquisition in Sweden. The operating result was -33.5 (-33.2) million euros.

Significant events during the period under review

VR participates in regional tenders for the Swedish contracted traffic market, of which a record number will be ongoing in 2024–2025. As a result, there are changes in our contract base. In 2024, we achieved three significant contract wins: the rail traffic contracts for Norrtåg and Öresundståg, and the bus contract in the Tyresö area of Stockholm.

VR Logistics

VR Logistics (VR Transpoint) offers rail logistics and road logistics services. The services include railway and road transport, as well as customised logistics chains with additional services.

VR Transpoint	1-12/2024	1-12/2023	Change %
Net sales, M€	**334.9**	339.9	-1.5
Comparable EBITDA, M€	**62.3**	46.4	34.4
% of net sales	**18.6**	13.6	
Comparable operating result, M€	**11.2**	-6.4	276.2
% of net sales	**3.3**	-1.9	
Operating result, M€	**5.2**	-9.6	154.4
% of net sales	**1.6**	-2.8	
Capital employed at the end of the accounting period, M€	**527.0**	472.8	11.5
Comparable return of the capital employed (ROCE) %	**2.1**	-1.3	
Investments, M€	**81.7**	82.7	-1.3
Total transport volumes (mil. tonnes)			
Railway transports	**23.2**	23.4	-0.8
Road transports	**3.9**	4.0	-3.1
Punctuality	**90.2**	92.5	-2.5

Net sales and profitability

VR Logistics's net sales decreased by -1.5% to EUR 334.9 (339.9) million. Railway transport volumes decreased by -0.8% to 23.2 (23.4) million tonnes. The political industrial action in Finland and challenging winter conditions in the early part of the year significantly reduced volumes and net sales.

The comparable operating profit was EUR 11.2 (-6.4) million. Profitability was positively impacted by improved operational efficiency and pricing changes. In addition, the ongoing energy saving programme has successfully reduced the energy consumption of rail transport. The operating profit was EUR 5.2 (-9.6) million.

Significant events during the period under review

No significant events during the period.

Other operations – VR FleetCare & Real Estate unit

Other operations include VR FleetCare's sales to external customers, property services that are not allocated to the business functions, and the Group's other common functions.

The comparable operating profit for other operations was EUR -0.2 (6.2) million.

Other operations	1-12/2024	1-12/2023	Change %
Net sales, M€	**20.4**	12.8	28.4
Comparable (EBITDA), M€	**14.3**	19.0	-1290.1
Comparable operating result (EBIT), M€	**-0.2**	6.2	-154.5
Operating result (EBIT), M€	**1.4**	41.1	-392.2
Investments, M€	**30.6**	18.4	-10.4

Changes in corporate structure

During 2024, VR Group implemented several changes in its group structure:

- VR Service AB: Liquidation was decided on May 16, 2024.
- MTR Express (Sweden) AB (now VR Snabbtåg Sverige AB) was acquired on May 30, 2024.
- The Norwegian branch was closed down on June 1, 2024.
- Raideinfra Oy was established on August 16, 2024. The company took ownership and management of private railway assets previously owned by VR Group on December 15, 2024.
- Suomen Ostoliikennekalusto Oy was established on October 10, 2024. The company is engaged in the ownership, management, and leasing of railway rolling stock but is not active.
- VR Group Sverige AB liquidation was decided on October 24, 2024.
- SeaRail Oy and Transitar Oy were sold at the turn of the year, as part of VR Group's divestment of its road logistics operations. The companies are no longer part of VR Group as of January 1, 2025.

Credit rating

The international credit rating agency Standard & Poor's (S&P) has awarded VR-Group Plc a credit rating of A+, with a stable outlook.

Share capital and shares

VR Group Plc's shares are owned by the State of Finland. The company's share capital consists of 2,200,000 shares.

The company's share capital amounts to EUR 370,013,438.19.

Outlook for 2025

VR estimates that the Group's net sales for 2025 will decrease slightly compared to the previous year, due to the divestment of the road logistics business and the terminated contracted traffic agreements in Sweden. The new contracted traffic agreements won in Sweden will not come into effect until the end of 2025.

The Group's comparable operating result is expected to improve compared to 2024. However, this outlook is subject to uncertainties in the business environment, regarding both general economic developments and labour market conditions.

Risks and uncertainties

In addition to its exposure to external factors such as general economic situation, VR's operations are affected by a variety of strategic, operational and damage risks. Risks are being identified, prepared for and monitored in order to limit potential negative impacts on VR's business operations, although in some cases VR's capability to control risks is limited. Risk management aims to ensure effective and successful delivery of VR's strategy. Risk management and associated responsibilities are guided by risk management policy approved by VR-Group Plc's Board of Directors, as well as by other sector-specific guidelines for risks.

More information on VR's risks and risk management available in the company's website. Material sustainability-related risks and opportunities and their impacts are described later in section "Results of the double materiality assessment". VR's financial risk management is described under note "6 Financial risk management".

Most significant risks and uncertainties

The risks and uncertainties described below may, if realised, have a significant impact on VR's business operations and profitability. The list is not to be considered exhaustive.

The general economic situation has significant knock-on effects on VR's operations. Deterioration of the economic situation may reduce the Finnish industrial sector's need for rail-logistics services, as well as have a negative impact on customer volumes in passenger services. Uncertainty related to inflation, energy prices and general interest rate level could adversely affect VR's profitability through e.g. increased investment, personnel, energy, and financing costs. VR aims to minimise the impact of the materialisation of these risks through continuous monitoring of its own cost competitiveness and close customer cooperation. Cost increases due to inflation can be prepared for through index-linked customer contracts, for example, and the impact of energy price or interest rate fluctuations can be managed through actions defined in the treasury policy.

Geopolitical uncertainty has increased due to Russia's war of aggression and other military conflicts. The continuation and expansion of such conflicts can escalate security tensions and lead to intensified military and economic competition among great powers, which could significantly impact VR's business environment, production and supply chains and service availability. The impact of risk realization can be managed by ensuring the business continuity with actions like increasing the stock of critical spare parts and diversifying supplier risk, and maintaining close communication with different stakeholders.

Growing cybercrime threat has increased risks related to VR's business continuity and critical information loss. Cyberattacks can target critical rail and energy infrastructure (which may also face physical sabotage threats), information systems, or personal data. Consequences of risk realization could include disruptions in VR's service offerings, loss of customer trust, fines imposed by authorities, or even accidents resulting from sabotage. To manage the risk, VR implements for example an IT continuity improvement program.

Profit improvement measures, which VR is seeking to implement in line with its strategy and with a target of EUR 250 million, are essential to cover the additional costs arising from inflation and to improve the company's profitability. There is a risk that the profit improvement measures – including the targeted profitable growth in city traffic, in particular – may not be successfully implemented in time or at full. VR seeks to manage this risk by reacting quickly with regards to resource allocation and prioritisation. New measures are continuously identified to ensure competitiveness

Employee availability challenges or uncertainties in the labour market may impair VR's ability to carry out traffic operations. They may also lead to strikes or other industrial action that have a negative impact on VR's business. To manage this risk, VR continues to engage in close cooperation with personnel organisations and employer organisations.

The condition and maintenance of railway infrastructure has a significant impact on VR's business. Infrastructure degradation and inadequate maintenance work or failed maintenance projects can cause, for example, functional constraints and disruptions on the lines, or even accidents. Insufficient investments in railway infrastructure can become an obstacle to the growth and green transition of railway traffic and can, as a result, have a negative impact on the implementation of VR's investment and growth plans. VR aims to actively influence stakeholders in the development of the transport system and infrastructure investments. This is done together with, for example, the Finnish Transport Infrastructure Agency, which manages the state's fairway assets and is responsible for the care, development and maintenance of the railway network.

Changes in the traffic policy may have adverse impacts on VR's business operations. Any decisions to change the current market-based operating environment, land uncertainty relating to politics in general, may have significant impacts on the functioning and predictability of VR's business environment. In addition to ensuring its own competitiveness – and monitoring and anticipating the political situation – VR actively seeks to highlight the effects of regulation on the operating environment of rail transport, with the aim of keeping the operating environment equal for all parties.

Compliance risks related to e.g. data protection, competition law, corruption, bribery and sanctions may, should they materialise, have adverse impacts on the VR's businesses and financial situation. In addition to compliance with regulatory guidelines and practices, VR also requires compliance with ethical guidelines from its employees, as well as from its suppliers. Employees are being regularly trained, and any non-compliance is identified through regular inspections and auditing processes. In addition, VR uses a confidential reporting channel that encourages employees to report any concerns related to compliance and ethical practices.

A major accident, especially on railways, is a significant safety risk related to VR's business operations, which could result in serious personal injuries and damage to material or environment. The risk of railway accidents and incidents is managed with a railway safety management system that covers all rail traffic business operations and serves as the foundation for VR's safety management and operational safety. Risk management measures also include preventive safety cooperation with different stakeholders, for example emergency exercises for major accidents.

Governance

Decisions of VR-Group Plc's Annual General Meeting 2024

The Annual General Meeting of VR-Group Plc was held on April 16, 2024, in Helsinki. The meeting approved the financial statements for the year 2023. The Meeting granted discharge from liability to the members of the Board of Directors, the Supervisory Board, and the CEO for the financial year 2023. In addition, the Meeting made the following decisions:

The AGM confirmed the number of Board members to be six (6). Esa Rautalinko continues as the Chairman of the Board of Directors of VR Group Plc, and Sari Pohjonen as the Vice Chairman. Markus Holm, Nermin Hairedin, and Pekka Hurtola continue as members of the Board. Torborg Chetkovich was elected as a new member of the Board. Virve Laitinen and Jaakko Kiander stepped down from the Board.

Markku Eestilä continued as the Chairman of the Supervisory Board, and Vilhelm Junnila as the Vice Chairman. Kaisa Garedew, Hanna Holopainen, Tuomas Kettunen, Teemu Kinnari, Arto Luukkanen, Lauri Lyly, Niina Malm, Anna Mäkipää, Aura Salla, and Juha Viitala continued as members of the Supervisory Board.

The Chairman of the Board receives an annual remuneration of €54,750, the Vice Chairman €25,800, and members €22,800. If a Board member who is not the Chairman or Vice Chairman serves as the Chairman of the Audit Committee, they receive an annual remuneration of €25,800 per year. In addition, the Chairman and members of the Board receive a meeting fee of €600 per meeting. For a Board member residing outside Finland, the meeting fee is doubled when they travel to attend the meeting. The Chairman of the Supervisory Board receives a fee of €800 per meeting, the Vice Chairman €600, and members €500 per meeting. There were no changes to the remuneration of the Supervisory Board from the previous year. Travel expenses are reimbursed according to the company's travel policy.

The Meeting decided, in accordance with the proposal of the Board, that VR-Group Plc will distribute a capital return of €57,002,000, which is €25.91 per share.

KPMG Oy Ab was appointed as the auditor, with KHT Ari Eskelinen designated as the responsible auditor. The auditor's fee will be paid based on a reasonable invoice.

The Meeting authorized the company's executive management to establish a foundation named the Railway Museum Support Foundation during the year 2024. The purpose of the foundation is to support the Finnish Railway Museum instead of VR in the future. The Meeting decided to donate €5,000,000 to the newly established Railway Museum Support Foundation, provided that the Finnish Railway Museum accepts the donation of VR's museum rolling stock and artifact collection by the end of 2024.

The Meeting also authorized the Board of Directors to decide on donations of up to €200,000 for charitable or similar purposes.

Decisions of the constitutive meeting of VR-Group Plc Board of Directors 16 April 2024

Sari Pohjonen was elected as the Chair of the Audit Committee, and Markus Holm and Torborg Chetkovich were elected as other members of the Audit Committee.

Esa Rautalinko was elected as the Chair of the P&C Committee, and Nermin Hairedin and Pekka Hurtola were elected as other members of the P&C Committee.

VR-Yhtymä Oyj's shareholder resolution on September 3, 2024 – change in the composition of the supervisory board

On September 3, 2024, VR-Yhtymä Oyj's sole shareholder, the Finnish government, appointed Martin Paasi as a member of VR-Yhtymä Oyj's supervisory board, replacing Aura Salla, who left the supervisory board. The appointment took effect immediately.

Significant events after the review period

VR Group divested its road logistics business. Additionally, VR sold the shares it owned in the Norwegian NRC Group.

Proposal for distribution of profit by the Board of Directors

The distributable funds of the parent company in the financial statements amount to 314 779 165.88 euros, of which the share of the annual result is 5 932 691.88 euros. There has been no significant changes in the financial position of VR Group after the closing date of the reporting period.

The Board of Directors proposes to the Annual General Meeting that an equity repayment of EUR 44.4 million, or 20.18 euros per share, be distributed from the distributable equity of VR-Group Plc.

Sustainability Statement

Sustainability Statement

ESRS 2 - General disclosures

Reporting principles

General basis for preparation of sustainability statements

This sustainability statement is prepared with reference to the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG). The information presented in this report covers the period from 1 January to 31 December 2024. The scope of consolidation for the sustainability statement is the same as for the financial statements and includes information from all subsidiaries within the VR Group, unless otherwise specified in the Environmental, Social and Governance (ESG) sections. Furthermore, no subsidiary included in the consolidation is exempt from consolidated sustainability reporting, unless otherwise stated.

The information in this statement covers both VR's own operations as well as downstream and upstream activities. A more detailed description and the scope of VR's value chain are provided in the "Strategy, business model and value chain" section. VR has not omitted any information corresponding to intellectual property, know-how, or results of innovation. Regarding disclosure requirement BP-1-5-(e), the exemptions provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU are not applicable to VR.

Disclosures in relation to specific circumstances

Time horizons

VR has applied the same time horizons as defined by ESRS 1. The short-term time horizon refers to the reporting period defined by VR in its financial statement. The medium-term time horizon extends from the end of the short-term reporting period up to five years, while the long-term time horizon is defined as more than five years.

Value chain estimation

VR has used indirect sources when reporting on environmental value chain information related to Scope 3 greenhouse gas (GHG) emissions, particularly in the categories of purchased goods and services and investments. Emissions from purchased goods and services and investments have been calculated using euro-based emission factors when actual emission factors representing lifecycle emissions are not available. Additionally, some data points in various Scope 3 categories have been estimated. More information on value chain estimation related to emission calculations can be found in the "Reporting principles for metrics" chapter in the E1 section. In the future, VR aims to obtain actual emission data or other primary data used in emission calculations directly from suppliers or other partners in the value chain.

Some estimates have also been used in the waste figures reported under the E5 standard, with more details available in the "Reporting principles for metrics" chapter of that section.

Sources of estimation and outcome uncertainty

When collecting data for each quantitative metric, VR uses relevant frameworks and guidance, and collects the data using own internal data collection procedures, aligned with industry best practices. From VR's perspective, a higher level of measurement uncertainty occurs when data is based on possible future events or contains other estimations (e.g. achieved GHG emission reduction), is based on secondary data (e.g. the lifecycle emissions of purchased goods and services), or involves multiple manual steps, which include the possibility of human error. The metrics that are subject to high-level measurement uncertainty are identified and disclosed in the corresponding sections.

Changes in preparation or presentation of sustainability information and reporting errors

This is VR's first sustainability statement in compliance with the Corporate Sustainability Reporting Directive (CSRD), which is why there are no relevant changes to the presentation and preparation of the sustainability information and no relevant reporting errors in accordance with the CSRD. Following a thorough analysis of the EU Taxonomy reporting, it was determined that even though the taxonomy-alignment was approved in the assured sustainability reports in earlier years, the previous interpretation of the complex regulation was insufficient and current procedures do not meet the taxonomy-alignment criteria. Consequently, the 2023 taxonomy-alignment was inaccurately reported and has now been revised.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

This sustainability statement does not include information related to other legislation or standards outside of CSRD and EU Taxonomy. However, VR adheres to several ISO standards, namely ISO 14001 for environmental management systems, ISO 27001 for information security management systems and ISO 45001 for occupational health and safety management systems. According to the ISO standards, VR must implement policies, objectives and actions to achieve those objectives. ESRS requires similar matters but expects them to be reported partly at a more detailed level.

Incorporation by reference

The following information has been incorporated by reference to the financial review or to VR Group's Green Bond report:

- In "Figures in accordance with the EU Taxonomy", the indicators presented for taxonomy-eligible activities are, as defined in the taxonomy, their proportion of the company's turnover, capital expenditure (CapEx) and operating expenditure (OpEx), which are reported in the Consolidated financial statements (IFRS).
- The section "Actions" in E1 Climate change has a reference to VR Group's Green Bond report, which is published as a separate report in https://www.vrgroup.fi/en/vrgroup/contact-information/for-the-investor/financing/green-finance/.
- In the section "Gross Scopes 1, 2, 3 and Total GHG emissions" in E1 Climate change, VR Group net revenue is used as stated in the Consolidated financial statements in section "Consolidated statement of comprehensive income", to calculate GHG intensity according to the disclosure requirement E1-6-53.
- In the section "Energy consumption and mix" in E1 Climate change, VR Group net revenue is used as stated in the Consolidated financial statements in section "Consolidated statement of comprehensive income", to calculate energy intensity.
- In S1 Own workforce, regarding the section "Characteristics of employees", the employee numbers are reported in headcount at the end of the reporting period while average number of employees (FTE) is used in the Notes to the consolidated financial statements 3.1. Personnel expenses.

Sustainability governance

The following chapters provide understanding of VR Group's governance processes, controls and procedures put in place to monitor, manage and oversee material sustainability matters.

Composition and diversity of VR's governance bodies

VR's governance bodies are the Supervisory Board, VR Board of Directors (VR BoD) and VR Leadership Team (VR LT).

The Supervisory Board supervises the management of VR Group and ensures that the company's affairs are conducted in accordance with sound business principles, the law, the Articles of Association and the decisions of the Annual General Meeting. The Supervisory Board consists of 12 members.

The VR BoD is responsible for the company's governance and the appropriate organization of the company's operations. The key tasks of VR BoD are defined in the Finnish Limited Liability Companies Act, the Articles of Association and the BoD's Charter. It also ensures that the control of the company accounts and finances are appropriately arranged. The VR BoD consists of six members. The members of the VR BoD are independent of the company and its shareholder, with the exception of Pekka Hurtola, who represents the Ownership Steering Department of the Prime Minister's Office. The members of VR BoD do not own shares in VR Group or its group companies.

The CEO of VR Group is responsible for managing VR's day-to-day administration in accordance with the instructions and orders issued by the VR BoD. The VR LT is responsible for the operational management of VR and the company's development. The VR LT (including the CEO) consists of 11 members.

There are no personnel representatives in the Supervisory Board, the VR BoD or the VR LT, but representatives of trade unions participate in Supervisory Board meetings without voting rights. Also a Trust Forum for staff representatives is held four times a year and is attended by the CEO and other members of VR LT, as well as by the chief shop stewards from staff organizations in Finland.

Members of VR's governance bodies

	Number of non-executive members				Number of executive members	
	Supervisory Board		Board of Directors		Leadership Team	
	Men	Women	Men	Women	Men	Women
Count	8	4	3	3	7	4
Percent	67	33	50	50	64	36

Management experience related to VR's business

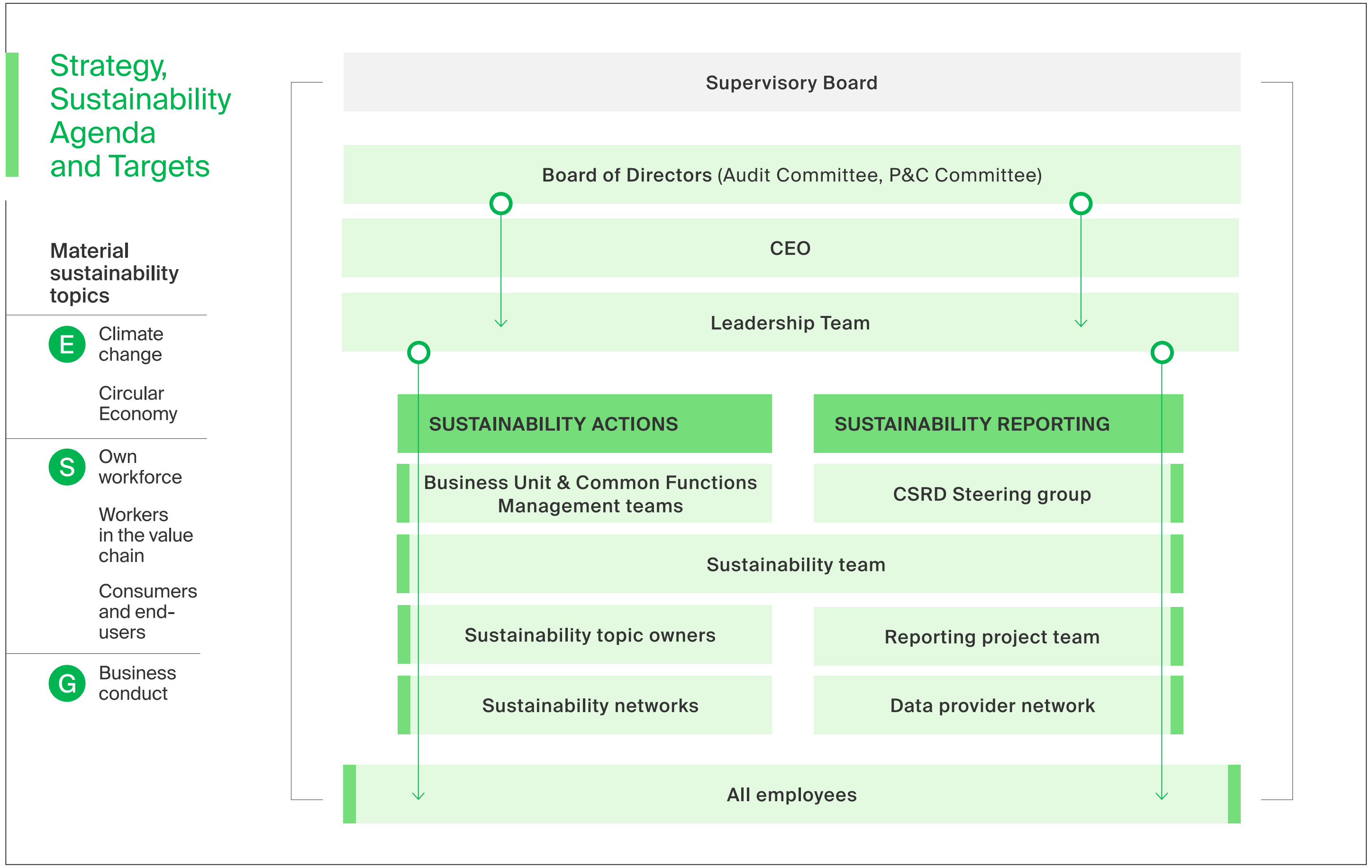
The members of VR BoD have significant experience e.g. in the following areas: transport and logistics, finance, consumer goods, corporate governance and risk management, and CEO experience. The Board members also have international work experience especially from the Nordics and Central Europe. VR LT members have broad skills and work experience related to their responsibilities at VR. Their experience covers, inter alia, CEO experience, logistics, railway industry and consumer goods.

Sustainability-related role and expertise of VR's governance bodies

The role of the governance bodies in sustainability management

The Supervisory Board's, VR BoD's and VR LT's responsibilities for the oversight of the impacts, risks and opportunities related to sustainability are presented in the chart on this page. The chart represents VR's overall sustainability and sustainability reporting governance. VR's sustainability-related impacts, risks and opportunities are managed through a Sustainability Agenda, which is based on the double materiality assessment results. More detailed information on governing sustainability reporting can be found from the section "Risk management and internal controls over sustainability reporting". Responsibilities for managing sustainability are not defined in a separate policy.

Sustainability Governance



The role of VR CEO is to ensure that the company's strategy and business model support sustainable development and are aligned with the requirements of related regulation. The VR LT defines the key priorities for sustainability work and assesses progress on sustainability targets. During 2024, the VR LT participated in the creation of the Sustainability Agenda, including the material sustainability topics and related targets and roadmaps drawn from impacts, risks and opportunities. The VR LT also approved the Agenda. The targets for each material topic are described in more detail in sections E, S and G of this report.

VR's Sustainability Development Manager manages the Sustainability Agenda, reporting to the SVP of Communications, Public Affairs and Sustainability. VR's Business Units and Common Functions are responsible for implementing the Sustainability Agenda in their own operations. The different topics are managed by a topic owners' working group, reporting quarterly in separate unit management teams to their superiors, who are members of the VR LT. The progress regarding material impacts, risks and opportunities addressed in the Agenda is monitored quarterly by the VR LT.

The VR BoD was also informed about the new Agenda and related targets and roadmaps at the end of 2024, and will be informed about progress regularly and as needed. VR's CEO brings sustainability related topics to VR BoD. The subjects to be discussed are presented by those responsible for advancing the matter in question.

The Supervisory Board will be informed about the progress of the Agenda regularly and the members' views are considered as part of continuous stakeholder dialogue, such as during the double materiality assessment updating process. VR's CEO brings sustainability related topics to the Supervisory Board.

The participation and engagement of multiple organizational levels in defining and advancing the targets and roadmaps regarding material impacts, risks and opportunities ensures sufficient internal controls procedures. These procedures are integrated with all internal functions by the described governance model of the Sustainability Agenda.

Through regular reviews of the Sustainability Agenda, the VR LT and VR BoD continuously consider sustainability-related material impacts, risks and opportunities in VR's strategy, business decisions, risk management and long-term business planning. Based on environmental impacts, VR has, for example, made investment decisions related to the electrification of rolling stock and energy procurement. You can read more about VR's actions in sections E, S and G of the sustainability statement.

Informing on due diligence processes

The VR LT and VR BoD are informed about the due diligence processes and related mitigation measures for environmental and human rights risks and impacts, and their effectiveness, as part of the progress of the Sustainability Agenda. In addition, safety-related risks and impacts are discussed bi-weekly in VR LT meetings. Separate risk and impact assessments are discussed by the VR LT and VR BoD as needed.

VR is also developing the integration of sustainability risks into the company's overall risk management system and risk register. The risks in the register are discussed quarterly by the VR LT and twice a year by the VR BoD.

Addressed impacts, risks and opportunities during 2024

VR's double materiality assessment (DMA) results, including material impacts, risks and opportunities, have been discussed and approved by the VR LT, the VR BoD and the Audit Committee, and they will also review any modifications to this assessment. More specific reporting lines and control procedures regarding CSRD reporting (including DMA process) are described in the section "Risk management and internal controls over sustainability reporting".

All material impacts, risks and opportunities (IROs) were addressed by the VR LT, the VR BoD and the Audit Committee during the reporting period, through management engagement in the DMA process and the development of the Sustainability Agenda. A detailed list of these IROs can be found in the section "Results of the double materiality assessment". In addition, the following topics were addressed by both the VR LT and VR BoD during 2024: Safety of customers and employees, customer experience, employee experience, environmental targets and financial climate risks, human rights risks, and sustainability-related opportunities.

Sustainability-related expertise of the governance bodies

The VR LT and VR BoD possess a wide range of expertise in sustainability-related topics, including environmental, social and financial sustainability, procurement, good governance, personnel issues and safety, as well as related communications and public affairs. VR's Business Unit Directors contribute to the understanding of VR's impacts, risks and opportunities. The governance bodies also utilize VR's internal sustainability expertise (e.g. the sustainability team) and external expert partners.

VR's governance bodies have sufficient skills to manage all material impacts, risks and opportunities, and regularly maintain their competencies on current topics through their daily work and relevant training.

The role and expertise related to business conduct

The following section outlines the roles and expertise of VR's governance bodies, specifically related to VR's material topics in G1 Business conduct. These topics include data security & cybersecurity, anti-corruption & anti-bribery, and supply chain management.

VR's Data Security Policy is approved by the CEO and reviewed by the VR LT. The VR BoD approves VR's Anti-bribery Guidelines and ensures their implementation and compliance. The VR BoD also approves the Code of Conduct for Suppliers, as well as all supply chain investments in accordance with VR's approval policy.

Members of the VR LT and VR BoD possess sufficient skills and knowledge related to VR's material topics related to business conduct. They hold and have also previously held leadership or trust positions, requiring them to assimilate practices and policies related to these topics. VR also provides training to the VR LT to further enhance their expertise in business conduct topics. Related issues are regularly discussed with management, ensuring up-to-date knowledge within VR LT.

Sustainability-related performance in incentive schemes

The objective of the remuneration systems is to promote the implementation of VR's strategy and to guide actions towards key issues for achieving strategic goals. Additionally, the systems support goal-oriented sustainability management. The aim is to encourage and motivate VR's management to perform well and to reward the achievement of set goals. The remuneration systems also aim to commit VR's management to the company and its objectives, as well as to enhance the company's employer image and competitiveness.

The People and Culture (P&C) Committee of VR BoD prepares the remuneration systems for the CEO and the members of VR LT. The Committee, which meets four times per year, also prepares the company's remuneration principles for VR BoD to decide on. VR BoD decides on the remuneration of the CEO and the VR LT and annually approves the structures of the short-term and long-term incentive schemes for them. VR BoD also decides on the remuneration criteria and their target values. The remuneration systems adhere to the Government Resolution on the State Ownership Policy.

The CEO and the VR LT are included in the Short-Term incentive (STI) and Long-Term incentive (LTI) programs. The LTI program has a three-year measurement period, with rewards paid after this period. The sustainability-related remuneration includes environmental metrics for reducing emissions, increasing energy efficiency, and improving material efficiency by increasing the recycling rate. In the LTI program, these environmental topics account for 20% of the overall performance metrics.

In the Short-Term incentive program provided for the whole VR workforce, the company's leadership and management teams are evaluated based on safety and employee engagement metrics. The goal of the safety metrics is to develop and improve the company's internal safety culture by measuring indicators such as Total Recordable Incident Frequency (TRIF) and Lost Time Incident Frequency (LTIF), as they reflect the company's commitment to maintaining a safe working environment, which is a key aspect of social sustainability. Employee engagement is assessed using metrics such as the engagement index, leadership index, and employee net promoter score. In the STI program for the VR LT, both Safety and Employee engagement account for 10% of the overall performance metrics.

The performance of members of the governance bodies has not yet been assessed against the GHG emission reduction targets reported under Disclosure Requirement E1-4 (SBT targets), as these targets have just been set.

Risk management and internal controls over sustainability reporting

VR's risk management is guided by the Risk Management Policy approved by VR BoD, as well as by other sector-specific guidelines for risks. The policy defines the principles and objectives of risk management as well as the relevant responsibilities and operating procedures. The effectiveness of risk management and the development of the risk management process are evaluated regularly in connection with the risk surveys.

All VR Group units are included in the annual risk survey that systematically identifies risks that threaten the achievement of objectives. Information related to risks is documented in VR's risk register and its confidentiality is maintained. A summary of risks and their impacts and management measures is regularly drawn up for the VR LT and VR BoD. VR's business operations monitor the development of the most significant risks identified in risk assessments and review the adequacy of management measures on a quarterly basis. Risk acceptability criteria are defined on the basis of the magnitude of the residual risk in the policy that supports risk management.

In the annual risk review, a risk of failing to comply with new sustainability reporting regulation was identified. To manage the risk, we closely monitor the regulatory development related to sustainability reporting. Also, a reporting project team was formed and a roadmap created to implement CSRD reporting. The reporting project team is lead by the Sustainability Manager and is a place for reporting coordinators to raise any questions or issues in reporting, and to receive support and guidance from the project team. It is also a forum in which the risks related to sustainability reporting are discussed and reporting coordinators can further implement mitigating activities into their respective functions and relevant processes. In cases where issues require management level decision-making, these issue are brought up in the CSRD Steering group. The CSRD Steering group, which comprises members of the VR LT and other critical roles responsible for topics or specific functions, was created to enhance management's knowledge of CSRD and to have an agile way of resolving any issues related to reporting. VR's Sustainability Manager and ESG Controller are both members of the reporting project team and CSRD Steering group, thus they act as a communication channel between the groups.

To further mitigate the risk of non-compliance with new sustainability reporting regulations, a governance model for overseeing the CSRD implementation was established in early 2024 In this model, reporting coordinators are responsible for gathering information according to ESRS standards and reporting on them. VR's Sustainability Manager, together with VR's ESG Controller, leads the CSRD implementation, providing support for reporting coordinators in interpreting ESRS Standards and reporting to the CSRD Steering group on implementation. The CSRD Steering group monitors, guides and supports the progress of VR's CSRD work. Members stay informed about regulatory developments, recognize key roles, thoroughly examine the promotion of CSRD issues, and facilitate the progress of work and resources and the implementation of new operating models. The CSRD Steering group includes the CFO and SVP of Sustainability, who share responsibility for ensuring compliance with the CSRD reporting requirements and report to the Audit Committee. The Audit Committee oversees the sustainability reporting and assurance process and regularly follows up CSRD reporting and related development inititatives. VR BoD is accountable for ESG reporting.

Additionally, to mitigate the risk of non-compliance with CSRD legislation, a CSRD reporting tool was acquired and implemented in 2024. This system displays CSRD legislation for each material ESRS data point, helping the reporting coordinators ensure their contributions align with the regulations.

Statement on due diligence

The table below outlines the sections that describe VR's due diligence processes.

	Location in the sustainability statement	
Core elements of due diligence	Chapter	Page number
Embedding due diligence in governance, strategy and business model	Sustainability-related role and expertise of VR's governance bodies	63
	Material impacts, risks and opportunities and their interaction with strategy and business model	70
	Human rights -sections in S1, S2 and S4	109, 117, 126
	G1: Business conduct policies and corporate culture	129
	G1: Supply chain management	132
Engaging with affected stakeholders in all key steps of the due diligence	Interests and views of stakeholders	69
	Sections describing engagement processes and channels for raising concern in sections S1, S2 and S4	109, 110, 117, 118, 126, 126
Identifying and assessing adverse impacts	Double materiality assessment methodology	78
	The identification and assessment of material impacts, risks and opportunities related to climate change	79
	The identification and assessment of material impacts, risks and opportunities related to circular economy	79
	S2: Actions	115
Taking actions to address adverse impacts	The actions addressed in each topical section	90, 98, 103, 107, 115, 121, 123, 124, 130, 131, 132
Tracking the effectiveness of actions and communicating	The actions addressed in each topical section	see above
	The targets and metrics addressed in each topical section	91, 98, 104, 108, 116, 122, 123, 125, 130, 131, 132

VR's business and stakeholders

Strategy, business model and value chain

Strategy and business model

VR's core business encompasses passenger traffic in Finland and Sweden, as well as freight traffic in Finland. VR's Business Units include VR Long-distance Traffic, VR City Traffic and VR Logistics.

VR Long-distance Traffic manages long-distance train journeys within Finland and between Stockholm and Gothenburg in Sweden. It also provides restaurant and café services on trains and at railway stations. VR City Traffic includes commuter train, tram, and bus transport in both Finland and Sweden. VR Logistics offers logistics services by rail and until the end of 2024 also by road in Finland. Additionally, VR FleetCare supports passenger and freight traffic through efficient fleet maintenance. VR's Business Units are supported by common functions in Finland, Sweden, and Latvia.

VR's Sustainability Agenda and related targets strongly support and are closely linked to VR's services and customers, as the aim is to provide the most comfortable and safe travel experience as well as tailored logistics services, while reducing the environmental impact of transport. VR's sustainability-related targets have been set for each of VR's material sustainability topics. These targets cover the entire VR Group and all the geographical areas and customer segments that VR focuses on. The material sustainability topics are presented more thoroughly in the section "Results of the double materiality assessment". The specific targets are described in more detail in the topic-specific sections.

VR's business strategy is guided by three goals:

1. Happy customers bring growth

2. Efficiency enables a profitable future

3. Committed people create success

The strategy also guides VR's sustainability management. More information on the interaction of sustainability topics and strategy is provided in the context of the double materiality assessment in the section "Material sustainability-related impacts, risks and opportunities and their interaction with strategy and business model".

Value chain

VR's value chain comprises its own business as well as upstream and downstream activities.

VR's upstream value chain comprises a diverse group of suppliers who provide key inputs – including electricity, fuels, raw materials, spare parts, and IT services – as well as perform subcontracted activities. Purchases also include investments into fleet and rolling stock e.g. trains and buses. Most of VR's procurement is from companies registered in Finland and Sweden.

In its own operations, VR's key resource is its employee base of more than 8,000 people. Dozens of different languages are spoken in the multicultural work environments in Finland and Sweden. VR also has an office in Riga, Latvia.

VR's downstream value chain includes Finnish and Swedish consumers in passenger traffic, with hundreds of millions of journeys made in 2024. In logistics, millions of tonnes of freight were transported for Finnish and international industrial customers. Besides supporting the company's own Business Units, VR FleetCare provides maintenance and lifecycle services to several other European rail operators.

VR plays an important role in the national security of transport supply, which includes the obligation to distribute fossil fuels for other railway undertakings.

The table below summarizes the number of employees of VR Group in 2024. The employee numbers are reported in headcount at the end of the reporting period while average number of employees (FTE) is used in the Notes to the consolidated financial statements 3.1. Personnel expenses.

Number of employees (headcount)	2024
Total number of employees	8,416
Finland	6,045
Sweden	2,334
Latvia	37

Interests and views of stakeholders

Active dialogue with various stakeholders is a key element of VR's sustainability work, helping to identify and meet the needs and expectations that stakeholder groups have towards the company. VR maintains active and transparent collaboration in order to provide relevant information to stakeholders, to improve services and operating conditions, and to promote sustainable change. VR regularly organizes stakeholder visits to strengthen information exchange and dialogue between the company and stakeholders. VR also monitors and participates in the daily public dialogue in traditional media and social media.

VR's key stakeholders include customers, personnel, personnel organizations, political decision-makers in the government, in the Parliament, in cities and municipalities, the Supervisory Board, authorities, political parties, membership organizations in Finland and abroad, interest groups, investors, business partners, the media and non-governmental organizations.

VR's stakeholder engagement is guided at the group level by a Stakeholder Relations steering group. The daily responsibility for stakeholder engagement at VR is assigned to the Public Affairs function, which is mainly responsible for collaboration, activities, and the annual planning of engagement. VR also collaborates through membership organizations in Finland and abroad.

Employee engagement plays a crucial role in shaping VR's strategy and business model. VR gathers feedback through various methods, such as personnel surveys, performance reviews, team and unit meetings, and company all-employee and Business Unit-specific info sessions.

Value chain workers have an indirect impact on VR's strategy and business model. If negative impacts related to workers in the value chain arise, they are addressed and monitored in accordance with VR's guidelines.

VR systematically gathers customer feedback via after journey -surveys and develops new services through customer reference groups. In addition to helping VR develop and continuously improve its services, feedback from customers makes the company better equipped to meet expectations and develop its sustainability. Through collaboration, VR can provide expert insights for stakeholders and decision makers.

Overall, VR is taking into account the views of key stakeholders as part of promoting strategic goals towards a more sustainable society. VR's goal is to grow rail traffic as a share of the different modes of transport. Increased rail traffic reduces the total emissions of the transport sector and improves traffic safety. By better understanding customer needs, VR also aims to improve Finland's connectedness, ensure the security of supply, enhance the passenger experience, and boost the competitiveness of the country's business sector.

The VR LT and VR BoD regularly discuss feedback from stakeholders, including that gathered from customer experience surveys and employee Pulse surveys. The VR LT also discusses stakeholder views and takes necessary actions, particularly concerning the double materiality process. The Supervisory Board is informed on stakeholder dialogue as needed.

Results of the double materiality assessment

Material impacts, risks and opportunities and their interaction with strategy and business model

VR has conducted a double materiality assessment to identify impacts on the environment and society (impact materiality assessment) and sustainability-related risks and opportunities that VR is exposed to (financial materiality assessment). As a result, six topics are material for VR: E1 Climate change, E5 Resource use and circular economy, S1 Own workforce, S2 Workers in the value chain, S4 Consumers and end-users and G1 Business conduct. The tables presented after this section illustrate the material impacts, risks and opportunities linked to VR's business operations and value chain.

VR regularly assesses information on sustainability impacts, risks and opportunities, and adjusts its business and strategy based on these evaluations. VR's operations are guided by the three goals in its strategy: "Happy customers bring growth", "Efficiency enables a profitable future", and "Committed people create success".

Environmental topics and VR's strategy

VR's impacts, risks and opportunities related to Climate change (E1) and Resource use and circular economy (E5) are closely connected to the company's strategic efforts to accelerate the green transition and the shift towards sustainable transportation. Efforts related to environmental efficiency are also linked to the strategic goal "Efficiency enables profitable future".

Electrification is a key part of VR's strategy. The company uses electricity that comes from fossil-free sources. Currently, 95% of VR's passenger traffic and 85% of logistic traffic are electrified, although only a little over half of the railway network is electrified. VR has set science-based targets, which affect, among other things, future fleet purchases and fuel distribution. VR is exploring the option of switching to biodiesel in cases where fuel is still required. The 2027 goals of the company's Energy Efficiency Program are ambitious. The implementation of the goals is aimed at protecting the environment while also saving financial resources.

Although the green transition is a clear business opportunity for VR, climate change, changing traffic weather conditions, and possible rising energy costs also represent financial risks for the company. These risks are taken into consideration in all strategic decision-making.

VR promotes the circular economy through e.g. VR FleetCare, which serves as a sustainable lifecycle management partner. Whenever possible, VR FleetCare extends the lifespan of rolling stock and components through refurbishment instead of replacement. However, extending the lifecycle of rolling stock can sometimes delay investments in newer, more energy-efficient and lower-emission solutions, thereby posing a business risk for VR.

In terms of waste management, VR's partners play a crucial role in enhancing waste sorting efficiency. VR is exploring opportunities to collaborate with partners who specialize in waste sorting and can provide detailed reports on different waste categories. This collaboration would impact VR's partnerships and value chain. Additionally, VR promotes material efficiency by selling rolling stock that is no longer used in its own operations.

Social topics and VR's strategy

VR's impacts, risks and opportunities related to Consumers and end-users (S4) are closely linked with the strategic objective "Happy customers bring growth". An excellent customer experience enables VR to achieve success in each business area. Improving customer satisfaction is also the way the company can increase the share of zero-emission rail and city traffic among the different modes of transport. The reach and accessibility of services are integral to VR's business as the company strives to ensure the most accessible and equitable mode of transport across Finland and in Sweden.

The safety of both customers and employees is at the core of VR's business, as reflected in the impacts, risks and opportunities identified within the Consumers and end-users (S4) and the Own workforce (S1) topics. Safety of operations contributes to the strategic goals "Happy customers bring growth" and "Committed people create success". Continuous review of risks and impacts is necessary. as safety is critical in terms of business continuity.

Other impacts, risks and opportunities related to Own workforce (S1) are closely linked with the strategic objective "Committed people create success". VR promotes wellbeing and a values-based culture where everyone can feel valued. VR's Ethical Principles and zero tolerance for inappropriate behavior are integral to VR's cultural journey. Regular surveys provide insight into employee experiences, allowing VR to enhance this area in a labour-intensive industry. A good employee experience, and consequently a better customer experience, are integral aspects of the organization's success. Satisfied and motivated employees create a positive atmosphere that is reflected in customer satisfaction.

To promote the human rights of Workers in the value chain (S2), VR cooperates with entities that share the company's values and commit to responsible business practices. As a last resort, VR can terminate the cooperation relationship if the requirements are not met, thus affecting the partnerships in the company's value chain.

Governance topics and VR's strategy

VR is a well-known societal actor with a crucial role in developing and securing a sustainable transportation system. Therefore, transparent and ethical business practices are critical for VR's business operations. Strict information security practices and anti-corruption and anti-bribery principles are essential.

Regarding the resilience of VR's strategy and business model, security and safety are integral for the company's risk management, and on the environmental side climate risks have been evaluated according to the TCFD framework. In the future, VR will further develop business resilience analysis and related scenario analyses concerning material impacts, risks and opportunities.

This is VR's first sustainability statement in accordance with CSRD, so identifying changes in impacts, risks, and opportunities between reporting periods is not yet applicable. More information on how VR responds to the effects of impacts as well as risks and opportunities can be found within the Environment, Social and Governance sections.

Impacts, risks and opportunities related to VR's material topics

Impacts, risks and opportunities related to climate change

ESRS Standard	Sub-topic	VR Topic	Material Impacts, risks and opportunities (IROs)	Description of impacts, risks and opportunities	Expected time horizon
E1 Climate change	Climate change mitigation	Climate change mitigation	Negative impact (UV, OO, DV)	VR's operations and upstream and downstream value chain produce greenhouse gas emissions (scope 1, 2 and 3).	Short, medium and long term
			Positive impact (UV, OO, DV)	Supporting the green transition and accelerating the shift to sustainable transportation, reducing traffic emissions and promoting national climate goals by providing low-emission transport services.	Short, medium and long term
			Financial risk (UV, OO, DV)	Extreme weather conditions, such as frost periods, storms, floods and heatwaves, can cause delays and halt traffic, leading to lost revenue and increased costs for VR.	Short term
			Financial opportunity (UV, OO, DV)	Green transition as a strategic objective, opportunities in customers supporting a low-emission transport operator, advancing digitalization of rail logistics and maintenance and using data to reduce emissions and increase efficiency.	Short, medium and long term
	Energy	Energy and energy efficiency	Negative impact (UV, OO)	Using energy means consuming natural resources.	Short, medium and long term
			Positive impact (OO, DV)	Improving energy efficiency through Energy Efficiency Program, using fossil-free energy, e.g. 100% of electricity generated from fossil-free sources.	Short, medium and long term
			Financial risk (OO)	As energy is a large expense item, rising energy costs affect VR financially. Also, using fossil-free energy makes VR dependent on the availability of this energy and causes costs in the transition phase.	Short, medium and long term

Where the IROs are concentrated:
UV = Upstream value chain incl. raw materials and suppliers, OO = Own operations, DV = Downstream value chain incl. customers

Impacts, risks and opportunities related to circular economy

ESRS Standard	Sub-topic	VR Topic	Material Impacts, risks and opportunities (IROs)	Description of impacts, risks and opportunities	Expected time horizon
E5 Resource use and circular economy	Resource outflow	Material efficiency*	Negative impact (UV, OO, DV)	The use of materials means consuming natural resources. Waste management, transportation and processing cause greenhouse gas emissions.	Short, medium and long term
			Positive impact (OO)	VR promotes circular economy and material efficiency by reducing the volume of waste and increasing recycling. VR Fleetcare extends the lifecycle of rolling stock and components by refurbishing instead of replacing them with new ones.	Short, medium and long term
			Financial risk (OO, UV)	Extending the life cycle of rolling stock in some cases slows down investments in new, more energy-efficient and lower-emission solutions.	Short, medium and long term
			Financial opportunity (OO, UV)	Circular economy, efficient use of materials and the extension and optimization of the lifecycle of rolling stock and components imply a positive effect for VR as cost savings and as opportunities for business growth.	Short, medium and long term

Where the IROs are concentrated:
UV = Upstream value chain incl. raw materials and suppliers, OO = Own operations, DV= Downstream value chain incl. customers
*Entity specific topic

Impacts, risks and opportunities related to own workforce

ESRS Standard	Sub-topic	VR Topic	Material Impacts, risks and opportunities (IROs)	Description of impacts, risks and opportunities	Expected time horizon
S1 Own workforce	Working conditions	Occupational health, safety and wellbeing*[1]	Negative impact (OO)	In VR operations risks related to occupational health, safety and wellbeing include e.g. work accidents, occupational ill health, or lowered working capacity, occurring e.g. in potentially dangerous or burdensome work conditions such as night work, noisy work or work involving chemical transportation.	Short, medium and long term
			Positive impact (OO)	Through appropriate and effective occupational health, safety and wellbeing practices, the overall health and wellbeing of employees is supported and advanced, and hazards and risks can be managed and a safe and healthy work and work environment ensured.	Short, medium and long term
			Financial risk (OO)	In addition to human suffering, failures in OHS and wellbeing practices could result in additional costs in accident and pension insurance costs, as well as reputational risks and challenges in employee retention.	Short, medium and long term
			Financial opportunity (OO)	Employees are the most critical asset to VR. Healthy employees are more productive, engaged and motivated, also creating a positive atmosphere that is reflected in customer satisfaction.	Short, medium and long term
	Equal treatment and opportunities for all	Diversity, equity and inclusion*[2]	Negative impact (OO)	13% of VR personnel reported experiencing inappropriate behaviour during 2024. In addition, if employees are not treated in an equitable manner and don't feel included and safe, this may affect e.g. employees' working capacity and mental health, hinder career advancement, as well as decrease job satisfaction and motivation at work. Ensuring equitable, respectful and inclusive practices, risks and negative impacts can be managed and reduced, thus advancing the overall employee experience and psychological safety in the workplace. The Ethical Principles and zero tolerance for inappropriate behaviour are an integral part of VR operations, and will be a critical focus point in future workplace culture development.	Short, medium and long term
			Financial risk (OO)	In addition to human suffering, failures in ensuring equitable, safe and inclusive work environment could result in reputational risks and challenges in employee retention.	Short, medium and long term
			Financial opportunity (OO)	Advancing Diversity, equity and inclusion leads to better performance and higher job satisfaction. It also helps attract and retain top talent and by focusing on diversity, VR ensures that all potential workers are considered, especially in times of labour shortages.	Short, medium and long term

Where the IROs are concentrated:
UV = Upstream value chain incl. raw materials and suppliers, OO = Own operations, DV= Downstream value chain incl. customers
*Entity specific topic
1) Working capacity and wellbeing combined with occupational health and safety 2) Diversity and inclusion combined with equity

Impacts, risks and opportunities related to workers in the value chain

ESRS Standard	Sub-topic	VR Topic	Material Impacts, risks and opportunities (IROs)	Description of impacts, risks and opportunities	Expected time horizon
S2 Workers in the value chain	Working conditions	Freedom of association	Financial risk (UV)	Failures in respecting employees' rights pertaining to the freedom of association and collective agreement negotiations in the supply chain, as also stated in VR Code of Conduct for Suppliers, may have negative financial impacts to VR in the form of e.g. court cases, fines or reputational damage.	Short term
	Working conditions	Health and safety of workers	Negative impact (UV)	VR's core business is to operate passenger and freight traffic on rails. In the supply chain, industrial manufacturing involves certain industry risks, such as health and safety risks due to the nature of the work. As stated in VR's Code of Conduct for Suppliers, the supplier shall agree to comply with the industrial safety legislation and regulations.	Short term
			Financial risk (UV)	Failures in complying with the industrial safety legislation in the supply chain and in providing employees with healthy and safe working conditions, can also lead to financial effects to VR in the form of e.g. court cases, fines or reputational damage.	Short term

Where the IROs are concentrated:
UV = Upstream value chain incl. raw materials and suppliers, OO = Own operations, DV = Downstream value chain incl. customers

Impacts, risks and opportunities related to consumers and end-users

ESRS Standard	Sub-topic	VR Topic	Material impacts, risks and opportunities (IROs)	Description of impacts, risks and opportunities	Expected time horizon
S4 Consumers and end-users	Personal safety of consumers and/or end-users	Safety of customers	Negative impact (DV)	VR operations in road and rail traffic include certain risks of safety issues, leading also to passenger injuries and accidents.	Short term
			Positive impact (DV)	Safety is at the core of VR's business, and risks are managed with a comprehensive safety management system, covering road and railway safety. Train traffic is considered as a safe mode of transportation, compared to e.g. using private cars.	Short term
			Financial risk (DV)	One of the most critical aspects of VR business is to ensure passenger safety. In addition to human suffering, failures in this can result in reputation damage and decreased sales. If passengers are exposed to accidents due to a mistake made by the company, it may also result in legal expenses.	Short term
			Financial opportunity (DV)	A safe customer experience is a requirement for VR's business success and contributes to a strong market position and increased demand.	Short term
	Social inclusion of customers	Reach and accessibility of services* [3]	Positive impact (DV)	Providing accessible transportation for everyone, including people with disabilities, VR ensures equitable mode of transport for its customers. Train traffic is also considered as the most equitable mode of transport, being fairly priced, accessible, and geographically comprehensive.	Short, medium and long term
			Financial risk (DV)	If VR fails to ensure equitable access to transportation, it risks losing potential customers. Restricted access can lead to reputational damage and associated costs, negatively impacting the company's financial performance.	Short term
	Social inclusion of customers	Customer experience* [4]	Positive impact (DV)	An excellent customer experience is one of the cornerstones of VR's operations and at the core of VR strategy. Continuous development and innovative solutions in all services and in rolling stock lead to satisfied customers.	Short, medium and long term
			Financial risk (DV)	Failures in ensuring excellent customer experience may result in loss of customers, reputational damage, and associated costs. Maintaining high customer satisfaction can also sometimes be costly.	Short term
			Financial opportunity (DV)	Investments in excellent customer experience strengthen VR's market position and increase sales.	Short, medium and long term

Where the IROs are concentrated:
UV = Upstream value chain incl. raw materials and suppliers, OO = Own operations, DV= Downstream value chain incl. customers
*Entity specific topic
3) Includes non-discrimination of customers 4) Includes customer satisfaction and service development

Impacts, risks and opportunities related to business conduct

ESRS Standard	Sub-topic	VR Topic	Material impacts, risks and opportunities (IROs)	Description of impacts, risks and opportunities	Expected time horizon
G1 Business conduct	Management of relationships with suppliers	Supply chain management	Negative impact (UV)	Failing to manage sustainability in supply chain may result in actualizing negative impacts to environment or violations of human rights along the value chain. Failures in cooperational supply chain management may lead to challenges for VR's supplier, e.g. financial issues due to increased costs or decrease/loss of business.	Short, medium and long term
			Positive impact (OO)	VR invests in good cooperation and open dialogue with its suppliers, contributing to mutual trust and fair relationships, as well as to managing sustainability issues in collaboration with suppliers.	Short, medium and long term
			Financial risk (OO)	Sustainability issues in the supply chain may result in reputational damage and in legislative implications in the developing and tightening regulatory environment. Financial risks also originate from potential supply chain disruptions, especially in times of financial instability.	Short, medium and long term
	Corruption and bribery	Anti-corruption and anti-bribery	Financial risk (UV, OO)	If VR was found involved in corruption or bribery, it could result in significant reputational damage and possible fines, leading to an increase in costs. Anti-corruption and -bribery is being addressed in VR Ethical Principles and the Anti-bribery Guidelines, as well as multiple trainings.	Short term
		Data security and cybersecurity*	Financial risk (OO)	Continuity of VR's operations is dependent on data security and cybersecurity – any breaches in them can lead to financial implications in the form of e.g. administrative fines. Also failing to comply with related developing legislation poses a financial risk. VR invests heavily in the development of data and cybersecurity capabilities, preparedness and risk management.	Short term

Where the IROs are concentrated:
UV = Upstream value chain incl. raw materials and suppliers, OO = Own operations, DV = Downstream value chain incl. customers
*Entity specific topic

Double materiality assessment methodology

The information in the sustainability statement is based on the results of the materiality assessment. Following the assessment, VR conducted a gap analysis to review each ESRS data point to determine whether it needs to be reported based on the materiality assessment. Additionally, VR considered how well the data points serve the needs of the report users and the stakeholders who require information about VR's impacts. The Annexes feature an ESRS content index that lists the disclosure requirements and corresponding page numbers covered in this sustainability statement. The Annexes also include a table covering the list of data points derived from other EU legislation (Appendix B).

VR's double materiality assessment was conducted in three phases: 1. Understanding impacts, risks and opportunities, 2. Evaluation of identified impacts, risks and opportunities, and 3. Determining the material topics for VR. The methodology of the assessment consisted of analysis of existing reports, internal and external stakeholder interviews, expert analysis, and several workshops to validate the results. The assessment considered VR's operations broadly and did not focus on specific business relationships, geographical areas or other factors.

The impact assessment process began with identifying both potential and actual impacts stemming from VR's own operations, as well as impacts at both ends of the value chain. Impacts in the value chain can arise both directly through VR's operations and indirectly through the activities of VR's suppliers and their customers. To draw a better picture of VR's operations, its value chain was mapped, including key locations, activities, sectors and the structure of the organization.

The preliminary list of impacts was based on a comprehensive materiality analysis previously conducted by VR, as well as on other existing internal impact reports. Engagement with internal and external stakeholders aimed to deepen the identification of impacts and understand how these impacts affect said stakeholders. Interviews were conducted with VR's own employees and experts. In this assessment, VR has not consulted suppliers directly. However, discussion with VR's procurement teams – who maintain a continuous dialogue with suppliers – provided a good overview of impacts, risks and opportunities related to VR's supply chain. In addition, the current analysis used the extensive online stakeholder surveys and interviews with external stakeholders that were included in the previous materiality assessment.

After this, the impacts were prioritized based on their severity (including scale, scope and irremediability) and likelihood, scoring impacts on a scale of 1 to 5. As per ESRS guidance, when scoring the "scale" VR assessed how grave or beneficial the impact is on environment and people. When scoring the "scope" VR assessed how widespread the impact is based on number of sites and affected people. When scoring "irremediability" VR considered how difficult it is to reverse the damage. Irremediability was only considered for negative impacts and for the likelihood of potential impacts.

The overall score has been obtained by averaging the different aspects of severity and combining this with the likelihood of the impact.

The process for evaluating financial risks and opportunities was carried out in a similar manner. Material risks and opportunities were selected by assessing their likelihood, magnitude and nature, scoring them on a scale of 1 to 5. The magnitude of the risks and opportunities considered the impact on VR's financial position, financial results, cash flows, availability of financing, or cost of capital over the short, medium or long term. Risks and opportunities were assessed in relation to the identified impacts, as these are often interconnected and dependent on each other. For example, by causing negative impacts on the climate, VR is also exposed to risks arising from climate change and can support the green transition and related economic opportunities through its operations.

A financial materiality assessment and identified sustainability risks and opportunities were also evaluated against other risks and opportunities identified in on VR's business. Going forward, VR's risk processes will be developed to better take into account the content required by the CSRD, and to comprehensively assess risks and opportunities related to sustainability matters.

Regarding the risks and opportunity assessment, the quantification in monetary terms was supplemented with qualitative assessments to a high degree, due to the complexity of defining exact values for potential sustainability risks and opportunities.

The appropriate threshold for materiality was set in a way that considers all the topics as a whole, their scoring and how the topics relate to VR's operations. The result was discussed, tested and validated with VR specialists and management. The impacts, risks and opportunities related to biodiversity and ecosystems, pollution, water and marine resources, as well as affected communities, were also examined in the context of a materiality assessment. VR has also analyzed the impacts related to biodiversity, water and pollution as part of its assessment of environmental aspects. Based on the preliminary assessment VR's sites are not located in or near biodiversity sensitive areas

The results of the materiality assessment were validated in joint workshops that involved the management level of VR. The result of the assessment and material impacts, risks and opportunities were reviewed by the Audit Committee.

Updates during 2024

The initial double materiality assessment was revised during 2024 for some specific material topics and related data points. When assessing the topics holistically in relation to the CSRD reporting requirements, it was logical to combine some topics with other topics. These revisions were made in consultation with internal subject matter experts and reviewed by the Audit Committee.

The materiality assessment was conducted according to the CSRD requirements for the first time, which is why there are no changes compared to previous years. The need for updates to the materiality assessment will be evaluated in the next reporting period.

The identification and assessment of material impacts, risks and opportunities related to climate change

Impacts, risks and opportunities have been identified and evaluated in the assessment of environmental aspects. Risks and opportunities have also been assessed in the annual risk review. Concerning actual greenhouse gas emission sources, a materiality analysis following GHG Protocol's instructions has been conducted annually. The results of these assessments were also used as an input in the double materiality assessment process.

The process to assess environmental aspects is part of VR's environmental management system, which is in accordance with the ISO 14001 standard. Actual and potential environmental impacts, risks and opportunities in VR's own operations and in the value chain are identified with the help of internal stakeholders. Concerning potential GHG emission sources, no new sources different from actual sources were identified during the environmental aspect assessment. The last update was made in 2023.

Since 2022, climate risks have been assessed in-line with Task Force on Climate-Related Financial Disclosures (TCFD) as part of VR's annual risk review (early in the year) and risk review update (later in the year). The annual risk review aims to cover risks in VR's own operation as well as in supply chain. The assessment considers the impact (1 minimal - 5 critical) and likelihood (1 rare - 5 almost certain), over the Short term (up to three years), Medium term (three to five years) and Long term (not yet applied) periods. VR's strategy period is up to five years. The process of conducting climate risk scenarios will be started during 2025.

The identification and assessment of material impacts, risks and opportunities related to circular economy

Impacts, risks and opportunities regarding outflows and waste have been identified and evaluated in the assessment of environmental aspects. The results of this assessment were also used as an input in the DMA process.

VR has screened its assets and activities at a general level to identify impacts, risks and opportunities. The work has been carried out in joint workshops held by our businesses and units. VR has involved only internal stakeholders in the work.

E S G Environmental Sustainability

Figures in accordance with the EU taxonomy

The EU's Taxonomy Regulation sets out scientific screening criteria for sustainable economic activities. The EU taxonomy helps to identify and classify economic activities that promote environmentally sustainable business. The taxonomy defines criteria for activities that are considered to significantly contribute to the EU's long-term climate and environmental objectives. The objectives are related to (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) the transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

A company's activities may significantly contribute to one or more of the specified environmental objectives. For an economic activity to be aligned with the taxonomy, it must fall within the classification system of the taxonomy and significantly contribute to at least one environmental objective. At the same time, the activity must not significantly harm the achievement of the other environmental objectives, and it must meet the minimum safeguards for social responsibility, such as the fundamental rights of workers as defined by the International Labour Organization (ILO).

The reporting obligation stipulated by the Taxonomy Regulation applies to VR Group from 2022 onwards, as the regulation falls within the scope of non-financial reporting in accordance with section 3a of the Accounting Act. In May 2022, VR Group issued a green bond, which is listed in Nasdaq Helsinki Ltd's official list of sustainable bonds.

Accounting principles applied in the financial statements

VR Group's reporting on the EU taxonomy complies with the provisions of the Commission Delegated Regulations 2021/2178, 2021/2139, 2022/1214, 2023/2486 and 2023/2485. The purpose of the EU's sustainable finance classification system, known as the EU taxonomy, is to help companies and investors assess the environmental impacts of economic activities. The reporting obligations set out in the EU taxonomy are applied for taxonomy-eligible and taxonomy-aligned activities in VR Group's reporting for the financial year 2024. VR Group has assessed whether its business operations are materially linked to the environmental objectives and found activities in the environmental objectives of climate change mitigation and promoting the transition to a circular economy. The company has thus assessed the taxonomy eligibility of its operations in that respect. VR Group's turnover is mainly derived from transport services, the majority of which are taxonomy-eligible. The indicators presented for taxonomy-eligible and taxonomy-aligned activities are their proportion of the company's turnover, capital expenditure (CapEx) and operating expenditure as defined in the taxonomy, in accordance with Commission Delegated Regulation 2021/2178.

VR Group's consolidated financial statements have been prepared in accordance with the international financial reporting standards (IFRS) approved for use in the European Union. The data used to calculate the key figures in accordance with the EU taxonomy have been collected from VR Group's financial systems. The figures are based on the same information and the same Group accounting principles as used in the consolidated financial statements for the financial year 1 January–31 December 2024.

For taxonomy-eligible activities, VR Group reports the proportion of the Group's turnover, capital expenditure, and operating expenditure that is accrued from activities that are within the scope of the taxonomy classification system. In reporting taxonomy-eligible figures, VR Group applies the precautionary principle. This means that the figures do not include items that are not specifically mentioned in the taxonomy. According to the EU taxonomy, companies must avoid double counting in calculating the turnover, capital expenditure, and operating expenditure of economic activities. VR Group has carried out the allocations based on cost structures and separate profitability accounting systems, and has ensured the separateness of the different cost factors for each activity.

VR Group uses different profitability accounting systems that can be used to determine the turnover, capital expenditure and operating expenditure of different businesses for different types of traffic. These items have been allocated to taxonomy-eligible items.

Assessment of compliance with Regulation (EU) 2020/852

VR Group has conducted an assessment of compliance with Regulation (EU) 2020/852 in accordance with the screening criteria set out in Commission Delegated Regulations 2021/2139, 2022/1214, 2023/2486, 2023/2485. Based on the assessment, the following economic activities have been identified as taxonomy-eligible in VR Group's operations:

- CCM 6.1 Passenger interurban rail transport: all VR Group passenger train services in Finland, and Östgötapendeln, Pågatåget, Tåg i Bergslagen and Snabbtåg in Sweden.
- CCM 6.2 Freight rail transport: all of VR Group's rail logistics.
- CCM 6.3 Urban and suburban transport, road passenger transport: bus services in Finland and Sweden, Tampere Tramway, and rail services in the Stockholm region.
- CCM 6.6 Freight transport services by road: road logistics operated with EURO VI class vehicles.
- CCM 3.19 Manufacture of rail rolling stock constituents: VR Group's external fleet maintenance and installation of railway equipment.
- CE 2.3 Collection and transport of non-hazardous and hazardous waste: VR Group's road logistics circular economy operations.

- CE 3.2 Renovation of existing buildings: repair and improvement investments made on VR Group owned properties, where such investments are not directly related to other taxonomy activities.

The taxonomy indicators are presented by categorization into these seven economic activities. For activity CE 3.2, only CAPEX indicators are presented. Of VR Group's business operations, the economic activities CCM 6.2, CCM 6.6 and CE 2.3 are part of VR Logistics' rail and road logistics, and CCM 6.1 and CCM 6.3 are part of VR Long Distance Traffic and VR City Traffic. The names of the activities do not directly correspond to VR Group's business structure, as VR City Traffic, for example, includes passenger transport in accordance with activities CMM 6.1 and CM 6.3.

Following a thorough analysis of the EU Taxonomy reporting, it was determined that the previous interpretation of the complex regulation was insufficient and VR Group does not fulfill the Minimum Social Safeguards due to development needs in the human rights due diligence processes. Thus, VR doesn't fulfill the taxonomy-alignment criteria. Consequently, the 2023 taxonomy-alignment was inaccurately reported and has now been revised. Currently, VR Group aims to close the gaps in the near future.

Background information on the Turnover indicator

VR Group has calculated the denominator of the turnover indicator using the same accounting principles applied to net sales in IFRS accounting. Turnover includes all revenue received from the sale of services and goods in the ordinary course of business. Total turnover corresponds to the net sales figure presented in the consolidated financial statements. The taxonomy-eligible turnover includes the external turnover of the taxonomy-eligible economic activities. The majority of VR Group's turnover is taxonomy-eligible, including all rail passenger services in Finland and Sweden, all of VR Group's rail logistics, bus services in Finland and Sweden, the operations of the Tampere Tramway, rail traffic in the Stockholm area, road freight services operated using EURO VI vehicles, VR Group's circular economy operations, and external fleet maintenance and installation of railway equipment. Of VR Group's total turnover in 2024, 95.8% (95.4%) was taxonomy-eligible.

Background information on the CapEx indicator

In the denominator for the capital expenditure indicator, VR Group has included increases to tangible and intangible assets and right-of-use assets during the financial year. Capital expenditure (CapEx) is related to turnover-generating taxonomy-eligible investments that are expected to generate turnover within the next three years. In the assessment of eligibility with the taxonomy, these investments must support climate change mitigation by reducing emissions or must promote the transition to a circular economy. The items in question are treated in accordance with reporting pursuant to the following standards: IAS 16 Property, Plant and Equipment; IAS 38 Intangible Assets; and IFRS 16 Leases. More information on investments is provided in the section "Investments" in the Consolidated financial statements.

VR Group's business ties up large amounts of capital and requires significant investments. VR has an investment policy that states the organizations' investment limits and which investments can be approved by business and which require VR LT or VR BoD approval. Most of VR Group's investments are in low-emission rolling stock and buses. The taxonomy-eligible investments comprise the investments made in the context of VR Group's taxonomy-eligible economic activities. The largest investments in this category are new electric locomotives, maintanance of the rail fleet and new electric buses. Investments on electrification and the use of electricity are strongly related to the pursuit of a future that is independent of fossil fuels. Some of the investments in locomotives are shared between different economic activities, and therefore allocation to taxonomy activities has been determined with internal accounting distribution keys. The allocation between taxonomy-eligible investments (numerator) is determined in relation to external turnover. Taxonomy-eligible investments also include the repair and improvement investments made on properties owned by VR Group. The OpEx and CapEx of trailers and recycling containers of trucks are also included according to the share of the turnover produced with taxonomy-eligible equipment. Of VR Group's capital expenditure in 2024, 93.0% (92.6%) was taxonomy-eligible.

Background information on the OpEx indicator

VR Group has determined the denominator for the operating expenditure indicator, EUR 263.1 million (247.6), in accordance with the methodology of the Taxonomy Regulation. VR Group does not have research and development expenditure in accordance with IAS 38 Intangible Assets. The taxonomy-eligible operating expenditure comprises the operating expenditure of VR Group's taxonomy-eligible business activities as defined in the taxonomy. In addition, VR Group's external fleet maintenance, the installation of railway equipment and VR Group's Road logistics circular economic operations have been included as taxonomy-eligible in accordance with the Commission Delegated Regulations. In order to avoid double counting in the calculation of economic activity, VR Group does not report depreciation in its operating expenses, as depreciation is seen to be reported once through capital expenditures.

Taxonomy-eligible operating expenditure is related to turnover-generating and taxonomy-eligible assets and economic activities, which include all direct non-capitalized costs related to the asset's operations that could be itemized. These include, in accordance with the denominator defined in the calculation of the indicator, direct expenditure on locomotives, wagons, buses and road transport that is related to fleet repair and maintenance costs to ensure the operation of the fleet (IAS 16 Property, Plant and Equipment, recognition of the maintenance costs of fixed assets). The maintenance costs of fixed assets include direct wage costs of maintenance personnel, and maintenance costs of external subcontractors, as defined in the Commission Delegated Regulation. In addition, VR Group's external maintenance and installation operations in accordance with activity CCM 3.19 are included in the numerator. The maintenance costs of buildings and structures have also been taken into account in the denominator. Of VR Group's total operating expenditure in 2024, 95.0% (92.5%) was taxonomy-eligible.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities, disclosure covering year 2024

Financial Year 2024		2024		Substantial Contribution Criteria						DNSH (Does Not Significantly Harm)							2023		
	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover	Category enabling activity	Category transitional activity
Economic activities		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which Enabling		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Passenger interurban rail transport	CCM 6.1	611.7	47.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								43.6%		
Freight rail transport	CCM 6.2	267.2	20.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								21.5%		
Urban and suburban transport, road passenger transport	CCM 6.3	288.1	22.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								24.3%		
Freight transport services by road	CCM 6.6	40.6	3.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.2%		
Manufacture of rail rolling stock constituents	CCM 3.19	23.9	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.4%		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	9.2	0.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.5%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,240.6	95.8%	99.3%	0%	0%	0%	0.7%	0%								95.4%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		1,240.6	95.8%	99.3%	0%	0%	0%	0.7%	0%								95.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		54.1	4.2%																
TOTAL (A+B)		1,294.7	100.0%																

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities, disclosure covering year 2024

Financial Year 2024		2024		Substantial Contribution Criteria						DNSH (Does not Significantly Harm)							2023		
	Code	CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx	Category enabling activity	Category transitional activity
Economic activities		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which Enabling		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Passenger interurban rail transport	CCM 6.1	55.1	23.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								30.1%		
Freight rail transport	CCM 6.2	80.7	34.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								44.5%		
Urban and suburban transport, road passenger transport	CCM 6.3	66.2	28.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								14.4%		
Freight transport services by road	CCM 6.6	0.2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Manufacture of rail rolling stock constituents	CCM 3.19	2.6	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Renovation of existing buildings	CE 3.2	13.3	5.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.1%		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		218.0	93.0%	93.9%	0%	0%	0%	6.1%	0%								92.6%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		218.0	93.0%	93.9%	0%	0%	0%	6.1%	0%								92.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		16.5	7.0%																
TOTAL (A+B)		234.5	100.0%																

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities, disclosure covering year 2024

Financial Year 2024		2024		Substantial Contribution Criteria						DNSH (Does not Significantly Harm)							2023		
	Code	OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx	Category enabling activity	Category transitional activity
Economic Activities		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which Enabling		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Passenger interurban rail transport	CCM 6.1	142.4	54.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								49.0%		
Freight rail transport	CCM 6.2	46.4	17.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17.7%		
Urban and suburban transport, road passenger transport	CCM 6.3	44.5	16.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								21.8%		
Freight transport services by road	CCM 6.6	0.3	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Manufacture of rail rolling stock constituents	CCM 3.19	15.2	5.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.3%		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	1.1	0.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.5%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		249.8	95.0%	99.6%	0%	0%	0%	0.4%	0%								92.5%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		249.8	95.0%	99.6%	0%	0%	0%	0.4%	0%								92.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		13.2	5.0%																
TOTAL (A+B)		263.1	100.0%																

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E1 – Climate Change

Overview of VR’s Sustainability Agenda related to climate change

VR has identified two material topics in the theme Climate change: climate change mitigation, and energy and energy efficiency. In its new Sustainability Agenda, VR has set the following new, group-level targets for these two material topics. The new targets replace the previous targets, and their progress will be monitored from now on.

TOPICS

Climate change mitigation

TARGETS

- Emission reduction of 50.4% by 2032 from 2022 baseline, covering Scopes 1, 2 and 3
- Net-zero by 2040 (with emission reduction of 90.0%) from 2022 baseline, covering Scopes 1, 2 and 3

Energy and energy efficiency

TARGETS

- Energy consumption reduction of 18% per output by 2027 from 2022 in electric train traffic in Finland

These topics are closely interlinked and will be addressed together in terms of policies, actions, targets and metrics.

Material impacts, risks and opportunities related to climate change

VR has identified financial risk and positive and negative impact related to both material topics regarding climate change. Additionally, VR has identified financial opportunity impact related to climate change mitigation. VR's strategy supports the green transition and accelerates the change of sustainable transportation. VR is developing its offering to increase its share of fossil free transport. By making passenger and freight services more popular, VR can increase its handprint and reduce the emissions of its customers and society. VR's GHG emissions are generated both in its own operations and in the value chain. VR has set science-based targets, which also cover emissions in the value chain (scopes 1, 2 and 3).

The green transition can also pose financial risks to VR, particularly with rising energy costs. Energy represents a significant share of VR\s cost base. Fluctuations and increases in electricity prices can pose a financial risk. VR has a positive impact through its program for improving energy efficiency.

VR has a systematic method for the identification, assessment, management and continuous monitoring of business risks and opportunities, including risks and opportunities related to climate change. Identified physical risks are an increasing number of extreme weather events and other weather-related effects, climate change related damages to rail infrastructure, increase in fleet maintenance costs due to weather conditions, supply chain break down due to climate change, and decrease in investment money. Transition risks include significant increases in energy costs, increasing regulations of environmental related operations, and failure to realize climate ambition.

The process of conducting scenario and resilience analyses will be started during 2025.

Transition plan for climate change mitigation

The emission targets have been set in accordance with the 1.5-degree warming target of the Paris Climate Agreement, and were validated by SBTi in November 2024. The transition plan for these targets is not yet made, but will be prepared in 2025. VR is not excluded from the EU Paris aligned benchmarks.

A challenge for reaching the targets is the long lifespan of locomotives and the low maturity of available alternatives to diesel fleet. VR needs a fleet that can operate in unelectrified portions of the railway network, and diesel engines are currently the only solution. Thus, much of VR's locomotive fleet is diesel-powered, and the engines still have decades of their lifespan left. The newest Dr19 locomotives have been planned to be modular so that they could be converted to, e.g. hydrogen, in the future.VR will detail the decarbonization levers and their overall quantitative contributions during 2025.

VR is committed to investing in low-emission technology and increasing the use of fossil-free energy to support the transition plan's implementation. In 2024, VR continued its investments in new electric locomotives and buses to phase out its fossil-fuel-operated fleet, focusing on enhancing efficiency and reducing the environmental impact of these existing operations. This investment aligns with the strategy to balance current operational needs with long-term sustainability goals. During the preparation of transition plan, VR will assess possible objectives and plans for alignment of investments with the criteria established in the EU taxonomy regulation.

In addition, VR has committed to investing in energy efficiency in rail and road traffic, as well as to maintaining the Energy Efficiency Alliance in real estate. By committing to science-based targets, VR has accepted the possible increase in the cost of energy. Since the transition plan is still under development, more detailed disclosure of the monetary amounts will follow in later years. More of VR's EU Taxonomy KPIs and plans can be found in the section "Figures in accordance with the EU Taxonomy".

Policies

VR's Environmental Policy addresses climate change mitigation by committing to near-term and long-term net zero science-based targets for emission reductions, improving energy efficiency, and investing in low-emission technology. In terms of climate change mitigation, VR actively promotes sustainable solutions and the circular economy, and reduces emissions within its operations. Energy efficiency is a core focus for VR, as rail transport is inherently energy-efficient, and continuous efforts are made to enhance this efficiency through strategies and investments. Additionally, VR supports renewable energy deployment by increasing the use of fossil-free energy, aligning actions with Finland's climate goals and international standards. VR's Environmental Policy does not address climate change adaptation directly.

The policy aligns with the Science-Based Targets initiative (SBTi) and adheres to Finland's climate goals and international environmental standards. VR's environmental management system complies with the requirements of the ISO 14001 standard.

In 2023, an assessment of environmental aspects was conducted with internal stakeholders from each VR Business Unit. The findings from this assessment were used to update and shape the Environmental Policy to reflect these stakeholders' key environmental concerns and operational priorities.

VR's Environmental Policy currently covers operations in Finland. Operations in Sweden will be included by 2025. There are no other specific exclusions from the policy. The CEO of VR is accountable for the implementation of the Environmental Policy. The policy is open and accessible to all internal and external stakeholders. The policy has been presented to all relevant stakeholders who work with environmental matters within the company and with external partners. The Environmental Policy is published on VR's website.

Actions

VR addresses climate change mitigation by committing to near-term and long-term net zero science-based targets, improving energy efficiency, investing in low-emission technology, and increasing the use of fossil-free energy. Climate change mitigation actions cover VR's own operations as well as the upstream and downstream value chain.

In train traffic, VR drives an Energy Efficiency Program that includes electric traction in long-distance passenger traffic and in rail logistics in Finland. Commuter train traffic and diesel-powered train traffic in Finland were also added to the program at the end of 2024. In 2023 and 2024, the main focus of the program has been to influence train drivers' driving styles to be more energy efficient. As an outcome of the program, energy efficiency within the program's scope (electric train traffic excluding commuter traffic) has improved by just under 9% from the 2022 baseline by the end of 2024. Implementing the program has required internal human resources. Ongoing development work around the program includes planning measures related to software development and data, train driving styles, the conductors' role, and the inclusion of commuter train traffic and diesel-powered train traffic.

To further enhance energy-efficiency, VR is investing in new, more energy efficient locomotives and electric buses. In 2024, 83 new electric buses and 8 new electric locomotives were purchased in Finland. Additionally, in Sweden, the electrification rate of the bus fleet was increased from 4% (2023) to 12% (2024) by investments in new electric buses.

Concerning energy efficiency in real estate, The Real Estate Energy Efficiency Alliance was relaunched in mid 2023. The alliance includes all major VR properties and involves partners such as Caverion, Siemens and ISS. The actions taken within the alliance aim at achieving energy and cost savings through collaboration, and providing financial benefits to all parties involved. In 2024, 69 measures were implemented.The energy-saving impact of the measures implemented in 2024 is 2,678 MWh. Some of the most significant initiatives in 2024 include lighting upgrades at the Ilmala depot and Hyvinkää workshop, and the modifications of the ventilation control method at the Ilmala depot. So far, over 200 energy efficiency measures have been planned for the years 2025-2030.

Energy efficiency actions cover VR's own operations as well as the upstream and downstream value chain. The upstream value chain is emphasized in the actions, as most of the energy use is related to it. This includes the use of purchased energy.

The actions described above will require fleet investments and investments in new energy sources. Thus, VR's ability to implement actions depends on the availability of financial resources. Resources allocated for actions will be defined in the transition plan, which is to be drawn up in 2025. Thus, quantitative information on resources allocated for the implementation of actions can not yet be provided.

In terms of climate change adaptation, VR actively promotes sustainable solutions and the circular economy, and reduces emissions within its operations and value chains. Additionally, VR supports renewable energy deployment by increasing the use of fossil-free energy, aligning actions with Finland's climate goals and international standards.

VR's measures for extreme weather conditions primarily focus on winter traffic preparations. Additional actions will be planned following a scenario analysis. Resources for adaptation will be allocated once the analysis has been completed.

VR's Energy Efficiency Program and commitment to the Energy Efficiency Alliance in real estate help to save energy and can potentially lower the cost of energy. Increasing the share of biodiesel and renewable district heating may increase the costs of energy in the short term, but at the same time it would support the inevitable adaptation for climate change. Ongoing access to finance at an affordable cost of capital can be critical for the necessary investments. In 2022, VR issued an unsecured fixed-rate Green Bond with a nominal value of EUR 300 million and a maturity of seven years. The proceeds from the issue will be used for investments in clean transport, renewable energy projects, and improving the energy efficiency of buildings owned by VR.

Since the transition plan is still under development, more detailed disclosure of the monetary amounts will follow in later years. More of VR's EU Taxonomy KPIs and plans can be found in the section "EU Taxonomy" of this report.

Targets and metrics

VR's climate targets are aligned with VR's Environmental Policy, which is centered around climate change mitigation. Climate change mitigation is taken into consideration through commitment to near-term and long-term net-zero science-based emission reduction targets (SBTs), improving energy efficiency, and investing in low-emission technology. The green transition is actively promoted by incorporating sustainable solutions and the circular economy into operations, while also reducing emissions throughout the value chain. Energy efficiency is a core focus, with rail transport being inherently energy-efficient. VR also supports the deployment of renewable energy by increasing the use of fossil-free energy, in alignment with Finland's climate goals and international standards. Science-based targets have been set to increase VR's handprint and reduce the emissions of its customers and society, and therefore this is seen as an opportunity.

Science-based targets

VR has committed to reducing absolute Scope 1 and 2 GHG emissions by 50.4% (40,928 tonnes of CO_2e) and Scope 3 GHG emissions by 50.4% (120,590 tonnes of CO_2e) by 2032 from the 2022 base year (baseline values being 81,205 tCO_2e for Scopes 1 and 2 and 239,266 tCO_2e for Scope 3). VR aims to achieve net-zero emissions across its value chain by 2040, with a reduction target of 90.0% (288,424 tCO_2e) for Scope 1, 2 and 3 GHG emissions by 2040 from the same 2022 baseline. Additionally, VR aims to reduce absolute Scope 3 GHG emissions from use of sold products (Category 11) 50.4% by 2032, and 90.0% by 2040 from the same 2022 baseline.

Both near-term and long-term science-based targets (2032 and 2040) are absolute GHG emissions reduction targets, including VR's entire operations and value chain, thus, addressing Scope 1, 2, and 3 emissions. For targets related to Scope 2, a market-based method is applied.

Emissions are calculated in accordance with the GHG Protocol. The boundary of the GHG emission reduction targets does not diverge from that of the GHG emissions reported under section "Gross Scopes 1, 2 3 and Total GHG Emissions". Thus, the target includes operations in Finland, Sweden and Latvia. The selected baseline value represents VR's normal activities and operation. A complete GHG calculation was performed for the acquired company (City Traffic Sweden) and integrated to group-level results in the base year (2022). Actual base year data was used in the calculation. Baseline value is not affected by anomalies from temperature or energy consumption changes. The selected baseline value is validated by the Science Based Targets initiative (SBTi).

The science-based targets are based on conclusive scientific evidence provided by the SBTi and validated by the SBTi organization during 2024. The science-based targets have been approved by the SBTi, and are therefore aligned with Paris Climate Agreement. No sectoral decarbonization pathway has been used in the target setting. Internal stakeholders were involved in the target-setting processes.

The total GHG emissions in 2024 are 12% lower than total GHG emissions in the base year 2022. The figures represent decrease in all Scopes, but especially in Scope 1 emissions. In Scope 3, the emissions from capital goods have increased due to more comprehensive data collection. Additionally, the data for downstream leased assets had not been available in 2022 and in 2023; thus, this change leads to increase in emissions in said category. There have been no other significant changes in the target, metrics, methodologies, assumptions or data collection process to date.

The science-based targets have not yet been monitored and reviewed as they were set in November 2024. Practices related to monitoring the targets will be decided in 2025. VR will detail the decarbonization levers and their overall quantitative contributions during 2025.

Energy efficiency

VR integrates energy efficiency measures into its core strategy to address climate change mitigation. Rail transport is inherently energy-efficient, and VR Group continues to enhance this efficiency through investments and operational improvements. By optimizing energy use, VR contributes to national and international climate goals, supporting the overall green transition.

VR has set a target to reduce energy consumption by 18% for electric long distance passenger traffic and rail logistics in Finland by 2027, using 2022 as the base year. Relative consumption is compared to measure effectiveness: kWh/(1000*gross tonnage kilometres) for electric traffic.

The target is part of the Energy Efficiency Program and is based on statistical analysis of the effectiveness of traction units, and on the variance of train drivers' energy consumption. The target is not based on scientific evidence. Only internal stakeholders have been involved in target setting. Fulfillment of the target is monitored quarterly by VR Leadership Team.

Most electric traction units used are equipped with an electricity meter, allowing energy consumption to be monitored at a minute scale. Data and analysis tools are widely used to ensure the measures are as accurate and reliable as possible. This enables the selection of targeted actions.

Gross Scopes 1, 2, 3 and Total GHG emissions

GHG emissions table

	Retrospective				Milestones and target years				
	Base year: 2022*	2023*	2024	Change from previous year (%)	2025	2030	2032	2040	Annual % Target / base year
Scope 1 GHG Emissions (tCO_2e)									
Total Gross Scope 1 GHG emissions	71,128	59,579	48,981	-18%	60,373	42,449	35,279	7,113	5.04%
Total percentage of Scope 1 GHG emissions from regulated emission trading schemes	—%	—%	—%	—%					
Scope 2 GHG Emissions (tCO_2e)									
Total Gross location-based Scope 2 GHG emissions	47,296	31,856	29,856	-6%	40,145	28,226	23,459	4,730	5.04%
Total Gross market-based Scope 2 GHG emissions	10,077	8,372	7,390	-12%	8,554	6,014	4,998	1,008	5.04%
Significant scope 3 GHG Emissions (tCO_2e)									
Total Gross indirect (Scope 3) GHG emissions	239,266	194,086	224,250	16%	203,089	142,794	118,676	23,927	5.04%
1 Purchased goods and services	106,008	66,863	74,302	11%	89,980	63,266	52,580	10,601	5.04%
2 Capital goods**	12,651	20,861	48,728	134%	10,738	7,550	6,275	1,265	5.04%
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	47,719	41,532	31,215	-25%	40,504	28,479	23,669	4,772	5.04%
4 Upstream transportation and distribution	48,339	38,541	30,319	-21%	41,030	28,848	23,976	4,834	5.04%
5 Waste generated in operations	3,164	2,120	2,153	2%	2,685	1,888	1,569	316	5.04%
6 Business travelling	832	1,067	1,634	53%	706	497	413	83	5.04%
7 Employee commuting	13,018	12,421	12,712	2%	11,051	7,770	6,457	1,302	5.04%
8 Upstream leased assets	245	314	1,844	488%	208	146	122	25	5.04%
11 Use of sold products	7,288	10,367	11,815	14%	6,186	4,350	3,615	729	5.04%
12 End-of-life treatment of sold products	1	1	2	7%	1	1	1	0	5.04%
13 Downstream leased assets**	0	0	9,526	—%	0	0	0	0	5.04%
Total GHG Emissions (tCO_2e)									
Total GHG emissions location-based	357,689	285,521	303,087	6%	303,607	213,469	177,414	35,769	5.04%
Total GHG emissions market-based	320,471	262,037	280,621	7%	272,016	191,257	158,954	32,047	5.04%

*There have been minor corrections to 2022 and 2023 compared to figures reported in previous years due to increased quality in GHG calculation. **In Category 2, the increase is primarily explained by more comprehensive data collection, while the amount of fleet investment also contributes to the increase. In Category 13, the increase is explained by more comprehensive data collection. See more information in the beginning of the section "Targets and metrics".

GHG intensity per net revenue (tCO_2e/MEUR)	2024
Total GHG emissions (location-based) per net revenue	234
Total GHG emissions (market-based) per net revenue	217

Contractual instruments	2024
Percentage of contractual instruments, Scope 2 GHG emissions	93%
Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions	1%
Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions	92%

*Contractual instruments for electricity include nuclear power and renewable energy. In addition, in individual sites, guarantees of origin for district heating include renewable energy and waste heat.

Biogenic emissions (tCO_2)	2024
Biogenic emissions of CO_2 from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	38,360
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass not included in Scope 2 GHG emissions	0
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions	0

GHG removals and GHG mitigation projects financed through carbon credits

Since 2019, VR has offset the fuel emissions of railbuses and Kolari night trains, which could not run on electricity due to the lack of electrification in the railway network. Additionally, VR has offset greenhouse gas emissions from the production of electricity and diesel used in passenger rail services and its railway yard operations. These emissions were offset by investing in Gold Standard certified voluntary emissions trading projects that reduced emissions and increased carbon sinks. For 2024 emissions (2 620 tCO_2e), the selected project was a wind turbine project in India (GS ID 6004). VR has used carbon credits separately from GHG emissions reporting and GHG emission reduction targets. The credits have only been used for communication and marketing of passenger train traffic.

VR does not engage in GHG removal or storage projects within its own operations or value chain. Any emission reductions come from the aforementioned external mitigation projects.

VR has decided to discontinue purchasing carbon credits from April 2024. The company has not made public claims of carbon neutrality since March 2024. The last purchase of carbon credits was done in June 2024 to cover first three months of emissions from long-distance traffic in Finland. All carbon credits were cancelled on 31 March 2024.

VR is committed to achieving its net zero target in line with the Science Based Targets initiative (SBTi). The emissions accounting for the net zero target and related residual emissions follow the same methodology, boundaries and scope as the current calculation reported in section "Targets and metrics". Residual emissions will be neutralized with permanent carbon removals in accordance with SBTi guidelines. VR does not yet have a strategy for acquiring permanent carbon removals, as methods and technologies in the field are still developing. The company will evaluate strategies for acquiring permanent carbon removal for neutralization by 2030 at the latest.

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Total amount of carbon credits outside value chain that are verified against recognized quality standards and cancelled

Carbon credits cancelled in the reporting year	2024
Gold Standard (tCO_2e)	2,620
Percentage of reduction projects	100%
Percentage of removal projects	—%
Percentage for recognized quality standard	100%
Percentage issued from projects in European Union	—%
Percentage that qualifies as corresponding adjustment*	—%

*Corresponding adjustment not applicable in Finland.

Energy consumption and mix

The sectors used to determine the energy intensity of activities in high climate impact sectors are transporting and storage, real estate activities, and manufacturing. Manufacturing is included as it contains activities related to FleetCare (i.e. repair and maintenance of transport equipment).

To calculate energy intensity based on net revenue, VR uses the total net revenue of financial year as stated in the Consolidated financial statements (IFRS).

Energy consumption from non-renewable sources (MWh)	2024
(1) Fuel consumption from coal and coal products	0
(2) Fuel consumption from crude oil and petroleum products	197,526
(3) Fuel consumption from natural gas	1,258
(4) Fuel consumption from other fossil sources	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	51,644
(6) Total fossil energy consumption	**250,428**
Share of fossil sources in total energy consumption	22%
(7) Consumption from nuclear sources	**562,635**
Share of consumption from nuclear sources in total energy consumption	50%

Energy consumption from renewable sources (MWh)	2024
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biofuels, biogas, renewable hydrogen, etc.)	155,269
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	147,205
(10) The consumption of self-generated non-fuel renewable energy	727
(11) Total renewable energy consumption	**303,200**
Share of renewable sources in total energy consumption	27%
Total energy consumption	**1,116,264**

Energy intensity (MWh/MEUR)	2024
Energy intensity from activities in high climate impact sectors	862
Total energy consumption from activities in high climate impact sectors	1,116,264

Energy production (MWh)	2024
Non-renewable energy production	0
Renewable energy production	727

Reporting principles for metrics

Metrics related to energy and energy efficiency

Metrics related to energy and energy efficiency are calculated using consumption figures from the reports of Business Units and energy suppliers. There are no significant assumptions behind these metrics. When reporting the energy mix, energy produced with recovery of waste heat (e.g. in contractually purchased district heating bundled with Guarantee of Origins) is reported under fossil energy in the absence of a more appropriate category. To report the energy consumption of fuels, net calorific values from Defra have been used to convert volume data to MWhs. Metrics related to energy and energy efficiency have not been validated by an external body other than the assurance partner.

Metrics related to GHG emissions

VR follows the GHG Protocol as a framework for emission calculations, using the operational control approach. VR has consolidated 100 % of the GHG-emissions of the entities it operationally controls. Metrics related to GHG emissions have not been validated by an external body other than the assurance partner.

Emission factors used for Scope 1 are from Defra, Statistics Finland and suppliers of refrigerants (Opteon, Darment). Emission factors used for Scope 2 are from Gasum, Vattenfall, AIB, Energiavirasto, Fingrid, Motiva, Energiforetagen and Statistics Finland. Emission factors for Scope 3 are from HSY, Volvo, Yutong, The International EPD System, IEA, Vattenfall, Kaukolämpötilasto, Energimyndigheten & SCB, Exiobase, SYKE, HSL, Gaia, Motiva and Papercenter. The emission factors used include spend-based, activity-based, location-based, market-based and product-based factors. These emission factors were chosen based on their reliability, accuracy and alignment with the GHG Protocol guidelines. The selection of factors from international and national institutions (e.g. Defra, IEA, Statistics Finland and Vattenfall) aims at ensuring that the calculations reflect accurate, current and regionally relevant data. The use of emission factors from local and national institutions (e.g. Statistics Finland and HSY) allows for accurate regional specificity. For Scope 3, a wide variety of sources were selected to account for the complexity of the value chain and the different sectors contributing to indirect emissions.

VR's reporting period aligns with the the financial year, which follows the calendar year, with the exception of Long-distance Sweden (MTRX), which was acquired on 30 May 2024. Effect on the year-to-year comparability of environmental figures is minor, as Long-distance Sweden's emissions are under 1% of the total even when extrapolated for the whole reporting year.

The most significant assumptions and possible limitations of calculations include the use of secondary data and spend-based emission factors in Scope 3 categories "Purchased goods and services" (representing 26% of total GHG emissions) as well as partly in category "Capital goods" (representing 17% of total GHG emissions) ; using several estimations for determining the amount of fuels consumed in road logistics and utilizing 2023 data for allocating the data between Scope 1 and Scope 3 category "Upstream transportation and distribution"; and the use and extrapolation of 2022 survey data in Scope 3 category "Employee commuting" (representing 4.5% of total GHG emissions) to determine the commuting mileages and transport modes of the employees. Additionally, several less significant data points have been estimated, including e.g. energy consumptions in Scope 3 category "Upstream leased assets" where data on area has been used to determine the estimated consumptions. Estimations have been done in accordance with the precautionary principle.

48% of Scope 3 emissions have been calculated using primary data obtained from suppliers or other value chain partners. The share is calculated following GHG Protocol's definition of primary data. For example, emission factors for certain supplier's similar product have been considered as primary data (site-specific data). Additionally, emissions calculated with primary activity data and industry- or national average emission factors (such as emissions in categories 3 and 5) have been included in the above-mentioned share.

To calculate GHG emission intensity based on net revenue, VR uses the net revenue of the financial year as stated in the Consolidated financial statements (IFRS).

Metrics related to GHG mitigation projects are based on VR's GHG emission calculations. Thus, the methodologies, assumptions and limitations behind the metrics are the same as those for GHG calculations.

Relevant Scope 3 categories

The GHG Protocol has been used as the basis for calculating Scope 3 emissions and assessing the materiality of each Scope 3 category. Scope 3 emissions for each category include indirect emissions from the consolidated accounting group (VR Group). VR Group does not have unconsolidated subsidiaries or investment entities (e.g. associates, joint ventures, or unconsolidated subsidiaries) for which VR Group would have operational control. Based on the GHG Protocol instructions the investment entities that the undertaking does not have operational control are not included in the GHG emission inventory. These investment entities are presented in the Consolidated financial statements in section "Group structure".

Categories 1, 2, 3, 4, 5, 6, 7, 8, 11, 12 and 13 are included in the inventory. Categories 9, 10, 14 and 15 have been assessed as not relevant to VR's operations and are therefore excluded from Scope 3 GHG emissions reporting based on the following reasoning.

Category 9 (Downstream transportation and distribution) has been excluded since VR does not rely on third-party transportation or distribution services for delivering its products or services. As VR primarily provides transportation services directly to end customers – without significant involvement of external downstream distribution networks – the emissions associated with this category are negligible and thus deemed immaterial.
Category 10 (Processing of sold products) has been excluded since VR does not sell physical products that undergo further processing after use. As a railway service provider, VR's operations are focused on delivering transportation services rather than products requiring additional processing by end users. Therefore, this category is not applicable to VR's business.

Category 14 (Franchises) has been excluded since VR does not engage in franchising within its business model. All operations are managed and operated directly by VR, without involvement in franchise arrangements. Consequently, there are no emissions associated with franchise activities, rendering this category immaterial.

Category 15 (Investments) has been excluded since VR does not make investments outside of its own operations. All financial investments are focused on internal projects and activities directly managed by VR, with no external investment portfolios. As such, emissions from investments are not relevant to VR's operations and are excluded from reporting.

E5 – Resource use and circular economy

Overview of VR's Sustainability Agenda related to resource use and the circular economy

In the Resource use and circular economy theme, VR has identified material efficiency as a material topic. Related impacts, risks and opportunities are described in more detail under the section ”Material impacts, risks and opportunities and their interaction with strategy and business model” in ESRS 2 General disclosures. In its new Sustainability Agenda, VR has set a group-level target for material efficiency. The recycling rate has been one of VR's environmental targets since 2021.

TOPIC

Material efficiency

TARGET

- Recycling rate 80% by 2032

Material efficiency

Policies

VR's Environmental Policy includes promoting the circular economy as a means to reduce emissions and offer sustainable solutions for both VR's customers and society as a whole. According to the policy, promoting the circular economy is seen as a way to actively contribute to the transition away from the extraction of virgin non-renewable resources. Specific elements of waste hierarchy – or the prioritization of avoiding or minimizing waste – are not specifically addressed in VR's Environmental Policy. In 2025, the Environmental Policy is to be updated to address circular economy and material efficiency matters in more detail.

The Environmental Policy has been developed in accordance with the ISO 14001 standard. VR's internal stakeholders were involved in the process of creating and updating the Environmental Policy. Internal stakeholders include representatives from different Business Units, the VR Leadership Team, and the sustainability team.

The Environmental Policy covers VR's operations in Finland. Operations in Sweden and in Latvia will be integrated into the Environmental Policy in 2025. The CEO of VR Group is accountable for implementing the Environmental Policy. The Environmental Policy is published on VR's website, making it available to both internal and external stakeholders.

Actions

In 2024, VR began compiling ongoing and new material efficiency measures into a Material Efficiency Program set to be ready in 2025. The program will cover the entire VR Group across all locations, with the outlined actions to be implemented over the coming years to achieve the material efficiency target set for 2032.

Examples of the measures already implemented and to be included in the program involve improvements in sorting and recycling – such as specific guidance, training, and close cooperation with suppliers – as well as cooperation projects between Business Units aimed at increasing recycling rate in different locations. The outcomes of the measures will be assessed in 2025 during the program's preparation.

The resources needed to implement the program will be assessed during the preparation. For now, VR has not identified significant financial impacts for material efficiency measures.

Targets and metrics

VR has set a target to increase the recycling rate of the waste it produces to 80% by 2032. This 80% rate has been one of VR's environmental targets in Finland since 2021, and has been perceived as very challenging. Now the target has been set at the group level, covering VR's own operations in all locations, with a focus on increasing the percentage of waste that is recycled as material. Waste is mainly generated in rolling stock maintenance, cleaning and other operations. For recycling rate, the previous year sets the comparative value from which progress is measured. In 2023, recycling rate was 62%.

The 80% target focuses on waste management by reducing waste sent to landfill or incineration, thereby increasing the share of waste used as material and reducing reliance on virgin resources. This aligns with the VR's Environmental Policy, which aims to promote the circular economy and support the transition away from extracting virgin non-renewable resources. The policy is to be updated in 2025 to ensure alignment between the material efficiency target and policy objectives.

Fulfillment of the target is monitored quarterly by VR Leadership Team. In 2024, VR generated 12,179 tonnes of waste in its operations, with recycling rate of 41%. The decrease of recycling rate is explained by improvements of data collection process and data quality especially concerning construction waste.

No significant assumptions were used to define the target, which is not based on scientific evidence. Only internal stakeholders have been involved in target setting. The target supports the national and EU policy goals of increasing the recycling rate of municipal waste.

VR's material efficiency target relates to the 'recycling' layer of the waste hierarchy, focusing on processing materials to be reused, thus diverting waste from landfill and conserving resources ('avoid and reuse waste'). The target VR has set is voluntary.

Waste

VR's waste mainly comprises scrap metal and hazardous waste. Materials present in waste are metals, oils, sludge and water, other chemicals, wood, plastics, textiles, paper, cardboard and biomass.

Generated waste

Type of waste (tons)	2024
Total amount of waste generated	**12,179**
Non-recycled waste	**7,211**
Percentage of non-recycled waste	**59%**
Hazardous waste diverted from disposal	**353**
Hazardous waste diverted from disposal due to preparation for reuse	0
Hazardous waste diverted from disposal due to recycling	283
Hazardous waste diverted from disposal due to other recovery operations	70
Non-hazardous waste diverted from disposal	**9,466**
Non-hazardous waste diverted from disposal due to preparation for reuse	3
Non-hazardous waste diverted from disposal due to recycling	4,685
Non-hazardous waste diverted from disposal due to other recovery operations	4,777
Hazardous waste directed to disposal	**1,834**
Hazardous waste directed to disposal by incineration	298
Hazardous waste directed to disposal by landfilling	41
Hazardous waste directed to disposal by other disposal operations	1,496
Non-hazardous waste directed to disposal	**527**
Non-hazardous waste directed to disposal by incineration	68
Non-hazardous waste directed to disposal by landfilling	72
Non-hazardous waste directed to disposal by other disposal operations	387

Hazardous and Radioactive waste

Waste Type (tons)	2024
Hazardous waste	2,187
Radioactive Waste	0

Reporting principles for metrics

All VR waste is processed by external service providers. VR uses their data and reports on waste quantities and treatment operations to calculate its waste-related metrics. The most significant assumptions within these metrics are related to the composition and treatment of construction waste, which is categorized according to whether or not it contains predominantly recyclable material, and assumptions made to categorize such waste fractions for which the waste service providers have not been able to provide sufficient data concerning treatment methods. For example, there are different interpretations between service providers on reporting of the treatment category for some water-based fractions, which have waste status but have been treated like wastewater. In VR's report, these fractions have been reported in the "Other disposal operations" category in accordance with the precautionary principle. Additionally, the quantity of some individual waste flows has been estimated in the absence of better data. VR's waste metrics have not been validated by an external body other than the assurance provider.

VR's material efficiency target is monitored using the recycling rate as the metric. The rate is calculated by comparing the amount of waste directed to material recycling or prepared for re-use against the total amount of waste produced. However, the quantity and percentage of non-recycled waste in the "Type of Waste" table refers only to the waste that is not directed to material recycling. Thus, preparation for re-use is included, as well as waste directed to disposal operations or other recovery operations, such as energy recovery.

E S G

Social Sustainability

S1 – Own workforce

Overview of VR's Sustainability Agenda related to own workforce

VR has identified two material topics in the theme Own workforce: occupational health, safety and wellbeing, and diversity, equity and inclusion. In its new Sustainability Agenda, VR has set group-level targets related to these two material topics.

TOPICS

Occupational health, safety and wellbeing

TARGETS

- Zero fatalities or serious injuries
- Injury frequencies LTIF <7 and TRIF <15 by 2027
- Safety observations coverage 85% by 2027
- Safety observations yearly >3 per employee by 2027
- Sickness-related absences <4.4% in Finland, annual improvement in Sweden
- Employee engagement index >75 by 2025

Diversity, equity and inclusion

TARGETS

- Zero tolerance for inappropriate behavior, harassment and discrimination: annual decrease in employees who say they have experienced this
- Reducing obstacles to diversity, equity and inclusion in all processes - to be specified during 2025

Material impacts, risks and opportunities related to own workforce

Regarding both material topics, VR has identified negative impacts as well as financial risks and opportunities. Positive impacts have been observed in occupational health, safety and wellbeing. Negative impacts related to material topics are associated with isolated incidents rather than widespread or systemic issues. The identified financial risks and negative impacts are not directly connected nor originating from VR's strategy or business model. In the case of health and safety, however, the risks and impacts are inherent to VR's operations. Financial opportunities and positive impacts are connected to VR's strategy and business model. At present, no adaptations have been made to the strategy and business model in response to these impacts. However, VR is actively monitoring the situation and evaluating potential changes. Developments related to these topics are managed at the Business Unit level to ensure that each unit can address specific impacts, adapt strategies and mitigate risks accordingly. VR's core business includes passenger traffic in Finland and Sweden, as well as freight traffic in Finland. There are no significant risks of forced labour or child labour within VR's operations or the geographical regions the company operates in.

VR's own workforce consists mostly of directly employed personnel. The details are covered in this sustainability statement under the "Characteristics of the workforce" section. The largest personnel groups are bus drivers, locomotive drivers and mechanics. The majority of VR's own workforce are employed in operative roles. In Finland, around one-sixth of VR's own personnel work in office roles. This share is similar in Sweden. In Latvia, all VR's own personnel work in office roles. VR's own workforce also includes non-employees, i.e. self-employed people and agency workers. These non-employees include cleaners, security guards and leased employees who regularly work on VR's sites and processes, performing the same or similar tasks as VR's own employees and/or working under VR's supervision. In contrast, value chain workers are employees of VR's suppliers and work under their own supervision. VR's use of external workforce will be reported more thoroughly in the sustainability statement which covers year 2025.

By implementing appropriate occupational health and safety measures, a safe and healthy work environment can be ensured. Supporting the health and productivity of personnel throughout their careers results in a positive impact. The need for an increased focus on occupational health and safety arises from the potentially hazardous nature of some work, such as the transportation of hazardous chemicals.

In Finland, specific health risks are identified for each role through workplace surveys regulated by Finnish occupational legislation. Health checks are included for employees exposed to these risks and are carried out on increased frequency. To assess workplace health risks, healthcare professionals perform on-site visits.

VR has not identified any material impacts on its own workforce that may arise from transition plans aimed at reducing negative environmental impacts and achieving greener, climate-neutral operations. This includes an assessment of the potential impacts on VR's own workforce of the company's plans and actions to reduce carbon emissions in line with international agreements.

Occupational health, safety and wellbeing

Policies

The policies regarding occupational health, safety, and wellbeing are established to mitigate financial risks and negative impacts, as well as to promote positive impacts and opportunities.

The VR Safety and Security Policy applies to all of VR, outlining the principles, roles, and responsibilities related to occupational health, safety and wellbeing, as well as other safety and security aspects. According to the policy, the Board of Directors approves the policy and sets the safety and security targets, which apply to all VR's employees. The policy is reviewed annually by the One Safety & Security Board, which includes safety professionals from both the VR Safety Unit and Business Units. Safety and security responsibilities are delegated to the respective Senior Vice Presidents leading the Business Units.

The VR Safety Unit, which is one of VR's common functions, supports and assists Business Units in their safety and security efforts. Within the VR LT, the SVP City Traffic Finland is responsible for the Group's safety and security. The internal audit function audits VR's operations to ensure compliance with applicable requirements and management systems.

In addition to the Safety and Security Policy, VR enables and ensures a safe and secure workplace and operations through common safety and security strategy, occupational health and safety (OHS) management systems, as well as safety and security guidelines for VR's workforce and sites. The functionality and efficiency of these safety management system elements are regularly assessed through audits and management reviews.

The VR Safety and Security Policy and standards for occupational health, safety and wellbeing are based on national and EU-level safety and security regulations, as well as the ISO 45001 standard.

The following strategic themes and visions form the foundations of VR's safety policies: Safety First, One Safety, Vision Zero, and Safety Compliant. Through these themes VR systematically develops proactive safety practices in pursuit of the safety vision:

- None of our employees are injured at work.
- Customers and goods are transported to their destination in the safest way.
- Our traffic and other activities are responsible and environmentally friendly.

The Safety and Security Policy and the corresponding OHS management systems are available to all personnel on the VR intranet. All personnel are obliged to act in accordance with the policy and follow the instructions relevant to their own work. Employee representatives in the Occupational Health and Safety Committee have been involved in updating the policy.

VR has an occupational health and safety management system (OHS management system) that covers all functions and operations in Finland, Sweden and Latvia. The system describes the key responsibilities and procedures for wellbeing health and occupational safety at VR. The OHS management system is based on the ISO 45001 standard, but the system is not certified VR-wide. VR Logistics and VR FleetCare hold ISO 45001 certificates.

VR has no separate policy specifically for wellbeing, as it is integrated into the aforementioned occupational health and safety management system. To support health and wellbeing, VR offers all its employees comprehensive occupational healthcare that includes preventive and medical care. In order to maintain the ability of own employees, VR also offers early-stage forms of rehabilitation, health paths and wellbeing coaching. Additionally, VR has a work ability programme that describes, among other things, the early support operating model. The work ability programme enables timely rehabilitation measures to ensure that work continues despite potential work ability challenges.

Actions

Occupational health and safety

Actions in this domain are planned or undertaken in order to mitigate financial risks and negative impacts, as well as to promote positive impacts and opportunities. The approach for identifying the actions required to address negative impacts is also covered in VR's overall risk and opportunity management framework. In addition, risk and opportunity management ensures that VR's practices do not contribute to material negative impacts on own workforce, and are incorporated in VR's double materiality assessment and operational management of business. VR's employees are directly involved in the risk and opportunity management process, as risks and opportunities are identified by VR personnel.

Preventative and development actions in occupational health and safety are based on the systematic OHS processes described in more detail in section "Processes to remediate negative impacts and channels for own workforce to raise concerns", including OHS risk management and OHS near-miss accident and accident studies, as well as preventive measures at the team and unit levels across VR.

In 2024, VR conducted a group-wide thematic study to investigate the root causes of occupational accidents that occurred during the summer (June–September 2024) and to determine more extensive development measures. The measures highlighted in the thematic study were launched immediately or incorporated into the 2025 unit-level safety action plans. The progress of these measures will be monitored as part of the overall safety action plan.

Another key action related to OHS was the internal investigation of an accident that resulted in the death of a VR employee at the beginning of the year. The longer-term measures derived from this investigation aim to make shunting work permanently safer. Recommendations from external accident investigations were also taken into account. The investigation focused on safe working methods for railway logistics shunting in wood terminal areas within Finland's logistics operations. Some measures were launched immediately during the summer of 2024, while the development of working methods and tools for shunting work will continue in 2025. The development of these measures is monitored by the Management team of the Logistics Unit and is reported as part of the monitoring of safety action plans at the VR Group level.

The measured impact of actions on own employees is reflected in VR's metrics related to Lost Time Incident Frequency (LTIF) and Total Recordable Incident Frequency (TRIF). The monetary values of the financial resources allocated to these actions will be detailed in future sustainability statements. More on occupational health and safety and traffic safety -related actions can be found in section S4 Consumers and end-users, including the VR-wide winter preparedness communication campaign, the winter preparedness working group in Finland, and the training program for Pohjolan Liikenne, Finland.

Wellbeing

In 2024, VR analyzed the root causes of sick leaves in Finland and found that a large number are related to the musculoskeletal system or mental health. For instance, the job of a bus driver requires prolonged periods of sitting, while railway yard workers are required to walk extensively on hard terrain. In response, VR has provided work ability training programs for managers and have updated the substance abuse program to place greater emphasis on proactive measures. In Sweden, focus has been on maintaining physical fitness in 2024. Attention has also been holistically focused on both mental and physical wellbeing

VR introduced the Auntie Service in Finland in 2024, which is a low-threshold mental health related service. Auntie includes self-study material, discussion packages and mini-webinars designed to support everyday challenges before they escalate into major issues. The service offers support for personal coping and mental wellbeing, addressing concerns such as stress, loss of motivation, or work-life imbalance. In 2024, VR focused on supervisor training related to work capability leadership, and updated the e-learning materials for workplace wellbeing. VR also developed a systematic way to follow up on long sick leaves.

The impacts of these actions are tracked internally on a quarterly basis. VR also has quarterly steering groups with occupational healthcare providers, as well as two strategic workshops per year with these occupational healthcare providers. The annual Pulse survey tracks employee feedback on occupational health actions.

VR has also conducted risk assessments across different Business Units to plan a wellbeing strategy for 2025. Musculoskeletal disorders were identified as the main cause of absences in Finland. A group-level wellbeing campaign is also in the planning phase for 2025. VR prepares these action plans in the work safety committees, as health requirements are closely related to traffic safety requirements.

Targets and metrics

The targets are set or planned in order to mitigate risks and negative impacts, as well as to promote positive impacts and opportunities. All targets apply only to VR's own employees. VR has a trust forum, in which the set targets are presented to and discussed with employee representatives in line with local legislation. The trust forum is held at least four times a year.

Occupational health and safety targets

The VR Safety and Security Policy sets an ambitious long-term vision for developing occupational health and safety.

VR measures occupational safety by the Lost Time Incident Frequency (LTIF) and Total Recordable Incident Frequency (TRIF) metrics. LTIF indicates the number of lost time incidents per million hours worked, while TRIF indicates total recordable medical care cases per million hours worked. VR bases these incident frequency calculations on actual working hours, not theoretical estimates. Fatalities and serious accidents are defined as incidents that lead to loss of life or more than 30 days of absence.

Targets for 2027

- LTIF-incident frequency: <7
- TRIF-incident frequency: <15 (currently only includes Finland)
- Zero fatalities and serious accidents
- Safety observation coverage: >85% (Finland)
- Number of safety observations: >3 per person

These long term targets were set in 2021. They apply only to VR's own employees and are set at VR Group level, unless otherwise specified. For all safety targets, the previous year sets the baseline value and represents the base year from which progress is measured. Annual concrete OHS targets have been derived from the safety vision and are set for each Business Unit. These targets serve as part of the criteria for rewarding personnel for safety success. In the target setting process, VR engages both management and safety and security experts in all units, incorporating different internal and stakeholder views and fostering joint commitment to safety development.

VR has internally harmonized its LTIF metrics and Safety Observation numbers in both Finland and Sweden. Additionally, in Finland, the TRIF (Total Recordable Incident Frequency) and the safety observations coverage (percentage of employees who have made safety observations) are also monitored.

In 2024, the LTIF was 11.7 (8.4). TRIF was in Finland 24.4 (15.5). Number of safety observation was 23,397 (21,377), which means 2.8 reported observations per person. Safety observation coverage was 62% (54%) in Finland. In 2024, there were one work related fatality and 20 serious accidents. The stated figures reflect incidents reported by personnel through VR's safety reporting systems.

Target setting for safety is done collaboratively with employee representatives through the trust forum, and in meetings between Business Unit managers and employee representatives. VR's occupational safety committees review the achievement of safety targets at least four times a year and identify opportunities for improving safety performance.

Sickness-related absence

The sickness-related absence percentage is one of the key metrics VR uses to track how effective its wellbeing and OHS actions are in addressing material impacts, risks and opportunities. The target was set during the drafting of the new Sustainability Agenda which started in 2024. Generally, the sickness percentage is calculated by dividing sickness hours by working hours and multiplying the result to obtain a percentage.

A key component of VR's occupational health, safety, and wellbeing policies is to maintain and promote the working ability of employees. Thus is it seen as essential to monitor sickness-related absences. Stakeholders have not been directly involved in setting the targets, but action plans are made in cooperation with the occupational safety committees, considering measures to promote health from a business perspective.

VR Finland has set a measurable, time-bound and outcome-oriented target to keep the percentage below 4.4 in 2025. In Sweden, the target is to decrease the percentage annually, although no specific target level is set for 2025. The overall progress towards the adopted target is assessed annually. Even though the percentages may fluctuate based on the number of people employed and the number of hours absent due to sickness, the target level is set to be absolute at 4.4% in Finland. In Finland, the target is tracked from 2024 baseline value (4.3%). In Sweden the target is tracked from 2024 baseline value (8.6%). No interim targets have been set.

Employee Engagement Index

Regarding engagement, VR uses the employee engagement index to track the effectiveness of its actions in addressing material impacts, risks and opportunities. The metric is numerical, and the result is the average of the responses on a scale of 0–100. A result of >75 can be considered high and <60 low.

Promoting working abilities is key to VR's wellbeing and OHS policies. Measuring the engagement index is important, as motivation and engagement levels provide some insight into the employee experiences of wellbeing. During the drafting of the new Sustainability Agenda which started in 2024, VR has set a measurable, time-bound and outcome-oriented target to increase the index by two points by 2025. Progress towards this target is assessed annually. Stakeholders have not been directly involved in the target setting. Instead, the target is based on the Pulse survey in which employees may voice their opinions.

The defined target level to be achieved is 75 by 2025, for VR Group as a whole. If the questionnaire is renewed during 2025 and its structure changes, then the defined target level may need to be adjusted. Thus, the target level may not be an absolute. If such a change is required, VR will strive to keep the index as comparable as possible.

The baseline value from which the target is tracked was set in 2024. In this year, the employee engagement index was 72 in Finland and 76 in Sweden. No interim targets have been set.

Occupational health and safety metrics

The figures cover the whole VR Group unless stated otherwise. The employee numbers are reported in headcount at the end of the reporting period while average number of employees (FTE) is used in the Notes to the consolidated financial statements 3.1. Personnel expenses. The numbers have not been validated by an external body other than the assurance provider.

Fatalities refer to work-related accidents or ill health leading to loss of life. Fatalities are reported for both VR's own workforce and for other workers operating at the company's sites, which include facilities, depots and trains.

VR follows national legal definitions of recordable work-related accidents, recordable work-related injuries and ill health. Calculation methods are based on practices used by national insurance companies. All health and safety metrics are verified against national insurance companies' reports, except for OHS management system coverage, which is internally audited and partly also third party certified under the ISO45001 standard.

The rate of recordable work-related accidents for VR's own workforce is equivalent to the LTI-frequency and is defined in the Occupational health and wellbeing long-term target.

The number of days lost reflects the actual working days missed by the company's own workforce due to injuries and fatalities caused by accidents at work, work-related illnesses, and fatalities from ill health.

Occupational health and safety metrics	2024
Percentage of people who are covered by health and safety management system	100%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	1
Number of fatalities as result of work-related injuries and ill health of other workers working on undertaking's sites	0
Number of recordable work-related accidents for own workforce	147
Rate of recordable work related accidents for own workforce	11.7
The number of cases of recordable work related ill health	3
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	2,673

*Rate of recordable work related accidents is calculated using the same methodology as LTIF.

Diversity, equity and inclusion

Policies

VR has two internal policies that specifically address diversity, equity and inclusion: the Equality plan and the Ethical Principles. These policies are designed to mitigate financial risks and negative impacts, as well as to promote positive impacts and opportunities. The Ethical Principles apply to all personnel within the VR Group, while the Equality plan is specific to Finnish employees. Similar plans are drafted to promote equality for all employees in Sweden and Latvia.

Equitable and non-discriminatory treatment of personnel is a key element of a positive employee experience and is fundamental to VR's conduct as a responsible employer. VR's work in Finland is guided by an Equality plan based on Finnish legislation. VR uses it to plan, monitor and promote equality and non-discrimination in Finland. Similar principles related to equality are applied in other countries in line with local legislation. The Finnish Equality plan was updated in 2024 in close cooperation with employee representatives. In the same year, VR launched its renewed Ethical Principles. Acting in accordance with the Ethical Principles enables an operating culture based on collaboration and respect for others, as well as a healthy workplace community.

The Equality plan will be updated at least every two years. If the operating environment changes or new measures are needed, the plan may be updated as necessary. Progress towards the measures in the Equality plan and the need for updates are reviewed every six months by VR's occupational safety group. Based on the review, the People & Culture Management team decides on the necessary measures. The SVP, People & Culture is responsible for the Equality plan's policies and process.

In its Ethical Principles, VR commits to upholding human rights such as equality and non-discrimination. VR is committed to the UN's Sustainable Development Goal of reducing inequality. VR also signed the Finnish Business & Society (FIBS) Diversity Charter in 2015. VR Ethical Principles lay out guidelines for acting ethically and in line with values in daily work. VR Group does not tolerate inappropriate behavior, harassment or discrimination under any circumstances.

The Equality plan covers all grounds for discrimination, including ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction, social origin, or other forms of discrimination covered by Union regulation and national law. VR does not have specific policy commitments related to inclusion beyond those included in the Equality plan and Ethical Principles.

Actions

The current state analysis of equality and non-discrimination (2022) highlighted a clear need to increase awareness of VR's equality and non-discrimination work. This includes supporting supervisors and work communities in confronting their own prejudices, valuing diversity, and defining principles for expected employee behavior in various work situations. Actions are performed or planned to mitigate risks and negative impacts, as well as to promote positive impacts and opportunities.

VR's way of working is guided by an Equality plan, which is used to plan, monitor and promote equality and non-discrimination. In Finland, the plan was updated in 2024 in close cooperation with employee representatives. The 2025 agenda includes renewing the group-level Equality plan with selected targets and actions.

In order to prevent, mitigate and remediate negative material impacts – as well as to achieve positive material impacts – the focus in 2024 was on implementing the renewed Ethical Principles and launching a training program for all employees. The goal is for every employee to complete the training by the end of March 2025. The People & Culture organization tracks the completion percentage and actively reminds the workforce to complete the training. The completion percentage is reported to the VR Leadership Team on a monthly basis.

In 2024, VR launched renewed value-based Leadership Principles and defined the manager's role in leading people, which includes valuing diversity, ensuring the equal treatment of employees, and promptly handling workplace conflicts. The goal is for every line manager in the VR Group to participate in this training during 2025.

In Finland, a multicultural working group has been established at Pohjolan Liikenne – part of VR Group's City Traffic organization – and Finnish language training has been supported in various ways. To ensure sufficient allocation of resources for equity and non-discrimination work, VR will review the significance of related expenditures.

Targets and metrics

The targets are set or planned in order to mitigate risks and negative impacts, as well as to promote positive impacts and opportunities. All targets include only VR's own employees. VR has a trust forum, in which the set targets are presented to and discussed with employee representatives in line with local legislation. The trust forum is held at least four times a year

The targets in the VR's Sustainability Agenda related to workforce development are as follows: zero tolerance for inappropriate behavior, harassment and discrimination, and a commitment to reducing obstacles to diversity, inclusion and equity throughout processes.

Zero tolerance for inappropriate behavior, harassment, and discrimination

VR uses an annual Pulse survey to track the effectiveness of its actions taken to address material impacts, risks and opportunities. The metric is the percentage of people who have felt discriminated against. The target was set during the drafting of the new Sustainability Agenda which started in 2024.

In its Ethical Principles, VR commits to upholding human rights such as equity and non-discrimination. To ensure these rights are respected, it is critical to assess progress in preventing discrimination. The defined target level to be achieved is zero percent from internal stakeholders, with the scope of the target covering the entire VR Group.

The measurable targets set by VR aim to reduce inappropriate behavior, harassment, or discrimination experienced by VR employees. Progress towards the adopted target is assessed annually. The target level is absolute, not relative to the previous year's percentage. Stakeholders have not been directly involved in the target setting process, but the progress of the goal is monitored through the annual Pulse survey.

According to the 2024 personnel and safety Pulse survey, 13% of employees experienced inappropriate behavior, harassment or discrimination at work from colleagues, managers, subcontractors or customers during the preceding 12 months. VR will continue to develop the measurement method and differentiate the monitoring of inappropriate behavior, harassment, and discrimination experienced from internal and external stakeholders. In 2025, a numerical reduction target will be set for internal stakeholders, using the 2025 level as the baseline. There is no specific time-bound deadline for achieving the 0% target.

Reducing obstacles to diversity, equity and inclusion throughout processes

This is a general objective created during the process of drafting the Sustainability Agenda in 2024. More specific targets will be set during 2025 for work related to the Equality plan, which will be updated during the same year.

Diversity metrics

The numbers cover the entire Group unless stated otherwise. The employee numbers are reported in headcount at the end of the reporting period while average number of employees (FTE) is used in the Notes to the consolidated financial statements 3.1. Personnel expenses.The numbers have not been validated by an external body other than the assurance provider.

Age distribution in workforce	Headcount
Number of employees under 30 years old	778
Number of employees between 30 and 50 years old	5,043
Number of employees over 50 years old	2,595

Number of employees (headcount) and percentage at top management level*

Gender	Number	Percentage
Female	4	36%
Male	7	64%
Other	0	—%
Not reported	0	—%

Top management is defined as follows: VR Group has a Leadership Team comprised of the President and CEO (Chair), the Group CFO, the SVP, Long-distance Traffic, the SVP, City Traffic Finland, the SVP, City Traffic Sweden, the SVP, Logistics, the SVP, People and culture, the SVP, Maintenance (VR FleetCare), the SVP, Communications, Public Affairs and Sustainability, the SVP, Strategy and PMO, and the SVP, Legal and Procurement.

Human rights of own workforce

VR has a Human Rights Policy and complies with applicable labour legislation and collective agreements. While the VR's own policy does not specifically address human trafficking, the company is also committed to the UN Guiding Principles on Business and Human Rights, as well as the ILO Declaration on Fundamental Principles and Rights at Work. This includes the ILO conventions on the abolition of forced labour, the prohibition of child labour, the abolition of discrimination, the right to organize, and the ILO conventions on hours of work, occupational safety and health.

Incidents, complaints and human rights impacts

VR has different channels for people in its own workforce to raise concerns and report incidents of discrimination and harassment, including but not limited to the whistleblowing channel, pulse-survey and reporting to the employees' own supervisor. These channels are further described in the following chapters.

Currently, VR tracks the number of incidents on a group level through the whistleblowing channel that at the moment doesn't classify separately the incidents related to discrimination and harassment. In addition, VR follows the percentage of people who felt they've been discriminated against via Pulse survey, which however, doesn't track the number of actual incidents. VR works to evaluate development measures and to enhance the tracking of the number of incidents in the future.

In 2024, the number of complaints filed through the whistleblowing channel was 55. VR received no fines, penalties nor compensation for damages related to discrimination and harassment during the reporting period. Also, no cases of severe human rights incidents nor fines, penalties or compensation for damages for the incidents was found during the reporting period.

Processes for engaging with own workforce and workers' representatives about impacts

VR has different processes for engaging with people in its own workforce and workers' representatives about actual and potential impacts on its own workforce. This includes occupational health, safety and wellbeing, as well as diversity, equity and inclusion.

Cooperation takes place at all organizational levels, avoiding overlapping. The level of processing is determined by the personnel concerned by the case at hand. The highest cooperation group is the trust forum, which deals with general matters concerning the entire Group. The trust forum is attended by the SVPs leading the Business Units and a representative appointed by each related trade union, usually the chief shop steward. The national works council meets quarterly. In each Business Unit, there is a systematic process for direct dialogue between the Business Unit leaders and employee representatives, aimed at ensuring good cooperation, employee satisfaction and business continuity.

As part of the dialogue, the employer maintains a work community development plan together with personnel representatives. The work community development plan records, for example, the current state and foreseeable developments that may impact the personnel's wellbeing at work. When establishing and maintaining a work community development plan, which is approved by employee representatives, attention is paid to, among other things, the special needs of workers in different life situations, particularly the work capacity of workers at risk of disability, older workers, the labour market eligibility of workers at risk of unemployment, and management of the work community.

In early 2023, new work-safety committees started their four-year term in VR's rail transport businesses in Finland. Each Business Unit has its own work safety committee with representatives from all of the unit's personnel groups. The work-safety committee acts as a cooperative body between the employer, employees and salaried employees in matters concerning occupational safety, health and wellbeing at work. The committee meeting is arranged by the Business Unit's OHS Manager, and the meeting is held at least once a quarter. The committee establishes its own annual action plan and tracks its development. The purpose of the committees is to discuss concrete issues, targets and continuous development at the unit level. The leaders of each business have the operational responsibility of the OHS committees, which are supported by group-level safety and wellbeing functions.

In spring 2023, the VR launched a group-wide safety culture program that involves creating a continuous improvement model for developing safety. The program is an important part of the revised safety and security strategy. In the first phase of the program, VR assessed the current state of the safety culture. Interviews, workshops and a personnel survey were used to determine employees' perceptions of safety and the future direction of the safety culture. In 2025, VR will develop its safety communication and safety and security leadership skills. The development of the safety culture is the responsibility of the Director of Safety and Security, and applies to all personnel. The culture development within VR Group as a whole, of which safety culture is a part, is owned by the SVP, People & Culture, and is monitored by the VR Leadership Team (LT).

VR has established clear processes for addressing inappropriate behaviour within the workforce. In order for the employer to intervene, the victim of harassment must inform their superior or another representative of the employer. The matter can be reported to, for example, VR's legal function, internal audit function, or the People & Culture representative responsible for the Business Unit. The SVP, Legal, Procurement, and M&A is responsible for the process within the VR LT.

If the disruptive behaviour originates from the employee's superior, the matter is primarily reported to that superior's manager. The notification can be made individually, by phone, letter, email, or by using the whistleblowing channel. The process for evaluating inappropriate behaviour includes notification, investigation, settlement and follow-up.

VR's Code of Ethics describes the rules of good behaviour adhered to in VR Group, the responsibilities and tasks of the parties involved, and the means to prevent and resolve possible disruptions. The guidelines have been prepared and approved jointly by the employer and personnel representatives. The direct supervisor is responsible for ensuring that the workforce is aware of the operating model. The Code of Ethics applies to VR's employees and to external employees working at VR's workplaces.

VR conducts at least one personnel survey annually. The purpose of the Pulse survey is to identify where VR has succeeded and what could be done differently to develop the company into a better workplace. The results indicate which themes are considered important and serve as an opening for discussion and the involvement of the entire organization, the development of the work environment, and the strengthening of a values-based culture. In addition to identifying successes and areas for improvement, the personnel and Pulse survey is conducted to evaluate safety culture, the employee experience of safety development, and employees' attitude towards safety. The SVP, People & Culture is responsible for the Pulse and Safety survey process. The results are reviewed by management teams across the company. The main themes of 2024 survey were commitment, leadership and values.

In the 2024 personnel survey, former safety survey questions were combined to evaluate both employee satisfaction and the safety culture within VR. According to the 2024 personnel and safety Pulse survey, 13% of employees experienced inappropriate behavior, harassment or discrimination at work during the preceding 12 months, either from within the work community or from customers. To avoid and resolve such situations, collaboration is fostered with personnel.

Processes to remediate negative impacts and channels for own workforce to raise concerns

VR has various processes in place to address and remediate negative impacts on its own workforce, as well as channels for employees to raise concerns and have them addressed.

The regular Pulse and Safety surveys include questions focusing on safety development as well as work wellbeing, leadership and employee engagement. The safety-related questions and answers are reviewed together with other Pulse survey results. Supervisors are responsible for evaluating the results with their teams. Personnel are able to discuss the results and define actions accordingly.

Another important channel for own workforce to raise concerns and have them addressed is the whistleblowing channel, which can be used anonymously or confidentially to report suspected irregularities. The whistleblowing channel is managed by a third party. Information on the channel is provided through mandatory training on Ethical Principles and information on the intranet. VR adheres to legislation related to the responsibility for investigating reported cases. The process to intervene depends on the topic of the whistleblowing case. People & Culture -related cases are sent to the responsible People & Culture professional or to the employment law organization, which together with line managers takes the needed actions to solve the case. Other types of whistleblowing cases are handled by Legal, Procurement, or other common functions within the company. Reports received via the whistleblowing channel and any related actions are reported at a high level to the Audit Committee of the Board of Directors.

In situations where anonymity is not necessary, the primary reporting channel for personnel is their direct supervisor. Employees are instructed to primarily contact their supervisor about a grievance. Shop stewards also support employees in such situations. If the topic at hand is related to the direct supervisor, People & Culture professionals or the supervisor's supervisor are the first contact points. In connection with the review of the Ethical Principles, it has been pointed out that grievances or concerns can also be reported to VR's legal function, internal audit function, or the People & Culture organization. As stated previously, raising concerns is also possible through OHS committees, the trust forum, and the safety reporting system. The workforce can provide feedback through the annual Pulse and Safety regarding the functionality and trustworthiness of these processes.

VR does not have a specific policy to protect individuals against retaliation, although the whistleblowing channel is anonymous and one can report through it without identifying oneself. Safety representatives and shop stewards have better protection against dismissal due to their roles as employee representatives.

Active monitoring of safety activities and development, intervention in detected deficiencies, highlighting of successes, and reward systems encourage continuous development of safety. Accidents and other deviations that have occurred are investigated without delay, so that corrective measures can be taken to prevent similar incidents.

In safety matters and concerns, VR has a safety reporting system available for the workforce. Through this channel, an employee or non-employee can report safety observations, risks and incidents. Each report goes to the respective supervisor. Accidents are investigated without delay so that corrective measures can be taken to prevent similar events. VR encourages personnel to report safety observations so that hazards can be addressed quickly and work can be developed to be safer. The supervisor is responsible for assessing and mitigating the possible risk and specifying appropriate actions. In each reported case, the supervisor gives personal feedback to the employee via the system. The accident record and safety observations made by employees are part of the agenda of OHS Committees. In case of an accident, when healthcare is needed, the person may use the occupational healthcare services and the employee is covered through statutory accident insurance. The safety reporting system and processes are developed by the VR Safety and Security Unit.

In order to maintain and develop safety, operational OHS risks are monitored and assessed regularly, and various measures are taken to reduce these risks. Risks are also always assessed in situations involving changes to operations and/or the operating environment. Decision-makers, experts and employees participate in the risk management process. The risk assessment plan is drawn up in the businesses and units as part of operational action planning. The plan considers the comprehensiveness and timeliness of workplace OHS risk assessments, as well as any known changes that require reassessment of OHS risks during the operating period.

The work ability program describes the operational models that support employees' work ability, continued employment, and return to work. Additionally, the program outlines the roles and responsibilities of different parties in maintaining work ability and wellbeing. The program is implemented in all VR Group companies.

In VR's work ability program, the following intervention thresholds have been set to monitor both short and long absences respectively: A total of three sick leaves within three months – discussion to bring up the issue; 10 sick leave days in the last six months – discussion to bring up the issue.

Another key process described in the work ability program is a model of substitute work. It facilitates returning to work after sick leave. In this model, the work is temporarily adjusted to match the employee's work ability if the employee is unable to perform their usual work due to illness or injury. The goal is for the employee to return to their own job after the period of substitute work.

It has been observed that conditions and their sudden changes during winter have a significant impact on workplace accidents. VR's workplaces also continue to face traditional minor accident risks related to mobility, the use of hand tools, and chemical and physical hazards. With regard to mobility-related accidents in winter, VR cooperates closely with maintenance operators. Special personal protective equipment, such as winter clothing and winter shoes with spikes, is used in the necessary work roles.

Characteristics of employees

The figures cover the entire Group unless otherwise stated. The definitions of permanent, temporary, non-guaranteed hours, full-time and part-time employees may differ between countries, so to calculate country-level data VR uses the definitions as per the national laws of the countries where the employees are based. This country-level data is then added up to calculate total numbers, without adjusting for possible differences in national legal definitions. The employee numbers are reported in headcount at the end of the reporting period while average number of employees (FTE) is used in the Notes to the consolidated financial statements 3.1. Personnel expenses. The numbers have not been validated by an external body other than the assurance provider.

Number of employees, broken down by gender

Gender	Number of employees (headcount)
Male	6,662
Female	1,754
Other	0
Not disclosed	0
Total Employees	**8,416**

Number of employees in countries with 50 or more employees

Country	Number of employees (headcount)
Finland	6,045
Sweden	2,334
Total	**8,379**

*Latvia is excluded since VR has less than 50 employees there.

Number of employees per contract type, broken down by gender

Headcount	Male	Female	Other	Not disclosed	Total
Number of employees	6,662	1,754	0	0	**8,416**
Permanent employees	5,950	1,552	0	0	**7,502**
Temporary employees	163	53	0	0	**216**
Non-guaranteed hours employees	549	149	0	0	**698**

*Non guaranteed hours employees are employed by the undertaking without a guarantee of a minimum or fixed number of working hours.

Number of employees by contract type, broken down by region

Headcount	Finland	Sweden	Latvia	Total
Number of employees	6,045	2,334	37	**8,416**
Permanent employees	5,815	1,650	37	**7,502**
Temporary employees	210	6	0	**216**
Non-guaranteed hours employees	20	678	0	**698**

Employee retention	
Number of employees who have left the undertaking (headcount)	**765**
Percentage of employee turnover*	**9%**

*Employee turnover is calculated by using the number of employees who leave voluntarily or due to dismissal, retirement, or death in service. This number is then divided by the headcount. Employee turnover doesn't consider people who have left due to lost tender competitions or people who have left due to end of fixed term employment.

S2 – Workers in the value chain

Overview of VR's Sustainability Agenda related to workers in the value chain

VR has identified two material topics in the theme Workers in the value chain: health and safety of workers and freedom of association. In its new Sustainability Agenda, VR has set group-level targets for its upstream value chain related to these two material topics.

TOPICS

Health and safety of workers and freedom of association

TARGETS

- 100% of critical suppliers assessed by 2030
- 100% of critical suppliers committed to Code of Conduct for Suppliers by 2030
- Contracted subcontractors of operational services on VR sites and depots to be aligned with VR safety requirement by 2030

These topics are closely interlinked and will be addressed together in terms of policies, actions, targets and metrics.

Material impacts, risks and opportunities related to workers in the value chain

VR's material impacts, risks and opportunities have been assessed for upstream and downstream value chain. The entire VR upstream value chain is considered in the company's reporting and its double materiality assessment. In addition to the parent company, VR has several subsidiaries whose value chains have been taken into account when relevant. VR's material topics concern workers in the supply chain (upstream value chain). VR identified financial risks related to two working conditions topics: freedom of association, and health and safety of workers in the value chain. A negative impact related to workers' health and safety was also identified in the double materiality assessment. Material risks and impacts are reported in more detail under the "Impacts, risks and opportunities related to VR's material topics" section in ESRS 2 General disclosures.

Material financial risks and negative impacts are connected to VR's business. Topics related to health and safety are especially critical for VR and are considered in VR's business model. Material impacts related to health and safety are connected to VR's strategy and business, as its core business is to operate passenger and freight traffic on rails and roads. The fleet used by VR plays a central role in this business, driving the need for purchases related to the maintenance of the existing fleet and new fleet. Industrial manufacturing involves certain industry risks, including health and safety risks due to the nature of the work and challenges related to freedom of association. These risks mean challenges may occur that VR cannot completely avoid, but the company will develop its processes even further to mitigate these risks through its operations. Therefore, material negative impacts related to the health and safety of workers are widespread and systemic in the contexts where VR operates and sources. As VR further develops its human rights due diligence work, this will also feed into VR's strategy and risk management work.

VR has developed an understanding of how workers with particular characteristics, those working in particular contexts, and those undertaking particular activities are at greater risk of harm. This understanding is based on conducted risk assessments and a category-specific survey. Transparency and coverage of value chain workers will be further improved in the future.

VR's upstream value chains are diverse and include several different types of worker groups. One significant value chain worker group likely to be materially impacted is that related to industrial manufacturing, such as the production of fleet and components, to which VR is linked through its business partners. Additionally, there are workers involved in transportation, such as road logistics subcontractors, fuel distribution, warehousing, and passenger transportation by taxis and buses. Furthermore, various worker groups work at VR's sites, such as depots, including those performing cleaning and maintenance of the facilities. At the depots, the risks are particularly related to fleet movements. These worker groups are particularly vulnerable to negative impacts in occupational health and safety.

Workers at VR's sites who are not part of the company's own workforce perform tasks related to fleet maintenance, fuel, and other logistics and track works at VR's depots. Workers in the value chain also include those working under their own supervision, such as through temporary contracts at VR's sites, and workers who occasionally visit VR's sites when supplying goods such as personal protection equipment. There are also workers in VR's upstream value chain involved in the extraction of metals or minerals, the harvesting of commodities, refining, manufacturing, or other forms of processing. These are mainly related to component, energy and IT equipment procurement. In fleet and IT procurement, VR has identified value chain workers representing a joint venture or separate company in which VR is involved. Foreign labour in bus fleet production is particularly vulnerable to negative impacts. VR's value chains extend to geographical areas that may carry increased risks related to child labour and forced labour.

Financial risks could arise from negative impacts related to health and safety for workers in the value chain. If these health and safety risks materialize, they could have both economic and reputational consequences for VR. Incidents such as workplace accidents or violations of labour rights can lead to financial losses from legal actions, compensation claims, and damage to VR's reputation.

The entire VR upstream value chain is considered in the company's reporting and its double materiality assessment. In addition to the parent company, VR has several subsidiaries whose value chains have been taken into account when relevant.

Health and safety of workers and freedom of association in the value chain

Policies

All of VR's procurement activities are guided by Procurement Policy, procurement guidelines, procurement-related strategies, and supplier management practices. Suppliers, along with their group companies and subcontractors, must agree to comply with the Code of Conduct for Suppliers (SCoC). This ensures that VR's suppliers adhere to relevant laws and regulations, respect human rights and employee rights, as well as operate ethically.

The SCoC applies to VR's contracting partners, cooperative partners, subcontractors and representatives. It covers all upstream value chain workers, including topics on health, safety and industrial safety. Suppliers must comply with the conventions of the International Labour Organization (ILO) on occupational safety and health, adhere to industrial safety legislation and regulations, and provide their employees with healthy and safe working conditions that meet legal requirements. Suppliers must also follow VR's guidelines on occupational health, safety and hygiene to ensure a healthy and safe work environment. Additionally, suppliers must promote occupational safety, prevent accidents and hazards, and have valid operating instructions and plans for emergencies, accidents and injuries. They must also have methods for identifying, investigating, repairing and recording work-related accidents. Any work-related accidents involving their personnel under VR's assignment, order or domain must be reported to VR's contact person immediately after the accident.

Freedom of association is included in the SCoC, requiring suppliers to respect their employees' legal rights regarding freedom of association and collective agreement negotiations. Suppliers must operate in accordance with the ILO Declaration on Fundamental Principles and Rights at Work, and the ILO convention on the right to organize.

The SCoC complements the procurement terms applicable to each contract and is an inseparable part of the tender and contract process. Suppliers and their group companies and subcontractors must agree to conform to the SCoC in all their operations. Suppliers must actively monitor their subcontractors to ensure conformity throughout the entire supply chain. Although affected stakeholders were not directly involved in updating theSCoC, their views have been considered through day-to-day dialogue with VR's suppliers. The latest version of the SCoC was published in early 2024. The most senior level in VR's organization accountable for implementing the SCoC is the Group Chief Procurement Officer (CPO).

VR's Safety and Security Policy and occupational health and safety (OHS) management system are described under the "Occupational health, safety and wellbeing" section in S1 Own workforce. While the Safety and Security Policy does not explicitly mention workers in the value chain, certain policy measures and actions are followed in parts of the value chain. In the future, value chain workers will be included in VR's Safety and Security Policy in more detail. In accordance with occupational health and safety management system, VR sets minimum requirements for suppliers and requires adherence to OHS principles for value chain workers. The goal of OHS is to ensure and improve the occupational safety of value chain workers. Suppliers' employees operate under their own supervision and –according to the minimum requirements in accordance with OHS – suppliers are responsible for the occupational safety risks of value chain workers. Suppliers are obliged to assess the risks of the work under their supervision and implement risk management measures. Subcontractors must report to VR any safety incidents and accidents detected in their operations.

Actions

VR has established a process to ensure the sustainability of procurement, which includes the approval of the SCoC, risk country assessments, self-assessments for suppliers with annual purchases exceeding EUR 100,000, Vastuu Group audits for contracts subject to the Act on the Contractor's Obligations and Liability when Work is Contracted Out, and potential additional assessments and audits.

Through the SCoC, VR has set guidance on health, safety and industrial safety. The SCoC also includes provisions for monitoring conformity, discussed under the section "Processes to remediate negative impacts and channels for value chain workers to raise concerns." If a supplier breaches or neglects its obligations under the SCoC, it must immediately remedy its actions, intervene in the actions of its group company, subcontractor, or partner, and notify VR of the issues and the related repair plan. If VR identifies anomalies related to workers in the value chain and compliance with the SCoC, the supplier must provide additional information on compliance. VR also has the right to conduct necessary inspections at the supplier's or its group companies' sites to ensure compliance with the SCoC. VR has a contractual partner for sustainability audits, and follow-up audits can be conducted to verify the effectiveness of corrective measures. If corrective measures are not performed within the agreed or a reasonable timeframe, VR has the right to terminate the contract immediately or on another specified date.

Additionally, VR conducts risk country assessments and sustainability-related self-assessment questionnaires to identify any material negative impacts on its value chain workers. Risk country assessments target suppliers or their subcontractors operating in high-risk countries. The self-assessment questionnaire is mandatory for suppliers with an annual spend of EUR 100,000 or more, and the results must not be older than two years. These self-assessments are crucial for ensuring the sustainability of suppliers and monitoring compliance with the SCoC. Based on the self-assessment results, VR classifies suppliers into different risk categories and takes further measures if necessary, such as additional surveys and audits.

In the self-assessments conducted in 2024, no risks or issues were identified that required further measures. Therefore, no supplier audits were conducted in 2024. To enhance its actions related to material impacts, VR began developing a supplier qualification framework and process in 2024 to identify critical and high-risk suppliers on various topics, including human rights and safety. VR's material topics, such as health and safety and freedom of association, will be considered in the sustainability qualification as country and industry risks related to suppliers are analyzed. The aim is to ensure that these suppliers' entire supply chain complies with the SCoC. Different categories of suppliers will be subject to different management measures (including for example mandatory sustainability assessments) through this qualification, helping to identify risks in various purchases and target suppliers with preventive measures. The qualification will cover the upstream value chain and does not include any predefined exclusions. Implementation of the supplier qualification framework will begin in 2025 and does not require significant operational expenditure (Opex) or capital expenditure (Capex).

VR also plans to further develop human rights risk and impact assessments and related measures in the coming years. Efforts to prevent or mitigate material negative impacts or deliver positive impacts for value chain workers will be strengthened, and methods to track and assess the effectiveness of these actions will be implemented. Development of VR's supply chain sustainability management may have financial impacts in the upcoming years, but more detailed disclosure of monetary amounts will follow as the development progresses.

Targets

VR has set the following targets for upstream value chains to manage its impacts, risks and opportunities. These targets were created as part of the VR Sustainability Agenda in 2024, involving several internal stakeholders. Other stakeholder views have been acquired through day-to-day dialogue with VR's suppliers. All targets apply to VR's upstream value chain. Achieving these targets will require the implementation of a supplier qualification framework, detailed in the section "Actions".

100% of Critical suppliers assessed by 2030

This target refers to assessing suppliers identified as critical in terms of sustainability, either by VR or a third party. It applies directly to VR's first-tier suppliers. VR has not systematically tracked the number of assessed suppliers and therefore the base year for this target is not determined, but future annual reports will include this information.

100% of Critical suppliers committed to Code of Conduct for Suppliers by 2030

This target applies to VR's first-tier suppliers. According to the SCoC, suppliers must ensure that their group companies and subcontractors also conform to the SCoC in all operations and actively monitor their subcontractors for compliance. VR has not systematically tracked supplier commitment to the SCoC and therefore the base year for this target is not determined, but future annual reports will include this information.

Contracted subcontractors of operational services on VR sites and depots to be aligned with VR Safety requirement by 2030

This target applies to contracted subcontractors providing operational services for VR at its sites and depots. Achieving this target will require implementing safety requirements for these subcontractors, including contract updates and considerations in new tenders and contracts. The detailed definition of safety requirements and their integration into procurement activities will begin in 2025. The safety-related supplier qualification, starting in 2025, will also contribute to this target. Achieving this target requires close cooperation with VR's internal stakeholders and suppliers. VR has not previously tracked subcontractor alignment with safety requirements and therefore the base year for this target is not determined, but future annual reports will include this information.

Human rights of workers in the value chain

VR's Human Rights Policy outlines the Human Rights Due Diligence process, which applies to VR's value chain. In the policy, VR is committed to complying with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. According to the policy, VR adheres to the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Rights at Work. Only internal experts were involved in its creation. The policy is approved by VR Board of Directors and is publicly available.

The SCoC, which applies to VR's contracting partners, cooperative partners, subcontractors and representatives, incorporates several human rights policy commitments. It states that suppliers must act in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP), have appropriate procedures and processes in place to identify, prevent, minimize and remedy human rights violations, and operate in accordance with the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and relevant ILO conventions. Monitoring conformity with the SCoC, including the extent of conformity with the SCoC and the suppliers' responsibility to monitor conformity, is detailed in the "Policies" section. These requirements particularly promote the health and safety of value chain workers.

The SCoC also prohibits the use of child labour in any form, violations of laws or regulations pertaining to child labour, and breaches of relevant guidelines or standards issued by the United Nations. Suppliers must not employ or indirectly provide employment for anyone younger than the minimum legal working age, which must be at least 15 years. Persons under 18 years may not work night shifts, perform hazardous tasks, or do any work that may be detrimental to their physical, mental or moral development or health. Additionally, suppliers must forbid all forms of forced labour, slave labour, or human trafficking.

Regarding human rights, VR occasionally interacts directly with upstream value chain workers. This is described in more detail under the "Processes for engaging with value chain workers about impacts" section.

No cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving value chain workers or severe human rights issues or incidents in VR's upstream value chain have come to VR's attention during the reporting year.

Processes for engaging with value chain workers about impacts

VR has several ways to engage with its upstream value chain workers on negative impacts related to health and safety.

Inspections and Audits

The SCoC grants VR the right to conduct inspections at the sites of suppliers or their companies to ensure conformity with health, safety and industrial safety requirements. During sustainability audits conducted by VR's audit partner, direct engagement with value chain workers is possible. No specific frequency for inspections and audits has been defined.

Self-Assessment Questionnaires

VR engages with suppliers through self-assessment questionnaires that are discussed in more detail under the "Actions" section. These questionnaires include questions related to health and safety, and suppliers may be asked about their formal targets for occupational health and safety, plans to achieve those targets, safety management systems, methods for monitoring and reducing safety risks, and procedures to prohibit the use of alcohol and drugs at work. Suppliers with annual purchases exceeding EUR 100,000 or those operating in high-risk countries must have a self-assessment result that is no older than two years, ensuring engagement with them at least every two years.

Direct Interaction

In some cases, VR interacts directly with upstream value chain workers. This occurs occasionally in rolling stock-related projects, where production workers operate at VR's depots, and regularly with road logistics subcontractors. However, no specific frequency for such direct interactions can be defined. In many other procurement categories, this direct interaction does not currently occur but is identified as a development opportunity.

Additionally, procurement contracts provide an opportunity to influence safety by requiring certain occupational safety requirements from the supplier. Alongside contract requirements, mandatory safety training is arranged for the supplier's personnel if necessary.

Senior Responsibility

The most senior role within VR responsible for ensuring that engagement happens and that results inform VR's approach is the Group Chief Procurement Officer (CPO).

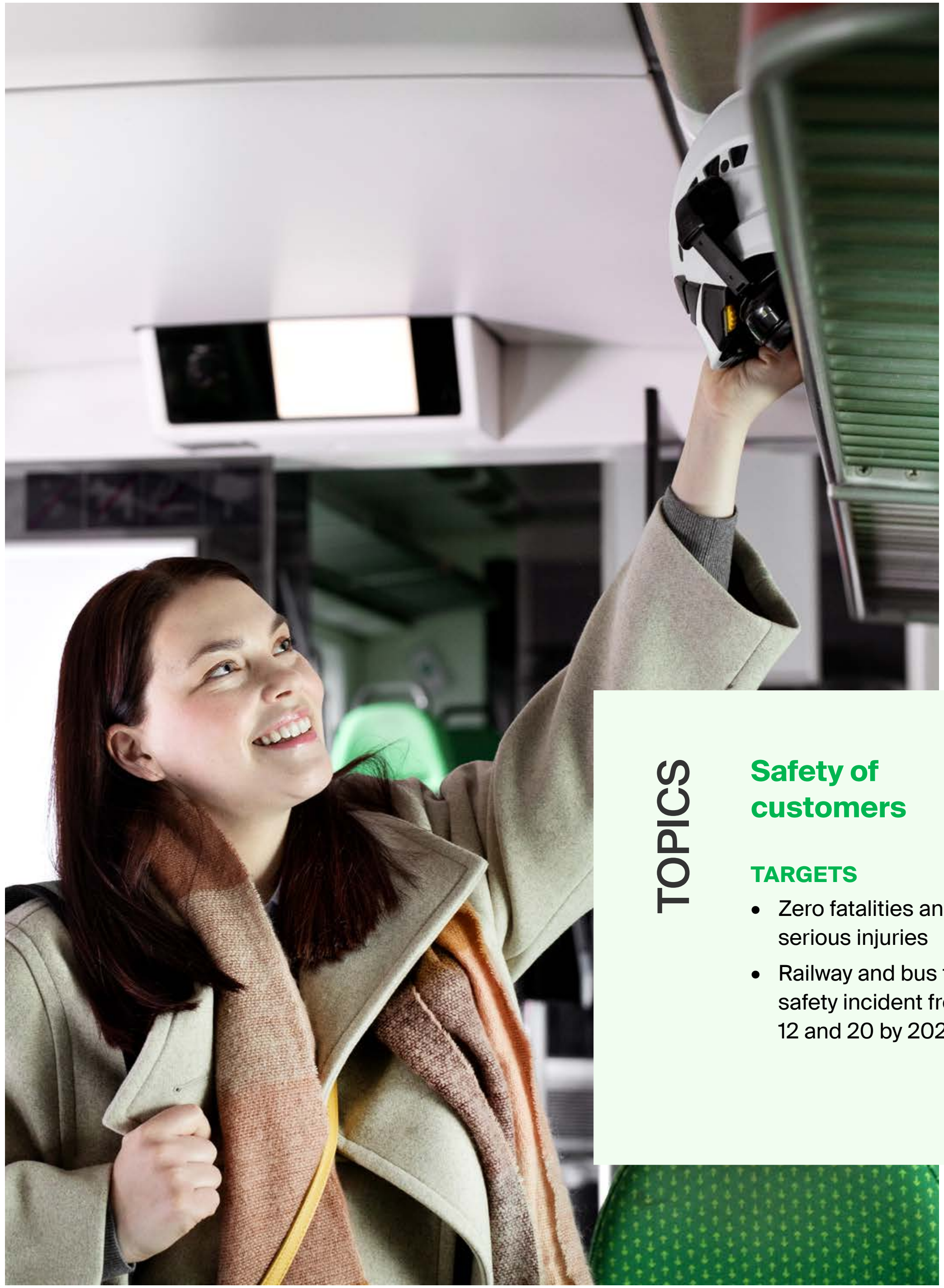
Processes to remediate negative impacts and channels for value chain workers to raise concerns

VR is aware of very few cases in recent years where it has caused or contributed to material negative impacts related to health and safety on value chain workers. If any safety-related observations have been made, additional clarification requests have been sent to the suppliers, and the use of the supplier has been suspended during the investigation until the issue is rectified.

However, VR has not yet adopted a specific channel for raising concerns in the workplace of value chain workers. VR plans to develop value chain workers' complaint procedures in accordance with the upcoming Corporate Sustainability Due Diligence Directive in the coming years.

In supplier relationship management and collaboration, discussions about negative impacts related to health and safety for the supplier and value chain workers may arise as needed. Communication can occur in various meetings and visits to suppliers' premises. Negative impacts may be raised by the supplier, VR, or a third party.

The SCoC states that if a supplier breaches or neglects its obligations under the SCoC, the supplier must immediately remedy its actions, intervene in the actions of its group company, subcontractor, or partner, and notify VR of the flaws and the related remediation plan. This is discussed in more detail under the "Actions" section.



S4 – Consumers and end-users

Overview of VR's Sustainability Agenda related to consumers and end-users

VR has identified three material topics in the theme Consumers and end-users: safety of customers, reach and accessibility of services, and customer experience. In its new Sustainability Agenda, VR has set the following targets for these material topics.

TOPICS

Safety of customers

TARGETS

- Zero fatalities and serious injuries
- Railway and bus traffic safety incident frequencies 12 and 20 by 2027

Reach and accessibility of services

TARGETS

- All passenger-facing employees trained in interacting with people with visible and non-visible disabilities by 2027

Customer experience

TARGETS

- Increasing customer satisfaction by improving Net Promoter Score and punctuality - targets vary between units
- Zero major privacy incidents

Material impacts, risks and opportunities related to consumers and end-users

VR has identified financial risks, financial opportunities and positive impacts related to all three material topics concerning consumers and end-users. Additionally, VR has identified negative impacts related to customer safety.

The financial risks and negative impacts are inherent to VR's business and are not directly connected to the company's strategy or business model. In contrast, the financial opportunities and positive impacts are linked also to VR's strategy and business model.

By actively improving the customer experience, reach, accessibility and safety, VR can pursue financial opportunities and create positive impacts. Initiatives such as enhanced customer service, improved train amenities and better accessibility features can attract more passengers and increase revenue. This relationship is reflected in VR's strategy, where one of the three pillars is "Happy customers bring growth".

The consumers and end-users who can be materially impacted by VR are the users of VR's passenger traffic in Finland and Sweden. The consumers and end-users related to VR Logistics are multiple steps removed from VR (e.g. VR Logistics transports roundwood ultimately used for newspapers), and VR has no measurable effect there. For VR FleetCare, the consumers and end-users affected are mainly included in the users of VR's passenger services in Finland. VR has not identified specific groups of consumers or end-users who might be at greater risk of harm. The identification of such groups would be based on VR's risk and opportunity management, human rights due diligence, double materiality assessment, and operational management. VR does not have impacted consumers and end-users as listed under ESRS 2 SBM-3 10a i-iv.

The negative impacts VR has identified relate to customer safety, with impacts stemming from individual incidents. Incidents such as accidents on trains, safety breaches at stations, or inadequate emergency responses can lead to serious consequences. If customer safety incidents occur, these incidents can lead to both economic and reputational consequences for VR. Financial losses from lawsuits, compensation claims and loss of customer trust can significantly impact VR's reputation and financial stability.

The activities resulting in positive impacts are described in the "Actions" sections. Among the material risks and opportunities, a primary group of consumers and end-users are users of VR long-distance trains in Finland and Sweden, and users of VR commuter trains. These are the customer group that buy their tickets directly from VR, and their improved customer experience can have the most direct impact on VR's financial opportunities and risks. Promoting sustainable transportation options, such as electric trains, and highlighting VR's commitment to sustainability can appeal to eco-conscious travelers, further increasing VR's market share and positive impact on society.

Safety of customers

Policies

VR's Safety and Security Policy applies to all of VR, including operations that affect consumers and end-users. The policy outlines the principles, roles and responsibilities related to safety and security, and its details are covered in this sustainability statement under the "Policies" section in S1 Own Workforce.

In addition to the Safety and Security Policy, VR ensures safe and secure operations through a common safety and security strategy, management systems, methods and guidelines. The VR Safety and Security Policy and standards in traffic safety are based on national and EU-level safety and security regulations. VR has set a long-term Safety and Security Strategy to become a forerunner in safety and security. Two of the three items in VR's safety vision relate to consumers and end-users:

- Customers and goods are transported to their destination in the safest way.
- Our traffic and other activities are responsible and environmentally friendly.

Consumers and end-users did not participate in the creation of the policy, but employee representatives in the Occupational Health and Safety Committee did. These representatives – like all customer-facing employees – interact with passengers daily, giving them a close understanding of passengers' viewpoints. Another way to gain insights from consumers and end users are surveys, such as those related to passenger feelings of safety. Currently, the Safety and Security Policy is made available only to VR employees.

Actions

The approach to identifying actions needed to address negative impacts on customer safety is covered in VR's overall risk and opportunity management framework. In addition to risk and opportunity management and related human rights due diligence, ensuring that VR's practices do not contribute to material negative impacts on consumers and end-users is incorporated into VR's double materiality assessment and operational management. Consumers and end-users are not directly involved in the risk and opportunity management process, but the identification of risks and opportunities by VR personnel is informed by assessing potential impacts on customer safety.

One example of such actions is a group-wide communication campaign on winter preparedness, launched in 2024. Although this campaign and the other actions listed here are primarily internal, they benefit wider traffic safety and customer safety. Previous campaigns focused on Finland, but 2024 is the first year that Sweden has been included too. It has been observed that winter conditions and sudden changes to such conditions significantly impact safety on rails and roads. To ensure winter safety, the campaign reminds employees of daily safety themes in their work and how to prioritize safety in decision-making. The campaign is visible to all personnel and has specific goals for the winter period (November 2024 – March 2025). The aim is to decrease rail and bus safety incident frequencies, which are monitored monthly as part of operative management, with the final impact assessed after winter. Similar campaigns have addressed the use of stop blocks, unauthorized movement, passing stop signs, and the use of mobile devices.

Another key action related to winter preparedness is VR's active winter preparedness working group in Finland, which proactively ensures successful and safe operations in winter conditions. This includes determining specific maintenance levels for facilities and fleet based on geographic location and the opening hours of stations during winter. Rail operations-related businesses are involved in this cooperation, and regular monitoring of the progress of these measures is carried out during winter. The group is active leading up to and during each winter. Winter preparedness also involves stakeholder cooperation, such as infrastructure maintenance, where the Finnish Transport Infrastructure Agency is responsible.

In the summer of 2024, VR renewed the entire induction and training model for Pohjolan Liikenne bus drivers, with safety issues playing a key role. This model will be the basis for newly recruited bus drivers in Pohjolan Liikenne going forward. The goal is to adopt safer working methods and further develop the safety culture. Impacts are expected to be seen in the reduced frequency of bus safety incidents.

The key customer safety actions mentioned above are linked to related financial risks, and related positive and negative impacts. Improving VR's overall safety performance positively influences both risks and impacts. Measuring the impact of these actions on customers and end-users is reflected in VR's metrics, such as bus and rail safety incident frequencies. The monetary value of the financial resources allocated to these actions will be detailed in future sustainability statements.

Targets and metrics

VR's Safety and Security Policy sets an ambitious long-term vision for rail and road safety. The long-term targets for safety incident frequencies are less than 12 for railway traffic and less than 20 for bus traffic. The railway target currently includes only Finland, while the bus traffic target includes both Finland and Sweden. These targets do not have a separate baseline value or year. Additionally, VR aims to have zero passenger fatalities and serious injuries.

Annual targets have also been derived from this vision and have been set for each railway and bus business operation. These targets serve as one of the criteria for rewarding personnel for safety success. In the target-setting process, management and safety and security experts in all units are engaged to gather different internal and stakeholder views, and to ensure joint commitment to safety development. Safety indicators for bus services in Finland and Sweden are harmonized, with the development of common indicators for rail traffic continuing in 2024.

The safety of train traffic in Finland is measured by the railway safety incident frequency, which indicates the number of incidents per million hours worked. The calculation is based on theoretical working hours. The metric will be redefined during 2025. In Sweden, railway safety incidents are measured relative to kilometres driven. The target for 2024 is a maximum of 18.0 railway safety incidents per million hours worked in Finland. In Sweden, the railway safety incident frequency target for 2024 is a maximum of 1.06 railway safety incidents per million kilometres driven. For bus traffic, safety incidents are measured relative to kilometres driven, with the same target set for Sweden and Finland for 2024, which is 25.0. For the winter period, additional traffic safety targets have been set, and they are 30% lower compared to last winter (November 2023 – March 2024).

Zero fatalities or serious injuries

The target covers accidents affecting VR's passengers, which result in loss of life or injury, with medical costs exceeding EUR 150,000. In 2024, there was 1 incident resulting in a serious injury.

Reducing railway and bus traffic safety incident frequencies

In 2024, the railway safety incident frequency was 18.2 for Finland (19.7]) and 1 for Sweden (1.1). The bus safety incident frequency was 24.9 for all of VR (24.4). In Finland, it was 25.7 (22.8) and in Sweden it was 23.8 (25.9).

Reporting is based on incidents reported by personnel through VR's safety reporting systems. Although reported by personnel, the incidents can also concern consumers and end-users. The metrics have not been validated by an external body other than the assurance provider.

Reach and accessibility of services

Policies

VR develops reach and accessibility by expanding upon legal requirements. For instance, the Act on the Provision of Digital Services determines a minimum level on how to provide access to digital services, but VR wishes to go beyond legal minimum requirements, recognizing that improved accessibility benefits a broader customer base than those who require it. Consumers and end-users can access information related to the reach and accessibility of individual services on VR's website. VR has not adopted separate policies related to reach and accessibility of services.

Actions

VR's efforts to improve reach and accessibility are reflected in internal guides and training programs. For example, conductors in Finland undergo separate training on interacting with people with disabilities, and similar training will be adopted for all VR employees who interact with consumers and end-users. More detailed plans will be implemented during 2025. VR also maintains an ongoing dialogue on accessibility with various interest groups. An example of this was in May 2024, when VR organized its second accessibility forum for customers, interest groups and other stakeholders interested in the development of accessible public transport. This forum is planned to continue annually.

The key actions mentioned above for improving the reach and accessibility of VR's services are linked to both positive impacts and financial risks and opportunities. Enhancing reach and accessibility generates positive impacts, while financial risks and opportunities become material depending on the success of these actions. The impact of these actions is measured through customer feedback and direct communication with representatives of various special-interest groups, such as in the accessibility forum. The monetary values of financial resources allocated to these actions will be detailed in future sustainability statements.

VR has not identified material negative impacts related to reach and accessibility. Ensuring that VR's practices do not contribute to material negative impacts on consumers and end-users is incorporated into the risk and opportunity management process, related human rights due diligence, double materiality assessment, and operational management of the business.

Targets and metrics

By 2027, VR aims to have expanded the current training on interacting with people with disabilities to cover all personnel groups who interact with consumers and end-users. Currently, this training is required for conductors in Finland. Preparations and planning, including defining the metrics, will be carried out during 2025.

Customer experience

Policies

Customer experience development at VR is driven by internal guides and training programs aimed at continuous improvement. The privacy of customer data is covered by VR's Data Security Policy, which encompasses all information held by VR and is approved by the CEO. The policy references the ISO/IEC 27000 family of standards related to information security management systems, and the Ministry of Finance's VAHTI guidelines and recommendations for digital security. While the Data Security Policy is internal, VR's data protection notice is available on VR's website. Currently, VR has not adopted a group-wide policy related to customer experience.

Actions

Key actions related to improving the customer experience include making enhancements to VR's fleet, as a modern and well-equipped fleet is crucial for driving customer satisfaction. In 2024, all of VR's long-distance trains in Finland were equipped with new Wi-Fi networks, an action that has already improved customer feedback regarding onboard connectivity. In City Traffic Finland, VR is also investing in new Sm7 commuter trains, the first of which will begin operation in 2026. These trains will replace the Sm2 commuter trains, the oldest of which are 50 years old. In addition to enhancing the customer experience, the Sm7 trains are more accessible. Unlike the Sm2 trains, the Sm7 trains are designed with step-free entrance areas.

VR is also developing its digital channels. Recent developments include the Radalla service on vr.fi and the VR Matkalla application, which provide more information on train delays and other disruptions. In Sweden, the new vrresa.se website was launched for long-distance passengers in 2024, and the fleet has been updated to reflect VR's branding.

Privacy of customer data is a priority for VR's continuous improvement and values. A key action in 2024 was auditing payment security in accordance with PCI-DSS standards. VR passed the audit, which was conducted by WithSecure.

The actions listed above create positive impacts for consumers and end-users by enhancing their experience. This contribute to VR's financial risks and opportunities, as a good customer experience is linked to positive financial outcomes. The impact of these actions is measured through customer feedback and the Net Promoter Score (NPS). The monetary values of the financial resources allocated to these actions will be detailed in future sustainability statements.

VR has not identified material negative impacts related to the customer experience. Ensuring that VR's practices do not contribute to material negative impacts on consumers and end-users is incorporated into the risk and opportunity management process, related human rights due diligence, double materiality assessment, and business operational management.

Targets and metrics

VR's key targets related to the customer experience focus on customer satisfaction (Net Promoter Score, NPS) and punctuality. Additionally, VR aims to have zero major privacy incidents.

Punctuality targets

- Long-distance Traffic Finland: 90% within a 5-minute delay
- Long-distance Traffic Sweden: 87% within a 6-minute delay
- City Traffic Finland, VR commuter traffic: 92.5% within a 3-minute delay

These punctuality targets are continuous and not bound to a specific year.

In 2024, punctuality in Long-distance Traffic Finland was 78%. In Long-distance Traffic Sweden, punctuality was 69%. In VR Commuter Traffic, punctuality was 89%. None of these areas met their respective targets. The work toward reaching the punctuality targets continues in upcoming years.

Customer satisfaction targets

- Long-distance Traffic Finland: NPS of 60 by 2030
- Long-distance Traffic Sweden: Continuous NPS of 68
- City Traffic Finland, VR commuter traffic: NPS of 40 for 2024

NPS is calculated using the common methodology, whereby passengers rate their likelihood to recommend VR's services on a scale of 0 to 10. The share of poor grades (0-6) is subtracted from the share of excellent grades (9-10), resulting in a score between -100 (no promoters) and 100 (no detractors).

In 2024, Long-distance Traffic Finland had an NPS of 46. Long-distance Traffic Sweden and VR commuter traffic (part of City Traffic Finland) did not meet their targets, the NPS being 56 and 35, respectively.

Until 2022, Long-distance Traffic Finland and VR commuter traffic measured NPS on a quarterly basis, with customers who traveled with VR during the quarter responding to the survey. From 2023, this changed to a continuous NPS measurement, where surveys are sent to customers after their trip and results are continuously monitored.

For City Traffic Finland and City Traffic Sweden, there are no punctuality or customer satisfaction targets shared across the Business Unit, as multiple public transport authorities determine their own targets. Some of the public transport authorities do not measure or require such indicators. City Traffic Finland, VR commuter traffic is listed here separately, as it differs from other City Traffic operations and VR receives the income from sold tickets. VR Logistics and VR FleetCare also measure punctuality and NPS, but they are not presented here as they do not have a direct material impact on consumers and end-users.

Zero major privacy incidents target

A major privacy incident is defined as any unauthorized access, disclosure, alteration or destruction of personal data that poses a high risk to the rights and freedoms of the data subjects. VR has a continuous target of zero such incidents. This target was achieved in 2024, as it was 2023 and 2022 as well.

The metrics have not been validated by an external body other than the assurance provider. The stakeholders involved in setting the targets are mainly VR's workforce.

Customer satisfaction, NPS

Business operation	Target	2024	2023	2022
Long-distance Traffic Finland	60 (2030)	46	49	38
Long-distance Traffic Sweden	68 (continuous)	56	-	-
City Traffic Finland, VR commuter traffic	40 (2024)	35	43	23

Long-distance Traffic Sweden (VR Snabbtåg) as part of VR Group as of May 2024.

Punctuality, %

Business operation	Target	2024	2023	2022
Long-distance Traffic Finland	90	78	86	83
Long-distance Traffic Sweden	87	69	-	-
City Traffic Finland, VR commuter traffic	92.5	89	93	91

Long-distance Traffic Sweden (VR Snabbtåg) as part of VR Group as of May 2024.

Human rights of consumers and end-users

VR's Human Rights Policy outlines VR's Human Rights Due Diligence process, which applies to the company's value chain and thus affects all consumers and end-users. The policy is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Only internal experts were involved in its creation. The policy is approved by VR's Board of Directors and is publicly available.

According to the policy, VR adheres to the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Rights at Work. VR aims to consider the views of consumers and end-users on human rights as part of its ongoing operations, and strives to remediate any negative impacts on consumer and end-user human rights that it may cause. Remediation measures could include monetary compensation, legal support, or other forms of assistance for affected individuals.

VR is committed to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. VR complies with labour laws and current collective agreements. VR is not aware of severe human right issues or incidents connected to consumers or end-users. Additionally, VR is not aware of cases of non-respect of the aforementioned UN Guiding Principles, ILO declaration or OECD Guidelines that involve consumers or end-users.

Processes for engaging with consumers and end-users about impacts

VR does not have a singular method for gaining consumer and end-user insights. VR Logistics and VR FleetCare have corporate clients, City Traffic has regional authorities as its clients and passengers as its end-users, while Long-distance Traffic has the most direct access to its customers. In Long-distance Traffic and City Traffic, customer satisfaction surveys, questionnaires and other means of are used to directly engage customers. Feedback is collected repeatedly through NPS measurements or related to specific use cases, such as procuring new sleeper cars. Customer feedback has been specifically gathered for developing that service. VR aims to incorporate customer views as part of its service development.

The most senior roles with operational responsibility for engagement with consumers and end-users are: SVP Long-distance Traffic, SVP City Traffic Sweden, SVP City Traffic Finland.

NPS measurements are one means to assess the effectiveness of engagement. In Pohjolan Liikenne and City Traffic Sweden, the public transport authorities are primarily responsible for customer interaction, with approaches varying.

Additionally, VR engages in dialogue on accessibility with various interest groups who may be particularly vulnerable to impacts or are marginalized. This engagement extends to the development of ticket machines, digital channels, customer service, new and existing fleets, and other aspects of VR's operations.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

In cases where a consumer or end-user is injured or otherwise experiences a negative impact related to their safety, VR aims to remedy the impacts by, for example, contributing financially to their medical treatment. The measures taken depend on the nature of the impact. Delays and other inconveniences also cause negative impacts, for which VR compensates customers in accordance with regulations and VR guidelines. Information on compensations is publicly available on VR's website.

In addition to using customer service and feedback channels, consumers and end-users can lodge a complaint through VR's whistleblowing channel. Customer service and feedback channels are promoted through VR's website and during ticket purchases. VR's whistleblowing channel communicated through VR's Ethical Principles and Human Rights Policy, for example. Whistleblowing cases are handled individually and anonymously. Customer feedback and surveys are monitored as part of operational management reporting.

VR does not have a separate means to assess consumer and end-user awareness of these channels.

VR's Ethical Principles state that all individuals lodging complaints are safe from retaliation.

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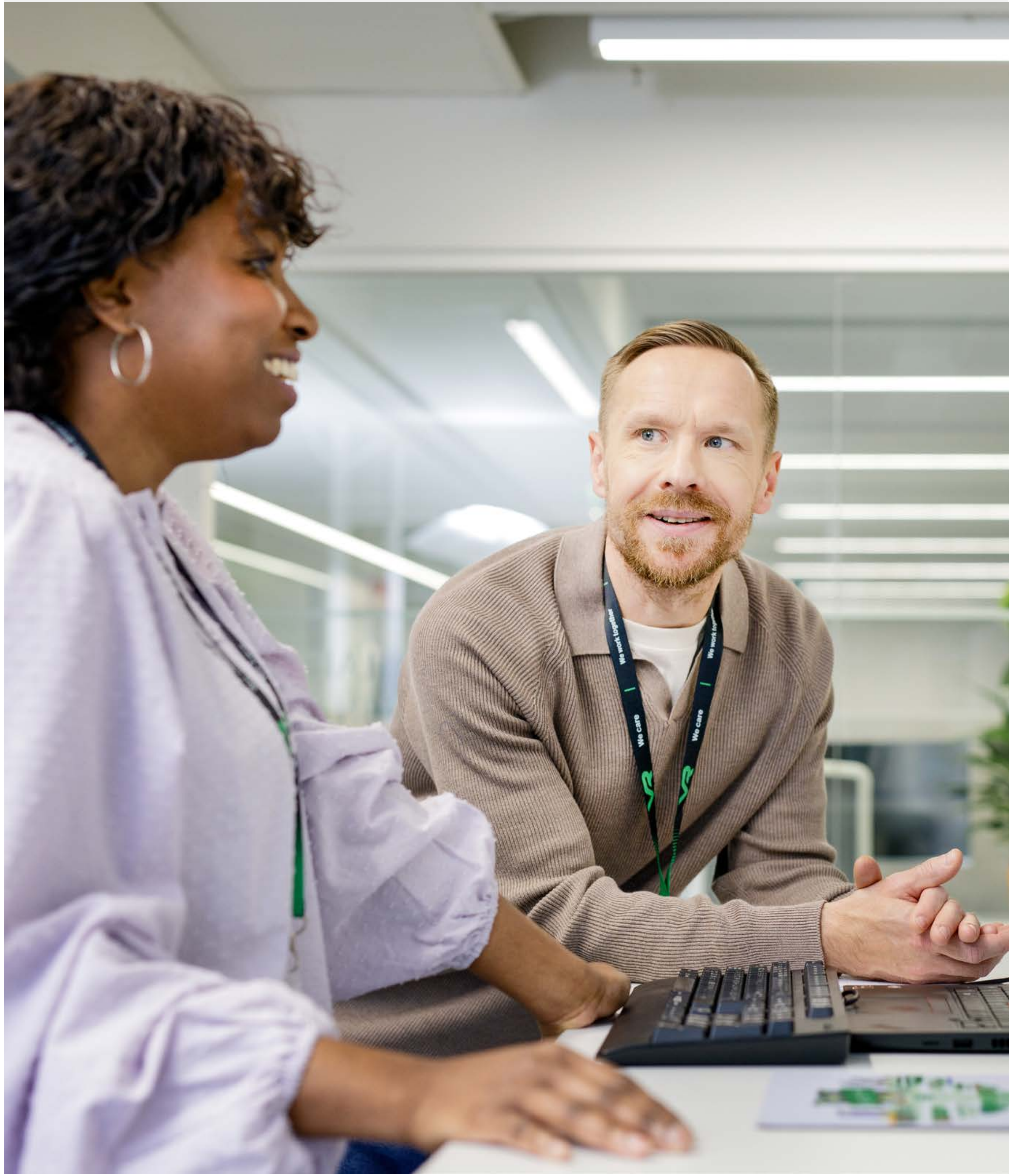
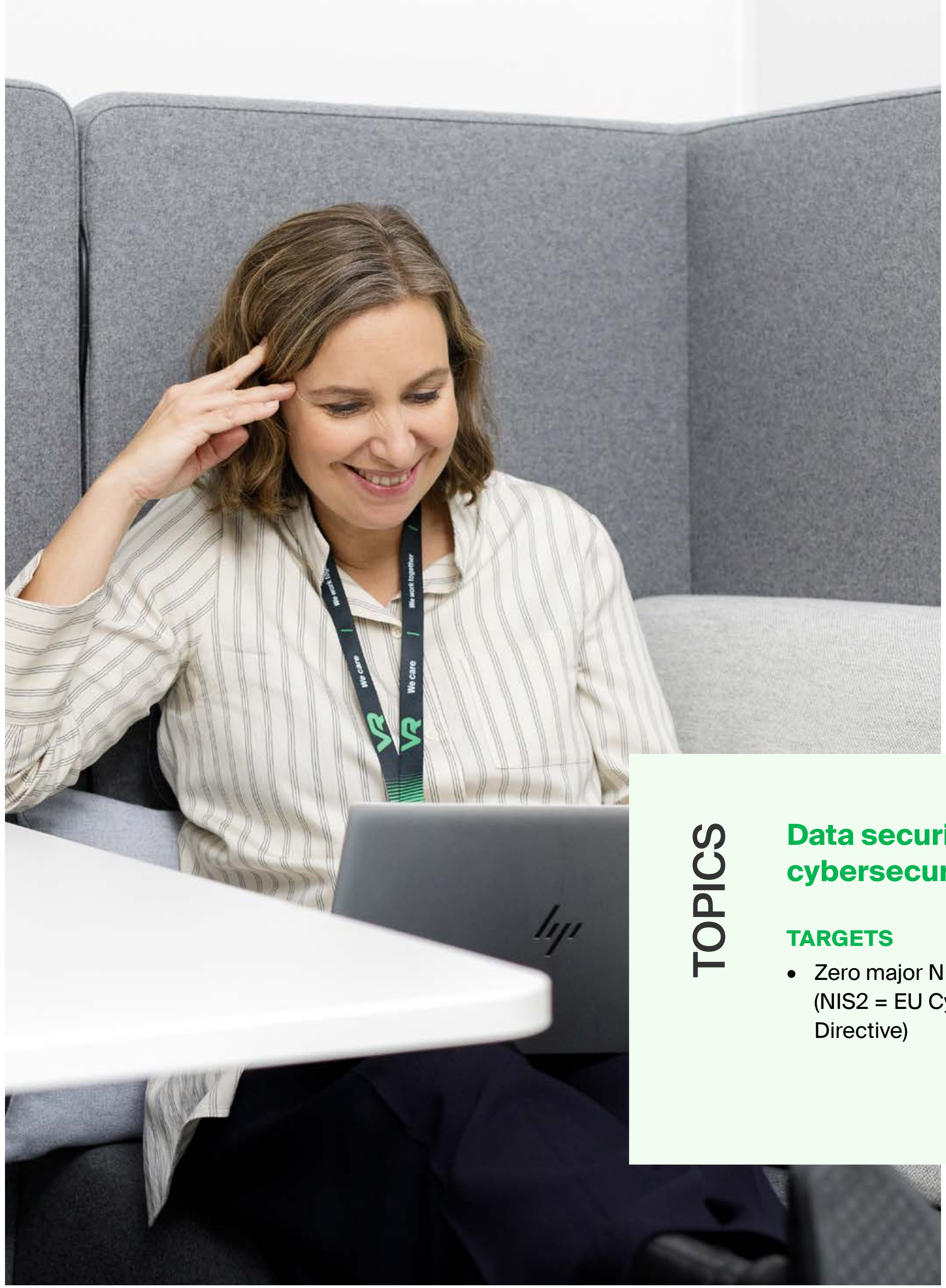
Governance





G1 – Business Conduct

Overview of VR's Sustainability Agenda related to business conduct

VR has identified three material topics in the theme Business conduct: data security and cybersecurity, anti-corruption and anti-bribery, and supply chain management. Related impacts, risks and opportunities are described in more detail under the section "Material impacts, risks and opportunities and their interaction with strategy and business model" in ESRS 2 General disclosures. In its new Sustainability Agenda, VR has set group-level targets for these material topics.

TOPICS

Data security and cybersecurity

TARGETS

- Zero major NIS2 incidents (NIS2 = EU Cybersecurity Directive)

Anti-corruption and anti-bribery

TARGETS

- Zero bribery and corruption cases

Supply chain management

TARGETS

- *Same targets as listed under S2 Workers in the value chain and as part of SBT targets regarding Scope 3 (E1)*

Business conduct policies and corporate culture

Values and Ethical Principles

VR is committed to acting in accordance with its values in every aspect of its operations. In 2022, VR refined these values in collaboration with the entire company, and the implementation of the values took place in 2023. The values are: *We care, We work together, and We drive improvement*. These values guide VR's daily work and decision-making. VR fosters a values-based culture that unites the company and helps to distinguish it from others. A values-based culture supports the implementation of the strategy and the achievement of the goals VR has set. The values also lay the foundation for VR's Ethical Principles.

In 2024, VR updated its Ethical Principles, which are the common ground rules for different everyday situations. These principles were developed in collaboration with VR's employee representatives and are strongly rooted in VR's core values. Ethical Principles help to build and maintain trust among customers, stakeholders and partners. They are also needed to protect VR's brand. The principles guide companies to consider the broader potential impacts of their operations, such as through environmental protection and social responsibility. Above all, VR's ways of working create a fair and safe working environment where everyone is treated equally. Ethical Principles are the foundation on which the sustainable workplace community is built.

VR's ways of working are encapsulated in 10 key principles:

- We treat each other with respect and fairness
- Diversity is our strength
- Safety and wellbeing as key priorities
- We responsibly lead our people and their expertise
- We value our customers and partners
- We conduct our business fairly
- We take care of information and common property
- We take responsibility for people and the environment
- We report misconduct and concerns
- We foster a culture of open discussion

Acting in accordance with the Ethical Principles is a shared effort and duty at VR – every individual is responsible for creating an ethically sustainable workplace culture. VR is committed to promoting high business ethics and preventing misconduct. By doing the right thing in every situation, VR is responding to its clients' and other stakeholders' expectations while safeguarding the company's reputation. Every employee at VR has a vital role in upholding business ethics.

In 2024, VR updated its online training on Ethical Principles. The training (as well as the Ethical Principles themselves) is available in eight different languages: Finnish, Swedish, English, Russian, Estonian, Somali, Arabic and French (in Sweden, only in Swedish). Everyone working at VR must complete online training on VR's updated Ethical Principles by the end of March 2025. The training will be incorporated into the orientation process for all new employees.

VR regularly surveys its overall corporate culture – including the working atmosphere and safety culture – through annual Pulse and Safety Surveys. Based on the results, the Business Units draw up their own action plans for improvement.

Reporting misconduct

At VR, everyone is encouraged to speak up and intervene in everyday situations where the Ethical Principles or internal guidelines are not being followed. Any activity that violates the Ethical Principles or the law must be reported immediately. Issues or concerns can be reported to a direct supervisor, the legal team, the internal audit team, or the People & Culture team in the local unit or business. Reports can be made in person, by phone, letter or email. Reports can also be submitted anonymously through the whistleblowing channel at https://report.whistleb.com/vrgroup. All reports are treated confidentially, investigated appropriately, and the necessary measures are taken. VR protects from retaliation any individual who in good faith speaks up and reports an issue, concern, or non-compliance with the Ethical Principles.

The whistleblowing channel is managed by WhistleB, an impartial service provider that ensures the anonymous handling of messages sent to the channel. All whistleblowing messages are handled with strict confidence. Access to the messages is restricted to appointed individuals with the authority to handle whistleblowing cases. The whistleblowing team consists of the Director of Internal Audit, the Compliance Officer, and Head of Legal Sweden (for matters related to Sweden). Messages are not investigated by anyone who may be involved with or connected to the reported issue. If the message concerns the CEO of VR Group or direct subordinate of the CEO, the investigation will be conducted by the Chair of Audit Committee.

No one will face negative consequences for filing a report, even if the whistleblower is mistaken, provided the report was made in good faith. In cases involving alleged criminal offenses, the whistleblower will be informed if their identity may need to be disclosed during judicial proceedings. All data received through the whistleblowing service will be deleted no later than five years after receipt, unless its retention is necessary for protecting legal rights, complying with legal obligations, or for legal claims and trials.

Data security and cybersecurity

Policies

The ISO/IEC 27000 family of standards for information security management systems serves as the reference framework for data security at VR. In all its operations, VR complies with applicable laws, the NIS2 Directive (European Union Cybersecurity Directive), and the PCI Data Security Standard required by credit card companies. VR needs to comply with the NIS2 Directive, the scope of which covers large- and medium-sized enterprises as well as entities that are essential for the maintenance of critical societal or economic activities, regardless of their size. The implementation of data security is based on a Data Security Policy approved by VR's management. Supervisors are responsible for introducing the policy to VR employees and to anyone using VR's information or information systems. The policy is binding and applies to every employee of VR. The CEO approves the Data Security Policy and holds the highest responsibility for VR's data security. The Data Security Policy, originally established in 2021, was updated and approved again in 2024. In addition to the Data Security Policy, VR's information security management system provides up-to-date information on information security and related matters.

Data security at VR encompasses all data processing activities, including daily tasks within various Business Units and support units, as well as office tasks. VR's systems are implemented in accordance with best security practices. All contracts consider data security and protection, and, if necessary, include agreements on the transfer of data outside the EU/EEA using standard contractual clauses. Suppliers and partners from whom VR purchases products or services must accept VR's security certificate, which includes specific security requirements.

The upcoming European Union Cybersecurity Directive (NIS2 Directive) requires some updates to VR's operations. VR has established a project team to build NIS2 capability through information security measures based on the ISO 27001 standard. VR's management is responsible for ensuring compliance with the requirements of the NIS2 Directive and implementing these requirements into operations. NIS2 training has been organized for the VR BoD and VR LT in accordance with the requirements of the NIS2 Directive, and security training will be provided for all personnel. In addition, the upcoming European Union Directive regarding Resilience of Critical Entities (CER Directive) will also introduce new responsibilities for VR's operations in the future.

Actions

VR has a Bug Bounty program that engages ethical hackers to identify and report potential vulnerabilities or bugs in the company's systems, thereby enhancing security. To address both external and internal risks – including those posed by cybercriminals or disgruntled employees – VR has implemented a centralized security alert system to detect potential cyber threats. This system automatically triggers an alarm when unusual behavior is detected. These alarms are monitored and analyzed 24/7 by VR's partner Security Operations Center (SOC), which also takes the necessary actions.

Additionally, VR regularly conducts third-party data protection audits to ensure the security of its systems and services. New systems undergo audits unless they have already been audited by the supplier. In accordance with the NIS2 Directive, VR will report any incidents to the Finnish Transport and Communications Agency (Traficom) as soon as possible, and no later than 24 hours after becoming aware of an incident.

Targets

VR's target for data security and cybersecurity is to have zero major NIS2 incidents. This primarily refers to incidents causing at least EUR 150,000 in damage. For damages that cannot be quantified monetarily, such as reputational damage, assessments will be made on a case-by-case basis. Several internal VR stakeholders, such as Safety and IT, as well as Business Units, have been involved in setting the target. To achieve its target of zero major incidents, VR adheres to an ISO 27001 compliant information security Management System. The company has developed a roadmap of actions to maintain and continuously improve risk management and compliance over the next few years. This includes active risk assessment and mapping.

While VR has previously tracked data security breaches, the NIS2 Directive has brought greater consistency to this process. In the future, VR will report annually on the achievement of its zero-incident target. To meet the target, VR actively cooperates with Traficom by reporting possible major incidents in accordance with the NIS2 Directive, for example.

Identified security breaches are reported to VR BoD monthly and the VR LT weekly. Additionally, the VR LT receives briefings on data security and cybersecurity risks four times a year, with a more extensive 'deep dive' once a year. The Audit Committee also receives an annual overview on this topic. This systematic review of data security and cybersecurity risks provides VR's management with a better understanding of the subject, fostering greater interest and organizational engagement to prevent these incidents. As a result, VR continuously improves its risk management capabilities.

Anti-corruption and anti-bribery

Policies

VR does not tolerate bribery or corruption in any form. To combat bribery, VR has established Anti-bribery Guidelines that apply to all personnel across the entire VR Group and in each of its companies. These Guidelines outline the company's anti-bribery principles and policy, definitions and forms of bribery, sanctions and consequences, dealings with third parties, and procedures for reporting non-compliance. The purpose of the Guidelines is to aim to ensure that all VR's activities comply with applicable anti-bribery legislation and ethical standards. The VR BoD has approved the Guidelines and oversees their implementation and compliance. VR will update its Anti-bribery Guidelines and related training in 2025, including launching an extensive information campaign and training for all relevant parties, such as management, Business Unit managers, procurement, and sales teams.

Functions most at risk for corruption and bribery include procurement, sales teams and units involved in the purchase, sale and rental of assets. Individuals responsible for company purchases and procurement at VR are particularly exposed to these high-risk activities. While VR may be exposed to corruption and bribery risks from external parties, the company ensures lawful and compliant conduct in all interactions with clients, partners and other stakeholders. VR operates with integrity: no one shall offer, require or accept gifts, payments, services or hospitality intended to influence decision-making, or that exceed normal hospitality limits. VR competes fairly and in compliance with competition law. VR's principle is to avoid conflicts of interest, meaning that employees are expected to keep VR's interests in mind and choose partners based solely on professional criteria. Personal relationships should never affect VR's decision-making. If a conflict of interest arises, VR is to withdraw from the decision-making process.

Actions

Every VR employee must complete the online training course on Ethical Principles by the end of March 2025. This course will be incorporated into the orientation process for all new employees. VR also offers a "Together Against Bribery" online training course for its personnel, specifically designed for supervisors and others in key positions. This course covers the definition and presentation of corruption, strategies to actively combat corruption, working with third parties, political activities and donations, and reporting procedures. The course includes a final test based on the content. By the end of the year 2024, 85% of the target group have completed the course. Updated information regarding the percentage of functions-at-risk covered by training programs will be reported in the next report, once this data is collected.

All suspected violations of the Anti-bribery Guidelines must be reported without delay to the company's legal team, internal audit function, or via the online whistleblowing service as mentioned earlier (see "Reporting Misconduct" in this section). The company's legal team and internal audit function operate independently from the Business Units. Both the Compliance Officer and internal audit function report directly to Audit Committee. Information about the process for reporting outcomes to the governance bodies will be added to the Anti-bribery Guidelines when they are updated in 2025.

Targets and metrics

VR's target for anti-corruption and anti-bribery is to have zero cases of bribery or corruption. This refers to cases that have gone to court and where VR has been found guilty of breaching anti-corruption or anti-bribery laws. The judgement must also be non-appealable. The target has been set in cooperation with several VR internal stakeholders, such as Risk Management, Finance and Legal team. Achieving this target depends on preventive measures and raising awareness across the organization. Compliant business conduct is essential for meeting this goal. The anti-corruption and anti-bribery training, to be updated in 2025, also plays a crucial role in prevention. The training will be prioritized for personnel most exposed to these risks.

While VR has previously tracked its corruption and bribery cases, annual reporting on the achievement of this target will be introduced going forward. Success in meeting this target requires compliance from everyone working at VR. The company also aims to prevent unlawful actions by third parties, especially when selecting suppliers. The policies supporting this target are designed to guide VR and its personnel.

Incidents of corruption or bribery

In 2024, VR had zero bribery or corruption cases. This means VR had no convictions or fines related to violations of anti-corruption and anti-bribery laws.

Supply chain management

Policies

All of VR's procurement activities are guided by Procurement Policy, procurement guidelines, procurement-related strategies and supplier management practices. The Code of Conduct for Suppliers (SCoC) applies to VR's contracting partners, cooperative partners, subcontractors and representatives. VR requires its suppliers to act in accordance with the SCoC to ensure compliance with relevant laws and regulations, to uphold human rights and employee rights, and to maintain ethical and environmentally responsible operations. The SCoC complements the terms of procurement contracts and is an inseparable part of the tender and contract process. The most senior level accountable for the implementation of these policies at VR is the Group Chief Procurement Officer (CPO).

Suppliers must actively monitor their subcontractors to ensure compliance throughout the entire supply chain. If a supplier breaches or neglects its obligations under the SCoC, the supplier must immediately remedy its actions, intervene in the actions of its group company, subcontractor, or partner, and notify VR of the issues and the related remediation plan. If corrective measures are not performed within an agreed or reasonable timeframe, VR has the right to terminate the contract immediately or on another specified date.

Actions

Supplier relationships at VR are managed in various ways, as the types of relationships vary and depend significantly, for example, on the nature and importance of the product or service provided by the supplier to VR. Regular meetings, procurement steering groups and collaborative projects are examples of how supplier relationships are maintained and managed. However, not all supplier relationships involve regular communication; in such cases, matters are addressed more on an as-needed basis. When necessary, individual supplier relationships are assessed for risks related to business and sustainability. This is in addition to VR's broader risk assessments, which also cover supply chains. More direct engagement with suppliers on sustainability topics is facilitated through a sustainability self-assessment questionnaire.

Upon VR's request, suppliers are required to complete the VR Group sustainability self-assessment questionnaire, and provide additional information regarding compliance with the SCoC. VR reserves the right to conduct necessary inspections at the supplier's or its group companies' sites, to ensure compliance with the SCoC. The self-assessment questionnaire is mandatory for suppliers with an annual procurement value exceeding EUR 100,000 and must be updated at least every two years. Based on the questionnaire results, VR classifies suppliers into different risk categories. Where necessary, suppliers may be asked to provide additional information and undergo third-party audits.

If a supplier, its subcontractor, or any other party in the supply chain operates in a high-risk country, they are required to complete the self-assessment questionnaire regardless of the procurement value. The development of the supplier qualification process began in 2024, with implementation starting in 2025. The supplier qualification framework is discussed in more detail under the "Actions" section in S2 Workers in the value chain. This action plan does not require significant operational expenditure (Opex) or capital expenditure (Capex).

Targets and metrics

VR's target for supply chain management aligns with the targets set for S2 Workers in the value chain and the SBT targets regarding scope 3 emissions outlined in E1 Climate change. For more information, see the "Targets" section in S2 Workers in the value chain and the "Targets and metrics" section in E1 Climate change.

Payment practices

The Group's general payment term is 45 days net, although exceptions are considered on a case-by-case basis. There is no specific policy for small and medium-sized enterprises (SMEs) – the same approach applies to all supplier relations.

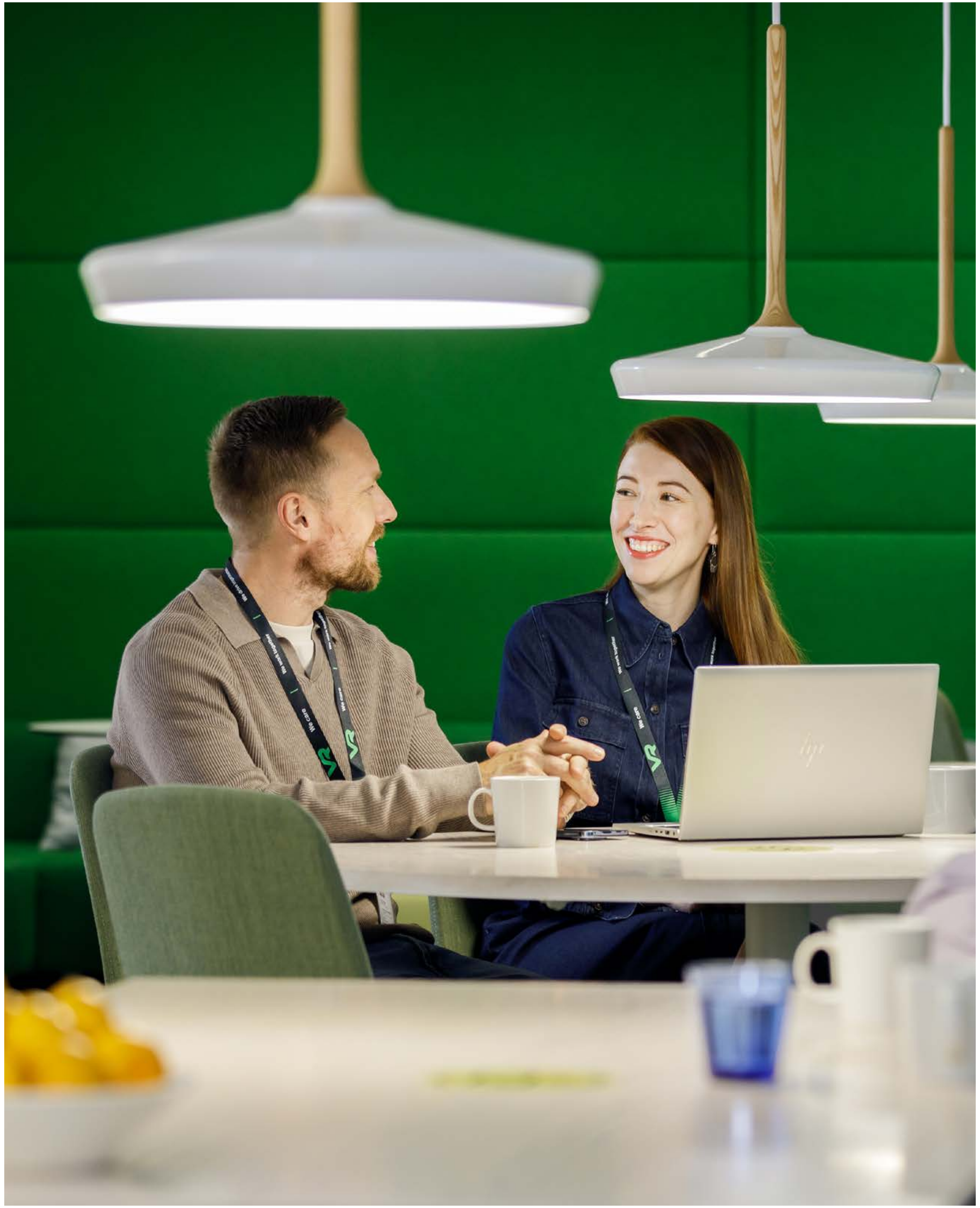
Payment practices	
Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated*	34
Percentage of payments aligned with standard payment terms**	81%
Number of outstanding legal proceedings for late payments	0

These figures have not been validated by an external body other than the assurance provider.

*The average number of days between the invoice date and the actual payment date.

**The percentage represents the proportion of payments made within the 45-day net period or earlier, divided by the total number of invoices. The figure does not take into account the actual payment terms of the invoice, which in some cases differ from the general payment term.

Annexes



Annexes to the Sustainability statement

ESRS Index

The table below lists all the ESRS disclosure requirements in general disclosures (ESRS 2) and the topical standards material to VR Group. These requirements have guided the preparation of this sustainability statement. Disclosure requirements from topical standards E2, E3, E4 and S3 have been omitted, as these are below the materiality thresholds. The table can be used to navigate to information relating to a specific disclosure requirement in the sustainability statement. In cases where a disclosure requirement has not defined as material for VR, or when a requirement is to be disclosed later, no reference is made.

Disclosure requirements

ESRS 2 General disclosures	Section/report	Page	Additional information
BP-1 General basis for preparation of the sustainability statement	Reporting principles	60	
BP-2 Disclosures in relation to specific circumstances	Reporting principles	60	
GOV-1 The role of the administrative, management and supervisory bodies	Composition and diversity of VR's governance bodies Sustainability-related role and expertise of VR's governance bodies	62 63	
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability-related role and expertise of VR's governance bodies	63	
GOV-3 Integration of sustainability-related performance in incentive schemes	Sustainability-related performance in incentive schemes	65	
GOV-4 Statement on due diligence	Statement on due diligence	67	
GOV-5 Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting	66	
SBM-1 Strategy, business model and value chain	Strategy, business model and value chain	68	
SBM-2 Interests and views of stakeholders	Interests and views of stakeholders	69	
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Results of the double materiality assessment	70	
IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	Double materiality assessment methodology	78	
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Double materiality assessment methodology ESRS Index	78 134	
Environmental standards	**Section/report**	**Page**	**Additional information**
E1 Climate change			
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	Sustainability-related performance in incentive schemes	65	

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Material IROs related to climate change	88	
ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	The identification and assessment of material IROs related to climate change	79	
E1-1 Transition plan for climate change mitigation	Transition plan for climate change mitigation	88	
E1-2 Policies related to climate change mitigation and adaptation	Policies (climate change mitigation and energy)	89	
E1-3 Actions and resources in relation to climate change policies	Actions (climate change mitigation and energy)	90	
E1-4 Targets related to climate change mitigation and adaptation	Targets and metrics (climate change mitigation and energy)	91	
E1-5 Energy consumption and mix	Energy consumption and mix	95	
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	Gross Scopes 1, 2, 3 and Total GHG emissions	92	
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	GHG removals and GHG mitigation projects financed through carbon credits	94	
E1-8 Internal carbon pricing			Not material for VR.
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities			Phase-in 2025
E5 Resource use and circular economy			
ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	The identification and assessment of material IROs related to circular economy	79	
E5-1 Policies related to resource use and circular economy	Policies (material efficiency)	98	
E5-2 Actions and resources related to resource use and circular economy	Actions (material efficiency)	98	
E5-3 Targets related to resource use and circular economy	Targets and metrics (material efficiency)	98	
E5-4 Resource inflows			Not material for VR.
E5-5 Resource outflows	Waste	99	
E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities			Phase-in 2025

Social standards	Section/report	Page	Additional information
S1 Own workforce			
ESRS 2 SBM-2 Interests and views of stakeholders	Interests and views of stakeholders	69	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Material IROs related to own workforce	102	
S1-1 Policies related to own workforce	Policies (occupational health, safety and wellbeing) Policies (diversity, equity and inclusion)	103 107	

S1-2 Processes for engaging with own workforce and workers' representatives about impacts	Processes for engaging with own workforce and workers' representatives about impacts	109	
S1-3 Processes to remediate negative impacts and channels for its own workforce to raise concerns	Processes to remediate negative impacts and channels for own workforce to raise concerns	110	
S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Actions (occupational health, safety and wellbeing) Actions (diversity, equity and inclusion)	103 107	
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets and metrics (occupational health, safety and wellbeing) Targets and metrics (diversity, equity and inclusion)	104 108	
S1-6 Characteristics of the undertaking's employees	Characteristics of employees	112	
S1-7 Characteristics of non-employees in the undertaking's own workforce			Phase-in 2025
S1-8 Collective bargaining coverage and social dialogue			Not material for VR.
S1-9 Diversity metrics	Diversity metrics	108	
S1-10 Adequate wages			Not material for VR.
S1-11 Social protection			Not material for VR.
S1-12 Persons with disabilities			Not material for VR.
S1-13 Training and skills development metrics			Not material for VR.
S1-14 Health and safety metrics	Occupational health and safety metrics	105	
S1-15 Work-life balance metrics			Not material for VR.
S1-16 Remuneration metrics (pay gap and total remuneration)			Not material for VR.
S1-17 Incidents, complaints and severe human rights impacts	Incidents, complaints and human rights impacts	109	
S2 Workers in the value chain			
ESRS 2 SBM-2 Interests and views of stakeholders	Interests and views of stakeholders	69	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Material IROs related to workers in the value chain	114	
S2-1 Policies related to value chain workers	Policies (Workers in the value chain)	115	
S2-2 Processes for engaging with value chain workers about impacts	Processes for engaging with value chain workers about impacts	117	
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Processes to remediate negative impacts and channels for value chain workers to raise concerns	118	
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Actions (Workers in the value chain)	115	

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets (Workers in the value chain)	116	
S4 Consumers and end-users			
ESRS 2 SBM-2 Interests and views of stakeholders	Interests and views of stakeholders	69	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Material IROs related to consumers and end-users	120	
S4-1 Policies related to consumers and end-users	Policies (safety of customers) Policies (reach and accessibility of services) Policies (customer experience)	121 123 124	
S4-2 Processes for engaging with consumers and end-users about impacts	Processes for engaging with consumers and end-users about impacts	126	
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	126	
S4-4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Actions (safety of customers) Actions (reach and accessibility of services) Actions (customer experience)	121 123 124	
S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets and metrics (safety of customers) Targets and metrics (reach and accessibility of services) Targets and metrics (customer experience)	122 123 125	
Governance standards	**Section/report**	**Page**	**Additional information**
G1 Business conduct			
ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies	The role and expertise related to business conduct	64	
ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Double materiality assessment methodology	78	
G1-1 Business conduct policies and corporate culture	Business conduct policies and corporate culture Policies (anti-corruption and anti-bribery)	129 131	
G1-2 Management of relationships with suppliers	Supply chain management	132	
G1-3 Prevention and detection of corruption and bribery	Anti-corruption and anti-bribery	131	
G1-4 Incidents of corruption or bribery	Incidents of corruption or bribery	131	
G1-5 Political influence and lobbying activities			Not material for VR.
G1-6 Payment practices	Payment practices	132	

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

The following table illustrates the data points in ESRS 2 and topical ESRS that derive from other European Union (EU) legislation as listed in ESRS 2 Appendix B. The table indicates where the data points can be found within the sustainability statement, which data points are not material, and whether a phase-in has been used.

Disclosure requirement and related datapoint		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
ESRS 2 GOV-1-21 (d)	Board's gender diversity ratio	x		x		Sustainability governance
ESRS 2 GOV-1-21 (e)	Percentage of independent board members			x		Sustainability governance
ESRS 2 GOV-4-30	Statement on due diligence	x				Statement on due diligence
ESRS 2 SBM-1-40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not material for VR.
ESRS 2 SBM-1-40 (d) ii	Involvement in activities related to chemical production	x		x		Not material for VR.
ESRS 2 SBM-1-40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not material for VR.
ESRS 2 SBM-1-40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not material for VR.
E1-1-14	Transition plan to reach climate neutrality by 2050				x	Transition plan for climate change mitigation
E1-1-16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x		Not material for VR.
E1-4-34	GHG emission reduction targets	x	x	x		Targets (climate change mitigation and energy)
E1-5-38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Energy consumption and mix.
E1-5-37	Energy consumption and mix	x				Energy consumption and mix
E1-5-40-43	Energy intensity associated with activities in high climate impact sectors	x				Energy consumption and mix.
E1-6-44	Gross Scopes 1, 2, 3 and Total GHG emissions - Scope 3 GHG emissions	x	x	x		Gross Scopes 1, 2, 3 and Total GHG emissions
E1-6-53-55	Gross GHG emissions intensity	x	x	x		Gross Scopes 1, 2, 3 and Total GHG emissions
E1-7-56	GHG removals and carbon credits				x	GHG removals and GHG mitigation projects financed through carbon credits
E1-9-66	Exposure of the benchmark portfolio to climate-related physical risks			x		Phase-in 2025

Disclosure requirement and related datapoint		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
E1-9-66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		x			Phase-in 2025
E1-9-66 (c)	Location of significant assets at material physical risk		x			Phase-in 2025
E1-9-67 (c)	Breakdown of the carrying value of real estate assets by energy-efficiency classes		x			Phase-in 2025
E1-9-69	Degree of exposure of the portfolio to climate-related opportunities			x		Phase-in 2025
E2-4-28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material for VR.
E3-1-9	Water and marine resources	x				Not material for VR.
E3-1-13	Dedicated policy	x				Not material for VR.
E3-1-14	Sustainable oceans and seas	x				Not material for VR.
E3-4-28 (c)	Total water recycled and reused	x				Not material for VR.
E3-4-29	Total water consumption in m3 per net revenue on own operations	x				Not material for VR.
ESRS 2 SBM-3-E4-16 (a) i	Activities negatively affecting biodiversity sensitive areas	x				Not material for VR.
ESRS 2 SBM-3-E4-16 (b)	Material negative impacts with regards to land degradation, desertification or soil sealing	x				Not material for VR.
ESRS 2 SBM-3-E4-16 (c)	Operations that affect threatened species	x				Not material for VR.
E4-2-24 (b)	Sustainable land / agriculture practices or policies	x				Not material for VR.
E4-2-24 (c)	Sustainable oceans / seas practices or policies	x				Not material for VR.
E4-2-24 (d)	Policies to address deforestation	x				Not material for VR.
E5-5-37 (d)	Non-recycled waste	x				Waste
E5-5-39	Hazardous waste and radioactive waste	x				Waste
ESRS 2 SBM-3-S1-14 (f)	Risk of incidents of forced labour	x				Material impacts, risks and opportunities related to own workforce
ESRS 2 SBM-3-S1-14 (g)	Risk of incidents of child labour	x				Material impacts, risks and opportunities related to own workforce
S1-1-20	Human rights policy commitments (Own workforce)	x				Human rights of own workforce
S1-1-21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 (Own workforce)			x		Human rights of own workforce

Disclosure requirement and related datapoint		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
S1-1-22	Processes and measures for preventing trafficking in human beings	x				Human rights of own workforce
S1-1-23	Workplace accident prevention policy or management system	x				Policies (Occupational health, safety and wellbeing)
S1-3-32 (c)	Grievance/complaints handling mechanism	x				Processes to remediate negative impacts and channels for own workforce to raise concerns
S1-14-88 (b), (c)	Number of fatalities and number and rate of work-related accidents	x		x		Occupational health and safety metrics
S1-14-88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Occupational health and safety metrics
S1-16-97 (a)	Unadjusted gender pay gap	x		x		Not material for VR.
S1-16-97 (b)	Excessive CEO pay ratio	x				Not material for VR.
S1-17-103 (a)	Incidents of discrimination	x				Incidents, complaints and human rights impacts
S1-17-104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines (Own workforce)	x		x		Incidents, complaints and human rights impacts
ESRS 2 SBM-3-S2-11 (b)	Significant risk of child labour or forced labour in the value chain	x				Material impacts, risks and opportunities related to workers in the value chain
S2-1-17	Human rights policy commitments (Workers in the value chain)	x				Human rights of workers in the value chain
S2-1-18	Policies related to value chain workers	x				Human rights of workers in the value chain Policies (Health and safety of workers and freedom of association in the value chain)
S2-1-19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines (Workers in the value chain)	x		x		Human rights of workers in the value chain
S2-1-19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 (Workers in the value chain)			x		Human rights of workers in the value chain
S2-4-36	Human rights issues and incidents connected to upstream and downstream value chain	x				Human rights of workers in the value chain
S3-1-16	Human rights policy commitments (Affected communities)	x				Not material for VR.

Disclosure requirement and related datapoint		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
S3-1-17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines (Affected communities)	x		x		Not material for VR.
S3-4-36	Human rights issues and incidents (Affected communities)	x				Not material for VR.
S4-1-16	Policies related to consumers and end-users	x				Human rights of consumers and end-users Policies (Safety of customers, Reach and accessibility of services, Customer experience)
S4-1-17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines (Consumers and end-users)	x		x		Human rights of consumers and end-users
S4-4-35	Human rights issues and incidents (Consumers and end-users)	x				Human rights of consumers and end-users
G1-1-10 (b)	United Nations Convention against Corruption	x				Business conduct policies and corporate culture
G1-1-10 (d)	Protection of whistleblowers	x				Business conduct policies and corporate culture
G1-4-24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		Incidents of corruption or bribery
G1-4-24 (b)	Standards of anti-corruption and anti-bribery	x				Incidents of corruption or bribery

Calculation of key figures

Capital employed

Balance sheet total - non-interest-bearing liabilities

Return on capital employed (ROCE) before taxes, %

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average during the period)}} \times 100$$

Comparable return on capital employed (ROCE) before taxes, %

$$\frac{\text{Profit before taxes + interest and other financial expenses +/- items affecting comparability}}{\text{Balance sheet total - non-interest-bearing liabilities (average during the period)}} \times 100$$

Comparable return on equity (ROE), %

$$\frac{\text{Profit before taxes - income taxes and change in deferred taxes}}{\text{Equity (average during the period)}} \times 100$$

Gearing, %

$$\frac{\text{Interest-bearing liabilities}}{\text{Equity, total}} \times 100$$

Equity ratio, %

$$\frac{\text{Equity + minority interest}}{\text{Balance sheet total - short-term and long-term advance payments received}} \times 100$$

Interest-bearing net debt

Long-term interest-bearing liabilities + long-term lease liabilities
+ short-term interest-bearing liabilities + short-term lease liabilities
- cash and cash equivalents - other interest-bearing liabilities

Net debt to comparable EBITDA, x

$$\frac{\text{Interest-bearing net debt}}{\text{Comparable EBITDA (last 12 months)}}$$

Consolidated financial statements (IFRS)

Consolidated financial statements (IFRS)

Consolidated statement of comprehensive income (EUR 1,000)

	Note data	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net sales	2.2.	**1,294,724**	1,224,070
Other operating income	2.4.	**94,421**	107,540
Materials and services		**-354,287**	-349,499
Change in stocks of finished and unfinished products		**-909**	1,652
Production for own use		**55,228**	49,957
Personnel expenses	3.1.	**-552,929**	-520,948
Depreciation, amortisation and impairment losses	4.1.-4.2.	**-197,070**	-203,798
Other operating expenses	2.4.	**-263,058**	-227,518
Operating result (EBIT)		**76,119**	81,455
Financial income		**9,740**	13,094
Financial expenses		**-22,853**	-24,428
Net financial expenses	5.3.	**-13,113**	-11,334
Income from associated companies	8.1.	**-54**	-167
Result before taxes		**62,952**	69,954
Income taxes	7	**-14,308**	-17,588
Result for the period		**48,643**	52,365
Result for the period attributable to			
Equity holders of the parent		**48,643**	52,365
Non-controlling interests		**0**	–

Other comprehensive income (EUR 1,000)

Items that may be reclassified subsequently to profit or loss	Note data	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Translation differences		**-541**	-364
Cash flow hedges		**-4,406**	-39,327
Taxes on items that may be reclassified subsequently to profit or loss		**632**	9,420
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		**16,750**	7,400
Financial assets at fair value through other comprehensive income		**-6,381**	-5,596
Taxes on items that will not be reclassified subsequently to profit or loss		**-3,350**	-1,480
Total other comprehensive income for the period net of taxes		**2,704**	-29,948
Total comprehensive income for the period		**51,348**	22,418
Total comprehensive income for the period attributable to			
Equity holders of the parent		**51,348**	22,418
Non-controlling interests		**0**	–
Total		**51,348**	22,418

Consolidated statement of financial position

Assets (1 000 €)

Non-current assets	Note data	31 Dec 2024	31 Dec 2023
Intangible assets	4.4.	**46,434**	46,649
Goodwill	4.4.	**13,670**	8,261
Tangible assets	4.1.	**1,420,956**	1,328,321
Right-of-use assets	4.2.	**244,984**	264,876
Investment properties	4.3.	**11,299**	9,071
Holdings in associated companies	8.1.	**868**	923
Investments	5.2.	**7,580**	12,993
Other receivables	5.2.	**176,150**	150,933
Non-current assets, total		**1,921,942**	1,822,028
Current assets			
Inventories	4.6.1.	**104,122**	99,400
Accounts receivable and other receivables	4.6.2.	**112,769**	97,082
Prepaid expenses and accrued income	4.6.2.	**50,118**	62,829
Cash and cash equivalents	5.2.	**111,569**	224,178
Current assets, total		**378,577**	483,488
Assets classified as held for sale	8.3.	**10,479**	–
Assets, total		**2,310,998**	2,305,516

Equity and liabilities (1 000 €)

Equity	Note data	31 Dec 2024	31 Dec 2023
Equity attributable to holders of the parent			
Share capital		**370,013**	370,013
Fair value reserve		**-79,636**	-69,481
Invested non-restricted equity reserve		**279,147**	336,147
Retained earnings		**644,804**	579,579
Net result for the financial year		**48,643**	52,365
Equity attributable to holders of the parent, total		**1,262,972**	1,268,623
Non-controlling interest		**–**	–
Equity, total	5.4.	**1,262,972**	1,268,623
Non-current liabilities			
Provisions	4.5.	**85,192**	83,281
Financial liabilities	5.2.	**299,449**	300,684
Lease liabilities	4.2.	**206,080**	217,338
Accounts payable and other liabilities	5.2.	**2,142**	6,779
Deferred tax liabilities	7	**132,039**	125,004
Non-current liabilities, total		**724,901**	733,085
Current liabilities			
Provisions	4.5.	**408**	586
Financial liabilities	5.2.	**20,584**	7
Lease liabilities	4.2.	**28,860**	36,943
Advances received	4.6.3.	**35,495**	25,892
Accounts payable and other liabilities	4.6.3.	**94,386**	98,418
Accrued expenses and prepaid income	4.6.3.	**138,247**	141,961
Current liabilities, total		**317,979**	303,807
Liabilities associated with assets classified as held for sale	8.3.	**5,146**	–
Liabilities total		**1,048,026**	1,036,893
Equity and liabilities, total		**2,310,998**	2,305,516

Consolidated cash flow statement (1 000 €)

Cash flow from operating activities	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Result before taxes	**62,952**	69,954
Depreciation and amortisation	**197,070**	203,798
Profit and loss from sale of tangible and Intangible assets and other adjustments	**6,023**	-20,046
Cash flow from operating activities before change in working capital	**266,045**	253,706
Change in working capital	**-22,185**	-33,453
Net financial expenses	**-15,530**	-8,979
Income taxes paid	**-1,461**	-7,428
Cash flow from operating activities (A), total	**226,868**	203,846

Cash flow from investing activities		
Tangible and intangible assets acquired	**-234,071**	-229,157
Tangible and intangible assets sold	**26,120**	60,226
Shares and holdings acquired	**-40,934**	–
Shares and holdings sold	**9**	652
Change in investment receivables	**-5,420**	46,032
Cash flow from investing activities (B), total	**-254,295**	-122,246
Cash flow before financing (A)+(B)	**-27,427**	81,599

Cash flow from financing activities	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Returns of invested capital paid	**-57,002**	–
Change in non-current liabilities	**-3,143**	-24,406
Repayment of leasing liabilities	**-45,614**	-54,488
Change in current interest-bearing liabilities	**20,577**	-2,923
Cash flow from financing activities (C), total	**-85,182**	-81,817
Change in cash flows (A)+(B)+(C)	**-112,609**	-218
Cash and cash equivalents 1 Jan.	**224,178**	224,396
Cash and cash equivalents 31 Dec.	**111,569**	224,178

Consolidated statement of changes in equity (EUR 1,000)

	Note data	Share capital	Fair value reserve	Invested non-restricted equity reserve	Translation differences	Retained earnings	holders of parent company, total	Attributable to non-controlling interest	Equity total
Equity 1 Jan 2024	**5.4.**	**370,013**	**-69,481**	**336,147**	**188**	**631,757**	**1,268,623**	**–**	**1,268,623**
Comprehensive income									
Net result for the financial year						48,643	48,643		**48,643**
Translation differences				3	-543		-541		**-541**
Cash flow hedges			-3,774				-3,774		**-3,774**
Remeasurements of defined benefit plans						13,400	13,400		**13,400**
Changes in fair value with effects on comprehensive income			-6,381				-6,381		**-6,381**
Other comprehensive income total			**-10,155**	**3**	**-543**	**13,400**	**2,704**		**2,704**
Total comprehensive income for the financial year			**-10,155**	**3**	**-543**	**62,043**	**51,348**	**–**	**51,348**
Changes in group structure									**–**
Equity 31 Dec 2024	**5.4.**	**370,013**	**-79,636**	**279,147**	**-352**	**693,800**	**1,262,972**	**–**	**1,262,972**
Equity 1 Jan 2023	**5.4.**	**370,013**	**-33,978**	**336,228**	**471**	**573,471**	**1,246,206**	**14**	**1,246,220**
Comprehensive income									
Net result for the financial year						52,365	52,365		**52,365**
Translation differences				-81	-283		-364		**-364**
Cash flow hedges			-29,907				-29,907		**-29,907**
Remeasurements of defined benefit plans						5,920	5,920		**5,920**
Changes in fair value with effects on comprehensive income			-5,596				-5,596		**-5,596**
Other comprehensive income total			**-35,503**	**-81**	**-283**	**5,920**	**-29,948**		**-29,948**
Total comprehensive income for the financial year			**-35,503**	**-81**	**-283**	**58,285**	**22,418**	**–**	**22,418**
Return of invested equity				–			–	–	**–**
Changes in group structure								-14	**-14**
Equity 31 Dec 2023	**5.4.**	**370,013**	**-69,481**	**336,147**	**188**	**631,757**	**1,268,623**	**–**	**1,268,623**

Notes to the consolidated financial statements

How to read the consolidated financial statements

In VR Group's consolidated financial statements, notes are compiled into themes to form an overview and make it easier to read the financial statements. The areas presented in the financial statements are indicated by these symbols:

Accounting principles
Accounting principles followed in IFRS financial statements can be identified by this symbol.

Management estimates
A description of management discretion relating to an area and uncertainties associated with the estimates.

Key consolidated accounting principles

Accounting principle	Area	Note	IFRS standard
Segment information	Profitability of operations	2.1.	IFRS 8
Revenue recognition	Profitability of operations	2.2.	IFRS 15
Defined-benefit pension plans	Remuneration of the personnel and related	3.2.	IAS 19
Leases	Capital invested and provisions	4.2.	IFRS 16
Investment properties	Capital invested and provisions	4.3.	IAS 40
Provisions	Capital invested and provisions	4.5.	IAS 37
Derivatives and hedge accounting	Financial risk management	6.2.	IFRS 7 IFRS 9
Business Combinations	Group structure	8.1.	IFRS 3

1. Description of the Group and general accounting principles

1.1. Description of the Group

VR Group is a travel, logistics and maintenance service company. The parent company of the Group is VR-Group Plc and its domicile is Helsinki, Finland. Copies of the consolidated financial statements are available from the company's headquarters at Radiokatu 3, P.O. Box 488, 00240 Helsinki, Finland.

The Group's Board of Directors approved these financial statements in its meeting on 26 March 2025. In accordance with the Finnish Limited Liability Companies Act, shareholders can accept or reject the financial statements at the general meeting held after their publication.

In accordance with the Finnish Limited Liability Companies Act, the general meeting decides the adoption of the financial statements.

1.2. General accounting principles

Basis of accounting

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU, in force on 31 December 2024. International Financial Reporting Standards refers to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedures laid down in Regulation (EC) No 1606/2002. The Group has applied these accounting principles both to the financial years 2023 and 2022, unless otherwise specified below. The Group has not applied any new or revised standards or interpretations prior to their entry into force.

The financial year of VR Group is the calendar year, with the exception of Raideinfra Oy, whose financial year is exceptionally 13. August 2024– 31. December 2024. VR Group's financial statements are reported in thousands of euros, unless otherwise specified. All of the reported figures have been rounded up or down, so the total sum of individual figures can differ from the reported sum figure.

VR Group publishes the Report of the Board of Directors and financial statements as a XHTML-file in accordance of European Single Electronic Format (ESEF) requirements. In accordance of ESEF-requirements the calculations and notes to the consolidated financial statements has been marked with XBRL-tag. Auditor, KPMG Oy Ab has delivered an independent limited assurance report regarding VR Group's Finnish ESEF financial statements.

Official Report of the Board of Directors and financial statements has been prepared in Finnish. The English translation is unofficial.

Key estimates and discretionary decisions

Preparing IFRS financial statements requires the management to exercise discretion and use assumptions and estimates. These estimates and assumptions are based on prior experience and other justified factors, such as expectations concerning future events. The management's estimates are based on the best view and knowledge of the management of VR Group on the closing date. Significant identified uncertainties, which require management estimates and assumptions are presented in the note that these estimates and assumptions concern.

The table presents the key estimates and discretionary decisions essential to assessing the financial statements on the whole, and indicates the notes in which the information is disclosed.

Key estimates and discretionary decisions	Note
Pension obligations	3.2.
Testing for impairment loss	4.1. and 4.4.
Leases	4.2.
Measurement of investment properties	4.3.
Provisions for environmental obligations	4.5.
Income tax	7.
Legal liabilities	9.1.3.

New and revised standards that entered into force during the financial year and which are applicable to future financial years

In the completed fiscal year, VR Group has implemented the following improvements to the existing standards published by the IASB. These changes did not have a significant impact on the consolidated financial statements.

New and revised standards that are entered into force during the financial year

- Changes in IFRS 16, Presentation of Sale and Leaseback
- Changes in IAS 1, Classification of Liabilities as Current or Non-current
- Changes in IAS 7 and IFRS 7, Supplier Finance Arrangements

New and revised standards which are applicable to future financial years

- New accounting standard IFRS 18 Presentation and Disclosure in Financial Statements (effective for financial periods beginning on or after 1 January 2027). The standard provides new guidance on the presentation and amount of information to be disclosed in financial statements. The Group will begin assessing the impact of the standard during 2025.

Other new or amended Accounting Standards not yet effective are not expected to have a significant impact on the consolidated financial statements or other disclosures.

The Group has not proactively adopted any of the revised standards and interpretations already issued by the IASB. The Group will adopt them as of the entry into force of each standard and interpretation, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year after the effective date. According to the Group's current estimate, these standards and interpretations will not have a significant impact on future consolidated financial statements.

2. Profitability of operations

2.1. Segment information

The reporting segments are VR Long-distance Traffic, VR City Traffic and VR Transpoint (logistics).

VR Long-distance Traffic

VR Long-distance Traffic provides long-distance trains journeys and related services in Finland and in Sweden. In Sweden VR Long-distance Traffic services are provided by VR Snabbtåg Sverige. Avecra provides restaurant and catering services which complements the service on trains and at stations. VR Long-distance Traffic also includes the joint operation of K-Trains Finance and Karelian Trains in Finland.

VR City Traffic

VR City Traffic is responsible for contract based passenger traffic on rail and highways in Finland and Sweden. VR City Traffic includes VR Sverige in Sweden, VR's commuter rail operations in Finland, Pohjolan Liikenne and Tampere Tram. VR City Traffic has bus and rail transport services in Finland and Sweden and maintenance and traffic infrastructure maintenance in Sweden.

VR Transpoint

VR Transpoint offers rail logistics as well as domestic and international road logistics services. The services include combined railway and road transports and customised logistics chains with additional services. The customer of VR Transpoint are domestic and international corporations in need of logistics solutions for raw material and product transportation.

Other operations

Other operations include VR FleetCare's sales to external clients, property managment and other group operations. VR FleetCare provides rail traffic fleet repairs, maintenance and lifecycle management as well as expert services related to fleet technology in the Nordics and Baltic region. VR Group's property management unit takes care of property development and rental operations. Group operations provide support to the business units.

The President and CEO and the Management team as the supreme operational decision-making body review the management's internal reports on a monthly basis. The evaluation of the profitability of the segments is based on their operating profit. The Group has not consolidated the segments to form reporting segments.

The figures for the business operations are based on IFRS reporting figures, and they are reported consistently in the notes as they are reported to the President and CEO and the Management team. Sales between business operations are made on market terms. Internal transactions are eliminated in the consolidated financial statements.

The Group's assets and liabilities have not been allocated to the segments, because the supreme operational decision-making body does not allocate resources based on the assets or liabilities of the segments and does not review the segments' assets or liabilities.

Information pertaining to the entire Group

The Group's net sales are generated almost exclusively in Finland and Sweden (details are presented in Note 2.2). The Group's non-current assets are located in Finland and Sweden. The Group does not have an external customer generating revenue amounting to a minimum of 10 per cent of the Group's net sales.

Segments 2024 (EUR 1,000)

	VR Long-distance Traffic	VR City Traffic	VR Transpoint	Segments total	Other operations and eliminations	Group total
External sales	444,392	491,687	334,774	1,270,853	23,871	1,294,724
Intra-group sales	1,271	2,054	105	3,431	-3,431	–
Sales, total	**445,663**	**493,741**	**334,880**	**1,274,284**	**20,441**	**1,294,724**
Comparable operating result (EBIT)	**95,037**	**-21,516**	**11,217**	**84,738**	**-179**	**84,559**
Items affecting comparability	**7,892**	**-11,953**	**-5,974**	**-10,035**	**1,595**	**-8,440**
Operating result (EBIT)	**102,929**	**-33,469**	**5,244**	**74,703**	**1,416**	**76,119**
Financial income and expenses (net)						-13,113
Income tax						-14,308
Net result for the period						**48,643**

Segments 2023 (EUR 1,000)

	VR Long-distance Traffic	VR City Traffic	VR Transpoint	Segments total	Other operations and eliminations	Group total
External sales	405,606	463,843	339,830	1,209,280	14,790	1,224,070
Intra-group sales	18	1,864	66	1,948	-1,948	–
Sales, total	**405,624**	**465,708**	**339,896**	**1,211,228**	**12,842**	**1,224,070**
Comparable operating result (EBIT)	**89,927**	**-29,883**	**-6,367**	**53,677**	**6,189**	**59,866**
Items affecting comparability	**-6,726**	**-3,325**	**-3,270**	**-13,321**	**34,910**	**21,589**
Operating result (EBIT)	**83,201**	**-33,208**	**-9,637**	**40,356**	**41,099**	**81,455**
Financial income and expenses (net)						-11,334
Income tax						-17,588
Net result for the period						**52,365**

Items affecting comparability (EUR 1,000)

	2024	2023
Operating result (EBIT)	**76,119**	81,455
Profits from the sale of assets and other one-off profits	**-21,932**	-38,060
Extraordinary impairments	**15,403**	12,640
Losses from the sale of assets and other one-off expenses	**14,969**	3,831
Items affecting comparability, total	**8,440**	-21,589
Comparable operating result (EBIT)	**84,559**	59,866

VR Group posted items affecting comparability that had a EUR -8.4 million impact to operating result. Of the profits from the sale of assets and other one-off profits gains on disposal of assets amounted to EUR 9,2 million, of which EUR 4,4 million was from sale of real estates (EUR 35,0 million). Extraordinary impairments included impairments of intangible and tangible assets. Other one-off expenses increased mainly due to a change in the provision for onerous contracts.

Items affecting comparability are unusual items, that are not related ordinary operations. Most commonly items affecting comparability are gains or losses on asset sales, asset write-offs or reversals of write-offs, gains or losses on sale of a group company, provisions on planned reorganisations, environmental provisions, and fines or penalties imposed by authorities.

2.2. Net sales

Customer contracts are assessed using the five-step model pursuant to IFRS 15: the contract and the performance obligations in the contract are identified, the transaction price is determined and allocated to the performance obligation, and revenue is recognised when (or as) the performance obligation is fulfilled. Sales revenue is recognised in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services transferred to the customer. The timing of revenue recognition is based as control is passed.

VR Group's cash flows are generated by different types of business:

- VR Long-distance Traffic provides public transport services in long-distance trains and offers restaurant and café services on trains and at railway stations.
- VR City Traffic includes commuter train, tram and bus transport services in Finland and Sweden.
- VR Transpoint offers rail and road logistics services of raw materials and products mainly for forest, metal, chemical and construction industries.
- Other operations consist of VR FleetCare rail fleet maintenance, modernisation projects and lifecycle maintenance to external clients.

The Group's sales revenue is mainly generated by services, which are recognised as revenue when the service has been provided, such as tickets or transport of goods or individual maintenance measures. The business operations also include projects in which comprehensive service is provided to the customer, with control passed to the customer over time, and therefore the project is recognised as revenue over time. Advances received and accruals from sales are associated with advance payments received from the modernisation contract before the fulfilment of the performance obligation. The advances received and accruals from sales are recognised as revenue once VR has fulfilled its contractual obligations, and they are classified as liabilities based on a customer contract.

Other operations consist of VR FleetCare's sales revenue, including estimated profit, is recognised as costs are incurred. The management regularly reviews the progress of performance obligations. As part of the assessment, the management takes into account the key contractual obligations, percentage of completion of the project, identified risks and opportunities and changes in the estimate of income and costs. The losses caused by the commitments are recognised in full through profit or loss for the period during which they are observed.

Revenue by sales type 2024 (EUR 1,000)

	VR Long-distance Traffic	VR City Traffic	VR Transpoint	Other operations	Group, total
Rail traffic	406,620	260,004	267,129	–	933,753
Road traffic (truck or bus)	–	231,665	67,645	–	299,311
Catering and restaurant business	37,772	–	–	–	37,772
Other	–	17	–	23,871	23,888
Intra-group and eliminations	1,271	2,054	105	-3,431	–
Total	**445,663**	**493,741**	**334,880**	**20,441**	**1,294,724**

Revenue by sales type 2023 (EUR 1,000)

	VR Long-distance Traffic	VR City Traffic	VR Transpoint	Other operations	Group, total
Rail traffic	367,683	220,189	262,918	–	850,790
Road traffic (truck or bus)	–	243,667	76,912	–	320,579
Catering and restaurant business	37,924	–	–	–	37,924
Other	–	-12	–	14,790	14,778
Intra-group and eliminations	18	1,864	66	-1,948	–
Total	**405,624**	**465,708**	**339,896**	**12,842**	**1,224,070**

Net sales by geographical area (EUR 1,000)

	2024	2023
Finland	**1,000,951**	966,579
Sweden	**293,773**	257,491
Total	**1,294,724**	1,224,070

Net sales by timing of revenue recognition 2024 (EUR 1,000)

	VR Long-distance Traffic	VR City Traffic	VR Transpoint	Other operations and eliminations	Group, total
At a point in time	445,663	493,741	334,880	8,905	1,283,188
Over time	–	–	–	11,536	11,536
Total	**445,663**	**493,741**	**334,880**	**20,441**	**1,294,724**

Net sales by timing of revenue recognition 2023 (EUR 1,000)

	VR Long-distance Traffic	VR City Traffic	VR Transpoint	Other operations and eliminations	Group, total
At a point in time	405,624	465,708	339,896	6,677	1,217,905
Over time	–	–	–	6,165	6,165
Total	**405,624**	**465,708**	**339,896**	**12,842**	**1,224,070**

Items recognised on the balance sheet for sales contracts (EUR 1,000)

	2024	2023
Receivables (incl. in accounts receivable on the balance sheet)	**2,586**	711
Contractual liabilities*	**28,911**	26,964

Comparison period is adjusted by adding advance payments from contracts with customers of VR Long-Distance Traffic.

Contractual assets are connected to the the Group's maintenance business contracts to the extent that the work has been performed but not yet billed and costs to fulfil contracts of VR City Traffic.

Contractual liabilities are primarily advance payments received based on the Group's contracts with customers, which the Group is not yet entitled to recognise as revenue.

VR Group expects the items recorded in the balance sheet from customer contracts to be realized within less than 12 months from the end of the financial year.

Maturity of sales in future financial years (EUR 1,000)

	2025	2026
Maturity of VR FleetCare's sales in future financial years	9,595	12,977

2.3. Materials and services (EUR 1,000)

	2024	2023
Purchases during the year	162,822	189,328
Change in inventories	21,195	10,682
External services purchased	170,270	149,488
Total	-354,287	-349,499

2.4. Other operating income and expenses

Income not generated by ordinary business operations is reported in other income. This category includes recurring items, such as rental income, and non-recurring items, such as insurance indemnities and profit from the sale of assets.

Government grants

Government grants received as compensation for costs already incurred are recognised through profit or loss for the period during which the right to receiving the grant emerges. Such grants are reported in other operating income.

Rental income is comprised of income from assets leased out (Note 4.2) and income from investment properties (Note 4.3).

Other operating income (EUR 1,000)

	2024	2023
Rental income	27,401	21,358
Profit from sale of tangible assets	9,050	46,051
Other income	57,970	40,131
Total	94,421	107,540

The profits from the sale of tangible assets are related to gains from the sale of land.

Other operating expenses (EUR 1,000)

	2024	2023
Track access fees and track networks	-45,046	-36,439
Rents and other real estate expenses	-55,687	-59,528
Travel and other personnel expenses	-26,975	-23,062
Telecommunication and information management expenses	-43,963	-44,225
Other operation-related expenses	-26,310	-22,708
Administration and other expenses	-65,077	-41,556
Total	-263,058	-227,518

Auditors' fees (EUR 1,000)

	2024	2023
Auditing fees	-514	-404
Auditor statements	-172	–
Tax services	-135	–
Other services	-73	-339
Total	-895	-743

Government grants

The Group has recognized government grants totaling EUR 840 thousand (321) during the financial year. Government grants received during the fiscal year are presented in other operating income. Government grants are mainly related to purchases of equipment, personnel salaries and other business activities.

VR Group's fleet acquisitions include government grants of which realization depends on the disclosed purchase commitments in the note *9.1.2. Commitments and other open liabilities*. Government grants are not deducted from the disclosed purchase commitment.

3. Remuneration of the personnel and related parties

3.1. Personnel expenses

Employment relationship benefits include the following short-term employment relationship benefits, post-employment benefits, other long-term employment relationship benefits and benefits associated with the termination of employment.

Short-term employment relationship benefits include salaries, fees and fringe benefits, annual holidays and bonuses. The Group recognises the items for the period during which the work concerned was performed. Moreover, VR Group recognises the expected expense due to short-term employment relationship benefits granted as paid leaves as follows:

- when employees perform work that increases their right to future paid leaves, in case of accumulating paid leaves.
- when the leaves take place, in case of non-accumulating paid leaves.

Post-employment benefits are paid to the beneficiaries after the termination of employment. At VR Group, these benefits are comprised of defined-contribution and defined-benefit pension plans. VR Group has both defined-contribution and defined benefit pension plans. Contributions to defined-contribution pension plans are recognised in the income statement for the period concerned by the charge. In defined-contribution plans, the Group does not have a legal or factual obligation to make additional payments in case the recipient of the contributions fails to pay the pension benefits.

In defined-benefit pension plans, the plan may result in obligations or assets for VR Group after the contribution is made. The defined-benefit pension obligation illustrates the present value of the future cash flows due to benefits paid. The present value of pension obligations is calculated using the Projected Unit Credit Method. Pension expenses are expensed during the service of the employees based on actuarial calculations. In calculating the present value of the pension obligation, the discount rate used is the market yield of high-quality euro-denominated corporate bonds. The assets of the pension plan corresponding to the pension obligation are measured at fair values on the closing date. Actuarial gains and losses are recognised in other comprehensive income.

The employees' statutory pension coverage is provided by an employment pension insurance institution and supplementary pension coverage in VR Pension Fund.

Other long-term employment relationship benefits include all other employment relationship benefits besides short-term benefits, post-employment and termination-related benefits.

Termination-related benefits are not based on work performance, but on termination of employment. These benefits are comprised of severance pay.

VR Group uses Full-Time Equivalent (FTE) average number of employees to report the number of employees during the fiscal year. FTE is a unit of measure that describes the number of employees and their actual working ours. FTE is calculated by dividing actual working hours by working hours of full-time employees

The present value of pension obligations depends on several factors, which are based on actuarial assumptions. Changes in these assumptions affect the balance sheet value of the pension obligations. The note on pensions presents a description of the essential risks and a sensitivity analysis of the impacts of changes in the actuarial assumptions.

Personnel expenses (EUR 1,000)

	2024	2023
Wages and salaries	**444,409**	418,967
Pension expenses (defined-contribution plans)	**68,034**	58,075
Pension expenses (defined-benefit plans)	**-3,960**	341
Other personnel related expenses	**44,446**	43,565
Total	**552,929**	520,948

The wages and salaries paid to key management personnel are presented in Note 3.3.

During the accounting period, the average number of the Group's employees by segment was as follows:

Average number of employees, FTE	2024	2023
VR Long-distance Traffic	**1,716**	1,604
VR City Traffic	**4,221**	4,069
VR Transpoint	**1,631**	1,722
Other	**351**	353
Total	**7,919**	7,747

3.2. Pension receivables and obligations

VR Group has a defined-benefit supplementary pension plan in Finland. Some of the personnel employed by the former state-owned company Valtionrautatiet whose employment relationship continues with VR Group have defined-benefit supplementary pension plans in VR Pension Fund. The benefits are retirement age lower than the statutory age or higher pension accumulation. The plan is fully funded.

In addition, a supplementary pension plan for personnel of one traffic operations contract is consolidated to VR Group as a defined-benefit plan. The obligation is part of the traffic operations contract and is the responsibility of the operator, managing traffic operations at each time. A mandatory provision of EUR 120 thousand has been made for the obligation. The plan is not included to the figures presented below for VR Pension Fund.

The operations of VR Pension Fund are regulated, besides the rules of the fund, by the Pension Funds Acts and decrees and guidelines issued under it. The operations of the Pension Fund are supervised by the Finnish Financial Supervisory Authority. The Pension Fund is managed by its management and the Board of Directors. VR Pension Fund invests its assets profitably and securely while ensuring liquidity. VR Pension Fund has an efficient risk management function that actively monitors the development of market risks and the distribution of its investment risks.

Determination of the balance sheet values of the defined-benefit pension plan (EUR 1,000)

	31 Dec 2024	31 Dec 2023
Present value of the obligations of funded defined-benefit obligations	**194,049**	208,872
Fair value of the assets included in the plan	**-350,049**	-344,285
Surplus (-) / Deficit (+)	**-156,000**	-135,413
Net receivable (-) / liability (+) on the balance sheet	**-156,000**	-135,413

Change in the net receivable on the balance sheet (EUR 1,000)

	2024	2023
Receivable at the beginning of the financial year	**-135,413**	-124,053
Income/expenses recognised on the income statement	**-4,383**	-4,582
Remeasurement	**-16,750**	-7,400
Plan expenses	**546**	622
Receivable at the end of the financial year	**-156,000**	-135,413

Defined-benefit pension expenses on the statement of comprehensive income (EUR 1,000)

	2024	2023
Expenses based on work performance during the financial year	-194	122
Interest expense and income, total	-4,189	-4,704
Maintenance expenses	546	622
Pension expenses (+) / income (-) on the income statement	**-3,837**	-3,960
Remeasurement	-16,750	-7,400
Pension expenses (+) / income (-) on the statement of comprehensive income	**-20,587**	-11,360

Changes in the present value of the obligation (EUR 1,000)

	2024	2023
Obligation at the beginning of the financial year	**208,872**	222,307
Expenses based on work performance during the financial year	80	122
Interest expense	6,159	7,975
Actuarial gains (-) and losses (+) resulting from changes in economic expectations	-5,520	4,936
Experience adjustment gains (-) or losses (+)	4,953	3,117
Total	**214,270**	238,457
Pensions paid	-20,221	-29,585
Obligation at the end of the financial year	**194,049**	208,872

Changes in the fair value of plan assets (EUR 1,000)

	2024	2023
Fair values of plan assets at the beginning of the financial year	**344,285**	346,360
Interest income	10,348	12,679
Return on plan assets, excluding items included in interest income	16,183	15,453
Total	**370,816**	374,492
Pensions paid	-20,221	-29,585
Administrative expenses	-546	-622
Fair values of plan assets at the end of the financial year	**350,049**	344,285

Breakdown of the fair value of plan assets by asset category, as percentage of the fair values of plan assets (%)

	2024	2023
Shares in developed markets	23.6	23.7
Shares in developing markets	3.9	4.1
Bonds	29.8	26.9
Cash and cash equivalents and money market investments	12.7	10.6
Real estate investments	21.5	27.2
Other items	8.5	7.5
Total	**100.0**	100.0

VR Pension Fund aims for an investment breakdown that diversifies the risks of different asset categories in the long term.

Actuarial assumptions

	2024	2023
Discount rate	**3.2%**	3.1%
Inflation rate	**1.9%**	2.1%
Expected pension increases	**2.1%**	2.3%
Expected salary increases	**2.2%**	2.2%

Assumptions regarding mortality are made based on independent actuarial assumptions, and they are based on the statistics published in each area and experience.

In 2025, it is projected that VR Group will not need to pay insurance premiums to the benefit plan. VR Pension Fund intends to refund the insurance premium to VR Group Ltd after the end of fiscal year 2024.

VR Pension Fund's pension obligation amounted to EUR 194.0 million (208.9) discounted at a discount rate of 3.2% (3.1%).

- if the discount rate was changed by +/- 0.5 percentage points with the other assumptions remaining unchanged, the change impact on the pension obligation is EUR -9.1/+10.0 (-9.8/+10.7) million.
- If the expected pension increases were changed by +/- 0.5 percentage points with the other assumptions remaining unchanged, the change impact on the pension obligation is EUR +9.0/-8.4 (+9.7/-9.0) million.

The weighted average duration of the defined-benefit obligation is 10 (10) years.

Most significant risks of the defined-benefit pension plan

Volatility of assets and the obligation

The discount rate used in calculating the obligation due to the plan corresponds with the interest rate on bonds close to maturity issued by solvent companies in the Eurozone in terms of maturity. In the long term, VR Group aims to gain returns above the discount rate on the plan assets. When the return on the assets is above or below the discount rate, the value of the plan assets changes. This can lead to a surplus or deficit. VR Pension Fund's solvency position is good, and therefore VR Pension Fund endures even a very steep decline in the equity market.

Changes in the yealds of bonds used to determine discount rate

When the yealds on bonds changes, VR Group may have to adjust the discount rate. This has an impact on the value of the obligation included in the defined benefit pension plan and the defined-benefit plan recognized on the statement of comprehensive income.

Risk management of investment activities

In funded plans, VR Pension Fund manages its investments so that the aim is to match assets and liabilities. The purpose of this is to match the investments with the obligations resulting from pension plans. The processes used in risk management are continuously improved. The investments are diversified so that losing any individual investment would not have a material impact on the total amount of assets.

3.3. Related parties

Employment benefits of key management personnel

(EUR 1,000)

President and CEO	2024	2023
Salaries and other short-term employment benefits	**-681**	-374
Total	**-681**	-374
Board of Directors		
Salaries and other short-term employment benefits	**-279**	-349
Total	**-279**	-349
Supervisory Board		
Salaries and other short-term employment benefits	**-16**	-13
Total	**-16**	-13
Key management personnel		
Salaries and other short-term employment benefits	**-2,882**	-2,817
Total	**-2,882**	-2,817

Transactions with other related parties and outstanding balances

VR Group paid a total of EUR 45.0 million (2023: EUR 36.4 million) in track access fees to the state. Contract traffic sold to the Ministry of Transport and Communications totaled EUR 31.0 million (2023: EUR 31.7 million).

The related parties of the Group's parent company VR-Group Plc include its subsidiaries, associated companies and joint operations. In addition, related parties include the President and CEO, Board of Directors and Supervisory Board and the Management Team of the Group as members of Group management, as well as entities over which these persons have control or joint control, and the close family members of the above-mentioned persons.

Furthermore, the Finnish state, which holds all of the shares in the company, is considered to be a related party of VR Group Plc.

4. Capital invested and provisions

4.1. Property, plant and equipment

VR Group classifies as property, plant and equipment assets which:

- The Group uses for manufacturing goods and providing services, rental operations outside the Group and administrative purposes; and
- Are expected to be used in more than one financial year

Property, plant and equipment items include the station and properties owned by the Group and their plots, trains and other wagon fleet and related machinery and other spare parts.

The Group measures property, plant and equipment at original acquisition cost less accumulated depreciation and any impairment losses.

The acquisition cost includes purchase price, all expenses directly resulting from bringing the asset to the location and condition in which it can operate in the way intended by the management, and expenses pursuant to the original estimate for dismantling and transporting the asset and restoring its location to the original state. The land areas owned by the Group involve restoring soils contaminated during use. The provisions recognised due to these obligations are specified in more detail in Note 4.5. Provisions.

If a fixed asset is comprised of several separable components with differing economic useful lives, each component is treated as a separate asset. The Group treats maintenance programmes in which major components, such as bogies and wheel-sets, are replaced in conjunction with maintenance as such separate assets. Maintenance programmes are expensed over the depreciation period determined on the basis of maintenance intervals. The Group recognises other repairs and maintenance costs are expensed to profit or loss.

Depreciation of property, plant and equipment

The depreciation is calculated using the straight-line depreciation method, and it is based on the economic useful lives of the assets. Depreciation begins when the fixed asset is ready for use and when it is in a location or condition that allows the use of the asset as intended by the management. The residual values and economic useful lives of assets are assessed at the end of each accounting period and, if necessary, adjusted to correspond to changes in the expected economic benefit.

The depreciation periods of property, plant and equipment are:

Land and water areas	No depreciation
Buildings and structures	10–50 years
Locomotives	30 years
Electric trains	25 years
Wagons	15–30 years
Other machinery and equipment	3–15 years
Other tangible assets	5–30 years

The Group derecognises the book value of tangible assets if the asset is removed from use, sold or is not expected to generate returns over its economic useful life.

The Group assesses on each closing date if it there is a need for adjusting the economic useful lives or any residual values of property, plant and equipment assets. When there are indications of the book value of an individual fixed asset exceeding its recoverable value, the book value of the said asset is tested for impairment. Usually, fixed assets do not generate separate cash flow, but they are tested as part of a cash generating unit. For additional information about testing for impairment, see Note 4.4..

Property, plant and equipment 31 December 2024 (EUR 1,000)

The table below presents the changes in the acquisition cost of property, plant and equipment:

Acquisition cost	Land and water areas	Building and structures	Machinery and equipment	Other tangible assets	Advance payments and incomplete acquisitions	Total
Opening balance 1 January	59,950	379,942	2,445,381	38,583	174,650	**3,098,506**
Translation difference	–	-18	-3,630	–	–	**-3,648**
Increases	5,445	–	14,638	4,728	215,731	**240,541**
Decreases	-10,066	-1,941	-91,849	-23,473	–	**-127,328**
Reclassifications	-564	4,304	169,420	-1,508	-189,591	**-17,940**
Closing balance 31 December	**54,765**	**382,288**	**2,570,710**	**18,329**	**200,779**	**3,226,871**
Accumulated depreciation, amortisation and impairment						
Opening balance 1 January	–	-196,972	-1,543,155	-29,347	-711	**-1,770,185**
Increases	–	15	2,554	–	–	**2,570**
Accumulated depreciation for decreases and transfers	–	1,940	81,342	18,224	–	**101,507**
Depreciations for the financial year	–	-15,047	-116,925	-2,604	–	**-134,576**
Impairment losses	–	–	-5,836	–	73	**-5,763**
Reclassifications	-544	1,954	-2,845	1,966	–	**533**
Closing balance 31 December	**-544**	**-208,109**	**-1,584,865**	**-11,760**	**-637**	**-1,805,915**
Book value 1 January	**59,950**	**182,970**	**902,225**	**9,236**	**173,940**	**1,328,321**
Book value 31 December	**54,221**	**174,179**	**985,845**	**6,569**	**200,142**	**1,420,956**

Property, plant and equipment 31 December 2023 (EUR 1,000)

Acquisition cost	Land and water areas	Building and structures	Machinery and equipment	Other tangible assets	Advance payments and incomplete acquisitions	Total
Opening balance 1 January	77,485	367,289	2,357,178	37,266	177,087	**3,016,305**
Translation difference	–	1	-3,195	–	–	**-3,193**
Increases through business acquisitions		-55	–		–	**-55**
Increases	2,757	–	9,620	–	188,770	**201,147**
Decreases	-20,292	-1,906	-85,133	-421	-8,001	**-115,754**
Reclassifications	–	14,558	166,911	1,738	-183,206	**–**
Closing balance 31 December	**59,950**	**379,942**	**2,445,381**	**38,582**	**174,650**	**3,098,506**
Accumulated depreciation, amortisation and impairment						
Opening balance 1 January	–	-187,270	-1,499,613	-26,810	-137	**-1,713,830**
Translation difference	–	–	-5,401	–	–	**-5,402**
Accumulated depreciation for decreases and transfers	–	1,617	82,639	252	-573	**83,935**
Depreciations for the financial year	–	-11,318	-112,808	-2,788	–	**-126,914**
Impairment losses	–	–	-7,972	–	–	**-7,972**
Closing balance 31 December	**–**	**-196,972**	**-1,543,155**	**-29,346**	**-711**	**-1,770,184**
Book value 1 January	**77,485**	**180,019**	**857,565**	**10,455**	**176,949**	**1,302,474**
Book value 31 December	**59,950**	**182,970**	**902,225**	**9,236**	**173,940**	**1,328,321**

4.2. Leases

Group as lessee

VR Group recognises a lease liability and a corresponding right-of-use asset on the balance sheet for all of its leases at the start of the agreement. The Group's leases are typically associated with diverse land and water areas, office and warehouse buildings and machines and equipment. Their duration varies by contractual terms and the leased asset.

Right-of-use assets are measured at acquisition cost, from which the Group recognises straight-line depreciation based on the term of the lease and any impairment losses. The acquisition cost includes the original amount of the lease liability plus direct initial costs and rents paid in advance. In addition, any incentives offered by the lessor are deducted from lease liabilities.

Right-of-use assets are amortised using the straight-line method over the lease term. The Group uses the following amortisation periods:

Land and water areas	5–40 years
Buildings and structures	5–50 years
Machinery and equipment	3–20 years

The lease liability is measured by discounting future fixed minimum rent payments to their present value using the effective interest method. The lease liability does not include other variable rents than those associated with contractual index-pegged increase. VR Group repays the lease liability against rent payments. The repayment is broken down into interest expense and liability repayment. If the lease liability is changed, such as due to changes in future rent payments, the right-of-use asset is adjusted to match the change in the lease liability.

VR Group uses the implicit interest rate of the contract as the discount rate, or if the interest rate is difficult to determine, the interest rate on the lessee's incremental borrowing rate of interest. The Group separates non lease components from leases if they can be directly separated from the lease.

The Group applies the following practical reliefs:

- Short-term leases with a term of less than 12 months; and
- Leases with an underlying asset of a minor value

Leases included in the scope of reliefs are not recognised as part of the lease liability, but the Group expenses them to profit or loss. Leases with a minor value include rental payments for machinery and equipment leased by the Group.

Group as lessor

The Group acts as a lessor in logistics subcontracting agreements. In addition VR Group has real estate properties, with approximately 850 lessees. Approximately 20 biggest lessees comprises almost 90% of Group's rental income. In the subcontracting agreements, rents are generally paid monthly. All of the Group's assets leased out are operating leases, and the resulting rental income is recognised to the income statement in equal batches over the term of the lease.

VR Group has a significant number of leases relating to wagons, cars, buses, properties and land areas which are valid until further notice and either have a short period of notice or a fixed term with possible termination and extension options. Estimating the probable term of these leases and the future use or non-use of any options requires major discretion. The term of lease includes the periods covered by the leases if it is reasonably certain that the option will be exercised. The probable lease term is typically assessed according to the five-year strategy period. In case of exceptional conditions, significant basic refurbishing costs or other significant or indirect costs for exiting the lease, the lease term can be more than five years. For leases not concerning properties, the need for the assets concerned is often short term, which is why leases valid until further notice with a termination period of 12 months or less are treated as short-term leases.

Property, plant and equipment and right-of-use assets

Right-of-use assets 31 December 2024 (EUR 1,000)

Acquisition cost	Land and water areas	Building and structures	Machinery and equipment	Total
Opening balance 1 January	23,177	89,835	404,106	**517,118**
Translation difference		-1,109	-642	**-1,751**
Increases	706	16,136	689	**17,531**
Decreases	–	-28,720	-21,602	**-50,322**
Reclassifications	–	–	-3,943	**-3,943**
Closing balance 31 Dec	**23,883**	**76,142**	**378,609**	**478,633**
Accumulated depreciation, amortisation and impairment				
Opening balance 1 Jan	-6,637	-44,051	-201,554	**-252,242**
Translation difference	–	683	–	**683**
Accumulated depreciation for decreases and transfers	–	28,584	21,544	**50,128**
Depreciations for the financial year	-2,255	-14,417	-19,922	**-36,593**
Reclassifications	–	–	3,861	**3,861**
Closing balance 31 Dec	**-8,892**	**-29,200**	**-195,557**	**-233,649**
Book value 1 January	**16,540**	**45,784**	**202,552**	**264,876**
Book value 31 December	**14,991**	**46,941**	**183,052**	**244,984**

Right-of-use assets 31 December 2023 (EUR 1,000)

Acquisition cost	Land and water areas	Building and structures	Machinery and equipment	Total
Opening balance 1 January	21,418	76,980	407,345	**505,743**
Increases	1,955	12,781	2,280	**17,017**
Decreases	-196	–	-5,565	**-5,760**
Closing balance 31 Dec	**23,177**	**89,835**	**404,106**	**517,118**
Accumulated depreciation, amortisation and impairment				
Opening balance 1 Jan	-4,375	-21,043	-181,359	**-206,777**
Translation difference	–	-475	-193	**-668**
Accumulated depreciation for decreases and transfers	212	1,902	5,085	**7,199**
Depreciations for the financial year	-2,475	-18,437	-23,016	**-43,928**
Impairment losses	–	-5,998	-2,047	**-8,044**
Closing balance 31 Dec	**-6,637**	**-44,051**	**-201,554**	**-252,242**
Book value 1 January	**17,042**	**55,937**	**225,986**	**298,966**
Book value 31 December	**16,540**	**45,784**	**202,552**	**264,876**

The table below presents the lease items recognised through profit or loss:

Items recognised through profit or loss (EUR 1,000)

	2024	2023
Lease expenses for low value and short-term items	**-11,914**	-8,266
Amortisation of right-of-use assets on underlying assets	**-36,593**	-43,928
Land and water areas	**-2,255**	-2,475
Buildings and structures	**-14,417**	-18,437
Machinery and equipment	**-19,922**	-23,016
Total	**-48,507**	-52,194

The table below presents the rent payments not included in lease liabilities:

	2024	2023
Interest expenses on lease liabilities	**-8,416**	-8,014

Items presented on the cash flow statement

	2024	2023
Outgoing cash flows from leases, total	**-54,030**	-62,502

Commitments concerning leases

The tables below present the breakdown of short and long-term lease liabilities and the maturities of lease liabilities. Additional information about other breakdowns of the Group's liabilities and maturities of financial liabilities are presented in Note 5.2. Financial assets and financial liabilities and fair values.

Balance sheet values of lease liabilities (EUR 1,000)

	2024	2023
Short-term	**28,860**	36,943
Long-term	**206,080**	217,338
Total	**234,939**	254,280

The table below presents the breakdown of the minimum payments of the lessor's non-cancellable leases:

Group as lessor

Minimum rents of non-cancellable leases (EUR 1,000):

	2024	2023
Within one year	**5,689**	3,521
Between one year and five years	**15,567**	7,418
After five years	**30,935**	44,986
Total	**52,191**	55,925

The primary purpose of leasing is to provide in-house operations with optimum premises from owned real estate stock. Premises not needed for own use are leased to external users, where possible. The floor area of properties owned by VR Group totals approximately 440,700 (444,600) m2.

4.3. Investment properties

The Group's investment properties are comprised of old station and machine shop properties and other buildings and structures built in conjunction with them, among others. The investment properties are mainly located along the rail traffic network and other traffic nodes in Finland.

VR Group classifies as investment properties those properties owned by the Group that the Group holds to primarily obtain rental income and/or increase in value. Investment properties include both owned properties and properties leased out.

The Group has properties that are partly in the Group's own use and partly investment properties. In these cases, the property is classified as an investment property only if an insignificant part is used for providing services or for administrative purposes. For example, the Helsinki Central Railway Station property is not classified as an investment property. An investment property is derecognised when the property is divested or permanently decommissioned and no future economic benefit is expected from its transfer.

Measurement of investment properties and fair values

Investment properties are measured at acquisition cost less accumulated depreciation and any impairment losses. Investment properties are depreciated using the straight-line depreciation method based on estimated economic useful lives. Land areas are not depreciated.

The depreciation periods of investment properties are 10–50 years.

Impairment is recognised for an investment property if its book value exceeds its fair value.

The Group uses, when necessary, both an external assessor and its own estimates based on economic return to measure the fair values of investment properties. In 2023 the fair values were assessed by VR Group. In 2022, the assessment was carried out by Newsec Property Asset Management Finland Oy.

The book values of investment properties are subject to provisions for environmental obligations. The measurement of the provisions requires management discretion regarding, for example, the amount of the provision and the timing of its realisation. For additional information about these, see Note 4.5. Provisions.

Investment property items (EUR 1,000)

	2024	2023
Acquisition cost 1 January	**39,147**	49,235
Decreases	**–**	-10,088
Reclassifications	**7,585**	–
Total 31 December	**46,732**	39,147
Accumulated depreciation, amortisation and impairment 1 January	**-30,076**	-37,158
Decreases	**–**	7,683
Depreciation and amortisation for the financial year	**-963**	-602
Accumulated depreciation for decreases and transfers	**-4,393**	–
Closing balance 31 December	**-35,433**	-30,076
Book value 1 January	**9,071**	12,077
Book value 31 December	**11,299**	9,071
Fair value	**31,563**	31,995

Investment properties are classified as fair value hierarchy level 3, because inputs not based on observable market data have been used in determining their fair values.

Investment property items measured through profit or loss

(EUR 1,000)

	2024	2023
Rental income	**5,775**	6,696
Maintenance expenses of leased assets	**-4,068**	-4,502
Maintenance expenses of non-leased assets	**-147**	-351
Investment property items through profit or loss, total	**1,561**	1,843

Commitments

No commitments or restrictions are known. Furthermore, there are also no known protected areas that are material to VR Group's financial statements in terms of investment properties.

4.4. Goodwill and intangible assets

The Group's intangible assets include goodwill from acquired companies, licenses owned by the Group, software and capitalised development expenses. VR Group classifies these items to goodwill, customer relationships, intangible rights and development expenses on the balance sheet.

Goodwill

VR Group recognises goodwill at the amount by which:

- the consideration transferred and
- the fair value of the previous holding in the acquisition combined exceed the value of the identifiable net assets acquired at the time of acquisition.

Goodwill is measured at original acquisition cost less accumulated impairment losses, the amount of which the Group assesses annually at the minimum. Goodwill is not regularly amortised. With regard to associated companies, goodwill is included in the balance sheet value of the holding in the associated company. Impairment losses on goodwill are recognised through profit or loss, and they cannot be subsequently cancelled. Further information about testing goodwill for impairment is presented below in this Note.

VR Group allocates goodwill to cash-generating units. Additional information about the Group's cash-generating units can be found below.

Other intangible assets

The Group recognises an intangible asset when it is probable that expected economic benefits will accrue to the Group and the acquisition cost can be reliably determined. The Group initially measures intangible assets at acquisition cost, after which the acquisition is adjusted for accumulated depreciation and amortisation and any impairment loss.

The Group's intangible assets include the acquisition cost of company acquisitions allocated to customer relationships.

Intangible rights include IT systems and software acquired by the Group and associated rights. Expenses relating to the maintenance of the systems and software are expensed when they occur.

Intangible assets are amortised using the straight-line method based on an estimate of the economic useful lives of the assets. The amortisation periods of intangible assets are as follows:

Customer relationships	5 years
Intangible rights	5 years

Intangible assets and goodwill 2024 (EUR 1,000)

Acquisition cost	Goodwill	Customer relationships	Other	Total
Opening balance 1 January	10,870	20,533	182,951	**214,354**
Translation differences	-105	-600	-511	**-1,215**
Increases through business acquisitions	5,503	2,131	782	**8,416**
Increases	–	–	1,983	**1,983**
Decreases	–	–	-3,407	**-3,407**
Reclassifications	–	–	14,297	**14,297**
Closing balance 31 December	**16,267**	**22,064**	**196,097**	**234,428**

Accumulated depreciation, amortisation and impairment	Goodwill	Customer relationships	Other	Total
Opening balance 1 January	-2,608	-5,435	-151,400	**-159,443**
Translation differences	–	283	372	**656**
Accumulated depreciation for decreases	–	–	3,378	**3,378**
Depreciation and amortisation for the financial year	–	-5,121	-13,789	**-18,911**
Reclassifications	–	-3,953	3,953	**–**
Closing balance 31 December	**-2,608**	**-14,226**	**-157,486**	**-174,320**
Book value 1 January	**8,261**	**15,098**	**31,551**	**54,910**
Book value 31 December	**13,670**	**7,838**	**38,595**	**60,104**

Intangible assets and goodwill 2023 (EUR 1,000)

Acquisition cost	Goodwill	Customer relationships	Other	Total
Opening balance 1 January	10,862	20,489	175,542	**206,893**
Translation differences	8	44	32	**84**
Increases	–	–	7,842	**7,842**
Decreases	–	–	-464	**-464**
Closing balance 31 December	**10,870**	**20,533**	**182,951**	**214,354**

Accumulated depreciation, amortisation and impairment	Goodwill	Customer relationships	Other	Total
Opening balance 1 January	–	-798	-136,132	**-136,930**
Translation differences		-87	-107	**-195**
Accumulated depreciation for decreases	–	–	-539	**-539**
Depreciation and amortisation for the financial year	–	-4,550	-14,621	**-19,171**
Impairment losses	-2,608			**-2,608**
Closing balance 31 December	**-2,608**	**-5,435**	**-151,399**	**-159,443**
Book value 1 January	**10,862**	**19,691**	**39,409**	**69,962**
Book value 31 December	**8,261**	**15,097**	**31,551**	**54,910**

Goodwill impairment testing

VR Group allocates goodwill for impairment testing to those cash-generating units which are expected to benefit from the business combination that resulted in the goodwill. “Cash-generating unit” refers to the smallest identifiable asset group at VR Group whose generated cash flows are largely independent of the cash flows generated by other assets or groups of assets. The Group recognises an impairment loss when the book value of a cash-generating unit exceeds its recoverable amount.

The goodwill on the Group’s balance sheet is from the acquisitions of Avecra Oy, VR Sverige AB and VR Snabbtåg Sverige AB. Avecra Oy is part of VR Long-distance Traffic and is tested as part of it because its cash flows cannot be separated from other cash flows of VR Long-distance Traffic. VR Sverige AB is tested as a Swedish operations of VR City Traffic. Testing of VR Snabbtåg Sverige AB is conducted separately from VR Long-distance Traffic because its cash flows can be separated from rest of the operating segment.

The recoverable amount in impairment testing has been determined based on value in use. The values used in determining the value in use are consistent with figures obtained from external information sources. The cash flows forecast in the calculations are based on financial plans approved by top management, covering the five-year strategy period and the subsequent terminal period. The discount rate is the weighted average cost of capital (WACC) determined by business area.

On the basis of the impairment testing carried out, the balance sheet values of goodwill were not impaired at 31 December 2024.

Goodwill by business area (EUR 1,000)

	12/31/2024	12/31/2023
VR Long-distance Traffic (Avecra and VR Sverige)	**4,941**	4,941
VR Long-distance Traffic (VR Snabbtåg Sverige)	**5,503**	–
VR City Traffic (VR Sverige)	**3,226**	3,320
Total	**13,670**	8,261

Key information of tests for impairment

	12/31/2024	12/31/2023
The growth factor (%) used for extrapolating cash flows after the strategy period (the assumption is a steady growth factor)	**1.0-1.8**	1.0-1.5
Discount rate (pre-tax WACC), %	**6.8-8.9**	6.0-6.3
WACC after taxes, %	**6.8-7.1**	4.8-5.0

VR Group's management assesses on each closing date whether there are indications of impairment of goodwill (or any other intangible or tangible asset or right-of-use asset). The Group regularly estimates these indications based on the Group's internal reporting or changes in the economic environment and market.

For instance, indications may include:

- unexpected changes in the variables of the testing calculations (net sales and profitability), and
- changes in market conditions

Measurement is generally discretionary, and the values can change from one financial year to another, because the management has to project the supply and demand concerning individual businesses, future selling prices and achievable levels of costs. The estimated benefits and savings achieved as the result of efficiency programmes are subjective. The value in use of a cash-generating unit is determined by discounting estimated cash flows using an interest rate based on the weighted average cost of capital (WACC). The WACC calculation is based on the beta factors and capital structures of of benchmark companies.

Goodwill is tested annually, regardless of whether there are any indications. No depreciations are done for goodwill, but it is tested for impairment annually. Imparments done previously are not reversed, even if the circumstances leading to imparment would have improved significantly.

4.5. Provisions

The provisions are comprised of liabilities whose time of realisation or actual amount is uncertain. A provision is recognised when the Group has a (legal or factual) obligation as a result of a previous event, the realisation of the payment obligation is probable and the amount of the obligation can be reliably determined.

The amount recognised as a provision equals the best estimate of the expenses required to fulfil the existing obligation on the closing date of the reporting period. The outgoing cash flows caused by the obligation are discounted to the time of review if the impact of the time value of money is substantial. The discount rate should reflect the market view of the time value of money at the time of review and the special risks concerning the liability in question. The risks and uncertainties associated with the obligation are taken into consideration in the amount of the provision.

Provisions concerning fixed assets are included in the acquisition cost of the property, plant and equipment or right-of-use asset, as the acquisition cost has to include the costs of dismantling and transferring the asset and restoring the location to the original state pursuant to the initial estimate. Any subsequent changes in liabilities are added to the acquisition cost of the asset concerned by the liabilities or deducted from it, and the adjusted depreciable amount of the asset is recognised non-retroactively as an expense over its remaining economic useful life.

VR Group's provisions are comprised of environmental obligations, expenses on onerous contracts, employer's obligation to pay the unemployment insurance liability component and expenses of warranty repairs of maintenance work.

Provision for environmental obligations

Provisions are recognised for environmental obligations as a result of VR Group's operations at depots, machine shops, refuelling and loading sites and for restoring or rehabilitating leased land areas or buildings or the environment. The most typical sites are old machine shops, depots and refuelling or loading sites where environmentally hazardous substances have potentially been handled. Some of the sites have been used by the Group for a long time, and some of them are built in previously contaminated areas.

Provisions for environmental obligations are associated with the restoration or rehabilitation of owned and leased land areas or buildings. The Group has determined an estimated restoration schedule, amount and time of realisation for the sites. With regard to owned assets, the expenses associated with the provision for environmental obligations are included in the acquisition cost of the property, plant and equipment asset and the acquisition cost of assets classified as investment properties. Similarly, the corresponding expenses associated with leased sites are included in the right-of-use asset.

Provisions for onerous contracts

Provision for onerous contract is recognised when it is likely that the income from the contract is not adequate to cover the expenses arising from fulfilling the obligations of the contract.

Other provisions

Other provisions include warranty provisions and provisions for unemployment insurance fund provisions. Warranty provisions are provisions for expenses of warranty repairs of maintenance work done by VR FleetCare. An employer is obligated to pay the unemployment insurance contribution (Unemployment Insurance Fund provision), if a senior employee who has been given notice or laid off remains unemployed or laid off for a long time. The Group recognises a provision in conjunction with dismissal. The unemployment insurance fund provision are realised in two years time.

The provisions are comprised of liabilities whose time of realisation or actual amount is uncertain. A provision is recognised when the Group has a (legal or factual) obligation as a result of a previous event, the realisation of the payment obligation is probable and the amount of the obligation can be reliably determined.

The amount recognised as a provision equals the best estimate of the expenses required to fulfil the existing obligation on the closing date of the reporting period. The outgoing cash flows caused by the obligation are discounted to the time of review if the impact of the time value of money is substantial. The discount rate should reflect the market view of the time value of money at the time of review and the special risks concerning the liability in question. The risks and uncertainties associated with the obligation are taken into consideration in the amount of the provision.

Provisions concerning fixed assets are included in the acquisition cost of the property, plant and equipment or right-of-use asset, as the acquisition cost has to include the costs of dismantling and transferring the asset and restoring the location to the original state pursuant to the initial estimate. Any subsequent changes in liabilities are added to the acquisition cost of the asset concerned by the liabilities or deducted from it, and the adjusted depreciable amount of the asset is recognised non-retroactively as an expense over its remaining economic useful life.

Estimates of the existence and amount of the obligation need to be used in deciding on the prerequisites for recognising provisions and determining their amounts. The recognised amount is the best estimate of the expenses caused by the obligation on the closing date or if it was transferred to a third party. The estimates of the financial impacts of prior incident requires management discretion, which is based on prior similar incidents and where deemed necessary using the external experts evaluation.

The estimates can deviate from the actual future obligation in terms of amount and existence. In addition to the identified provisions, the Group has some off-balance sheet liabilities with possible future obligations (timing, costs) that cannot be reliably projected. With regard to provisions for environmental obligations, determining the time of materialisation difficult, the estimate requires management discretion and the time of materialisation used is 20 years until the timing can be more accurately estimated.

Provisions 2024 (EUR 1,000)

	Loss-making contract on oblige traffic	Provisions for environmental obligations	Other provisions	Total
Book value 1 January	13,700	54,132	16,035	**83,867**
Increases through business acquisition	–	–	473	**473**
Increases	16,582	2,194	537	**19,314**
Discount effect	–	-5,387	–	**-5,387**
Provisions used	-1,800	-2,473	-3,586	**-7,859**
Cancellation of unused provisions	–	–	-4,808	**-4,808**
Book value 31 December	**28,482**	**48,466**	**8,652**	**85,600**

Provisions 2023 (EUR 1,000)

	Loss-making contract on oblige traffic	Provisions for environmental obligations	Other provisions	Total
Book value 1 January	12,400	59,115	7,382	**78,897**
Increases	1,300	731	15,171	**17,202**
Discount effect	–	1,296	–	**1,296**
Provisions used	–	-7,011	-4,213	**-11,224**
Cancellation of unused provisions	–	–	-2,306	**-2,306**
Book value 31 December	**13,700**	**54,132**	**16,035**	**83,867**

Provision for environmental obligations

The amount recognised as a provision is the present value of the expenses expected to be required for fulfilling the obligation. The present value of the expenses is determined either as an in-house estimate or by an external consultant, depending on the site. The Group annually revises the estimates of future expenses relating to land areas and their timing. Provisions for environmental obligations are recognised in the balance sheet based on interpretation of environmental legislation and other regulations in force, when the criteria for recognising the provision are met.

A major increase in a provision resulting from the lapse of time is recognised as an interest expense. At the end of the year 2024 the discount rate was an average of 2.1% (2.1%).

The estimated time of materialisation of the Group's provisions for environmental obligations varies from 1 to 20 years. They are typically long-term obligations. With regard to provisions for environmental obligations in which determining the time of materialisation is difficult, the time of materialisation used is 20 years until the timing can be more accurately estimated.

Environmental provision includes value added tax to the extent the VAT on purchases is non-deductible.

Other provisions

An employer may be obligated to pay the unemployment insurance contribution if a senior employee who has been given notice or laid off remains unemployed or laid off for a long time.

4.6. Net working capital

VR Group manages the items described in the table as working capital:

EUR 1,000	2024	2023
Inventories	**104,122**	99,400
Accounts receivable and other receivables	**162,886**	159,910
Working capital - receivables, total	**267,008**	259,310
Accounts payable and other liabilities	**268,127**	266,288
Working capital - liabilities, total	**268,127**	266,288
Net working capital	**-1,119**	-6,978

4.6.1. Inventories

VR Group's inventories are mainly comprised of spare and replacement parts needed for maintaining and repairing rolling stock, only replaced upon breaking down, such as train windshields. The inventories include materials and supplies intended for use in the production process, unfinished products and finished products that can be transferred as such.

VR Group classifies replacement and spare parts with a significant value that will be regularly replaced based on the maintenance programs as fixed assets. They are described in more detail in Note 4.1. Property, plant and equipment.

VR Group measures inventories at the lower of acquisition cost or net realizable value. The acquisition cost of inventories is determined using the weighted average price method. The net realizable value is the estimated price obtained from selling the inventory item in the course of ordinary business less the estimated expenses due to finishing the product and realizing the sale.

The Group includes direct purchase expenses, including import duties and acquisition and transport costs in the acquisition cost of products sourced as finished products. Any discounts received are deducted from the acquisition cost. The acquisition cost of finished and unfinished products manufactured by the Group includes raw materials, wage and salary expenses caused by the direct work performance and a share of other required expenses. In addition, a share of the variable and fixed overhead of manufacturing is allocated to the items in accordance with the normal utilization rate.

The provision recognized for inventories with a slow turnover time and obsolete inventories is based on the best estimate at the closing date. The estimates are based on a systematic and continuous review and assessment of inventory quantities. This assessment also takes into consideration the composition of inventories and their age in relation to the estimated future need.

EUR 1,000	2024	2023
Materials and supplies	**98,658**	93,223
Work in progress	**4,810**	5,585
Finished goods	**654**	592
Total	**104,122**	99,400

A total of EUR -22,104 (-9,030) thousand was expensed to the income statement for materials and supplies, work in progress and finished products. These items are included in the income statement item materials and services and production for own use.

A total of EUR -3,232 (-1,527) thousand was recognized as impairment in the inventories of VR FleetCare during the financial year. The book value of these inventory items was decreased to correspond with their net realizable value. In the financial period, EUR 4,887 (3,303) thousand of the items impaired in previous financial years were also recognized as a return of impairments, which resulted in a net positive effect of EUR 1,655 (1,776 positive) thousand of impairments and their returns.

4.6.2. Accounts receivable and other receivables

The Group's accounts receivable and other receivables are comprised of the following items:

EUR 1,000	2024	2023
Accounts receivable	**98,243**	82,719
Other receivables	**9,982**	8,413
Advances paid	**490**	943
Derivatives	**4,054**	5,007
Prepaid expenses and accrued income	**50,118**	62,829
Total	**162,886**	159,910

The table describes the items susceptible to credit risk and the provision for expected credit losses:

	2024		2023	
EUR 1,000	Gross book value	Credit loss provision	Gross book value	Credit loss provision
Current accounts receivable (not due)	88,284	-509	75,522	-607
Overdue				
1–7 days	4,733	-4	6,333	-10
8–30 days	1,552	–	-4,140	-3
31–60 days	982	–	246	-3
61–90 days	43	-5	87	-1
91–180 days	236	–	614	-4
over 180 days	3,267	-335	4,881	-197
Total	**99,097**	**-854**	**83,543**	**-825**

The reconciliation of expected credit losses is presented in the table below:

EUR 1,000	2024	2023
Book value 1 January	**-825**	-1,051
Impairment losses	**-335**	–
Net re-evaluation of provisions for credit losses	**306**	226
Book value 31 December	**-854**	-825

The Group recognises all accounts receivable at amortised cost. Accounts receivable are current assets that the Group intends to hold for a maximum of 12 months after the close of the reporting period.

Expected credit losses

The Group measures accounts receivables at amortised cost, and the expected credit losses for them are recognised. The Group applies a simplified procedure (provision matrix) to calculating expected credit losses, with the allowance concerning the loss measured at an amount corresponding with the expected credit losses for the entire validity period. Changes in expected credit losses are recognised through profit or loss in other operating expenses.

Accounts receivable are broken down by business area in calculating expected credit losses. The provision matrix takes into account historical data about actual credit losses, economic conditions at the time of review and forward-looking expectations of the development of credit losses.

An actual credit loss is recognised on the income statement for accounts receivable when the Group considers that no payment will be received.

4.6.3. Accounts payable and other liabilities

The Group's accounts payable and other liabilities are comprised of the following items:

	2024	2023
Accounts payable	**64,946**	73,117
Other liabilities	**29,440**	25,318
Accrued expenses and prepaid income	**138,247**	141,961
Advances received	**36,212**	28,518
Total	**268,845**	268,914

The most significant items in the Group's accrued expenses and prepaid income include salary liabilities, EUR 86,048 thousand (86,772) and accruals from sales and expenses totalling EUR 45,575 thousand (50,455).

Advances received are mainly comprised of accruals from VR's multi, single and season tickets.

Accounts payable are initially recognised at fair value on the balance sheet and subsequently measured at amortised cost. Accounts payable are current liabilities that will fall due within a maximum of 12 months after the close of the reporting period.

5. Capital structure

5.1. Capital management

The purpose of VR Group's capital management is to ensure the prerequisites for the Group's operations under all conditions, and maintain an optimum capital structure. The main monitored indicator of the capital structure is the ratio of net interest-bearing liabilities to comparable EBITDA of last twelve months.

VR's long-term financial targets approved by the Board of Directors of VR-Group Plc are:

1. Minimum of 8.0 per cent in comparable return on capital employed.
2. Maximum of 3.0x in net debt to comparable EBITDA in the long-term.

According to VR's dividend policy the long-term target is a stable profit distribution of approximately 50-80% of the previous year's net profit added by debt free cash flow from possible real estate divestments.

EUR 1,000	2024	2023
Cash and cash equivalents	**111,569**	224,177,909
Equity	**1,262,972**	1,268,623
Long-term interest-bearing liabilities (1)	**505,529**	518,022
Short-term interest-bearing liabilities (1)	**49,444**	36,950
Interest-bearing liabilities, total	**554,973**	554,972
Equity and interest-bearing liabilities, total	**1,817,944**	1,823,595
Net debt	**443,404**	330,794

(1) Includes lease liabilities

The Group's liquidity risk and maturity of interest-bearing liabilities are presented in the risk management note 6.1.

5.2. Financial assets and liabilities and fair values

Financial assets and liabilities

The Group's financial assets consist of investments in commercial papers and corporate and state bonds, investments in funds and shares, loans and accounts receivable as well as derivative assets. Financial liabilities include bonds, commercial papers, loans from financial institutions, lease liabilities, accounts payable and derivative liabilities.

Financial assets

The Group measures an item included in financial assets at fair value upon initial recognition, and in case of items other than those included in financial assets at fair value through profit or loss, the immediate item-related transaction costs are added to or deducted from it. Financial assets at fair value through profit or loss are initially recognised on the balance sheet at fair value and transaction costs are recognised through profit or loss.

The classification of financial assets is based on business models defined by VR Group and contractual cash flows of financial assets. The Group's financial assets are classified into the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. Financial assets are included in non-current assets on the balance sheet, unless they mature within 12 months of the closing date.

Amortised cost

Loan receivables, accounts receivable and cash and cash equivalents which are held to maturity to collect contractual cash flows and the cash flows are solely payments of principal and interest, are measured at amortised cost in the Group. Loan receivables are measured at amortised cost using the effective interest method.

Furthermore, the Group's investments in commercial papers and bonds are measured at amortised cost. The objective of the business model applied to these investments is to secure the Group's liquidity position and manage investments to collect contractual cash flows.

An allowance for expected credit losses is recognised for financial assets measured at amortised cost. The calculation of the loss allowance is described in Note 6.1

At fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are obtained for held for trading purposes or that are classified in this category upon initial recognition. The transaction costs associated with financial assets at fair value through profit or loss and realised and unrealised gains and losses resulting from changes in fair value are recognised through profit or loss. The Group recognises non-hedge accounted derivatives at fair value through profit or loss.

Shares and funds

The Group classifies its investments in shares and funds at fair value through profit or loss, with the related fair value changes being recognised through profit or loss. Dividends received on investments are recognised through profit or loss. Investments in unlisted shares are recognised at the lower of original acquisition cost or probable value, because their fair values are not reliably available.

Equity instruments at fair value through other comprehensive income

With regard to equity instruments, the Group can upon initial recognition make an irrevocable election and measure the items at fair value through other comprehensive income. In this case, subsequent changes in fair value are reported in other comprehensive income with only dividends on investments being recognised through profit or loss, unless the dividend clearly represents refund of capital. In the Group, this item consists of investment in shares of NRC Group.

Cash and cash equivalents

Cash and cash equivalents include cash, bank account balances, short-term commercial papers and deposits. Cash and cash equivalents have a maturity of a maximum of three months from the time of acquisition and the risk of changes in their value is low. Used overdraft facilities are presented in other short-term liabilities on the balance sheet. When their maturity exceeds three months, investments in commercial papers and deposits are recognized in other financial assets.

Financial liabilities

Financial liabilities are measured at fair value upon initial entry. In case of items other than those included in financial liabilities at fair value through profit or loss, the immediate item-related transaction costs are added to or deducted from it. Financial liabilities at fair value through profit or loss are initially recognised on the balance sheet at fair value and transaction costs are immediately recognised as expenses.

The Group's financial liabilities are classified into the following categories: at amortised cost and at fair value through profit or loss. Both long- and short-term liabilities include financial liabilities. A financial liability is classified as short-term unless the Group has an absolute right to postpone the payment of the liability a minimum of 12 months after the closing date of the reporting period.

Amortised cost

The Group measures interest-bearing liabilities and accounts payable at amortised cost. Loans from financial institutions are measured at amortised cost using the effective interest method.

At fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are comprised of derivative liabilities not included in hedge accounting. The transaction costs associated with financial liabilities at fair value through profit or loss, together with realised and unrealised gains and losses resulting from changes in fair value are recognised through profit or loss.

Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the balance sheet and are subsequently measured at fair value. Non-hedge accounted derivatives are recognised through profit or loss, whereas derivatives subject to cash flow hedge accounting are carried at fair value through other comprehensive income in accordance with IFRS 9. Derivative contracts and hedge accounting principles are described in more detail in the Risk Management Note 6.2.

Derecognition

Financial assets are derecognised once the Group's rights have expired or they have been transferred to other parties. At this time, the Group has transferred the risks and benefits related to the ownership to a substantial extent to another party. Financial liabilities are derecognised once the obligation associated with the liability in question has been fulfilled or it has expired.

Guarantees

VR Group issues guarantees associated closely with its operations. The purpose of the guarantees is to make sure that VR Group can fulfil its contractual obligations. Guarantees have not been given to companies outside the Group, so the guarantees do not result in credit risk.

Measurement of fair values

The fair value of an asset or liability is the price that would be received from the sale of the asset or paid for transferring the liability between market parties in the course of ordinary business on the measurement date.

Fair values are classified to fair value hierarchy levels as follows, describing the significance of the inputs used in the measurement methods:

Level 1

Quoted fair values (unadjusted) in active markets for identical assets or liabilities

Level 2

Inputs other than quoted market prices included within Level 1 are used in measuring fair values. The inputs are observable for the asset or liability, either directly or indirectly.

Level 3

Fair values are measured using inputs that are unobservable inputs for the asset or liability.

The book value of short-term accounts receivable and accounts payable are considered to equal the best estimate of their fair value. In addition, the acquisition price of unlisted shares is considered to equal the best estimate of their fair value.

The Group has exercised discretion in the treatment of the shares in NRC Group as an investment. At the end of the reporting period, VR Group held 10,60% of the shares in NRC. Changes in the fair value of NRC Group shares are recorded at fair value through other comprehensive income

Financial assets and liabilities

The table below shows the categories of financial assets and liabilities and the classification of items recognised at fair value in the fair value hierarchy.

There were no transfers between level 1 and level 2 or to level 3 of the fair value hierarchy in the financial years 2024 or 2023.

2024 (EUR 1000) Financial assets	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Derivatives in hedge accounting	Book value total	Fair value	Level 1	Level 2	Level 3
Long-term financial assets									
Investments	–	–	7,580	–	7,580	7,580	7,384	–	196
Derivatives	–	–	–	1,424	1,424	1,424	–	1,424	–
Short-term Financial assets									
Accounts receivable and other receivables	108,715	–	–	–	108,715	108,715	–	–	–
Derivatives	–	797	–	3,257	4,054	4,054	–	4,054	–
Cash and cash equivalents	111,569	–	–	–	111,569	111,569	–	–	–
Financial assets, total	**220,284**	**797**	**7,580**	**4,681**	**233,342**	**233,342**	**7,384**	**5,478**	**196**
Financial liabilities									
Long-term financial liabilities									
Bonds	298,956	–	–	–	298,956	291,410	291,410	–	–
Loans from financial institutions	494	–	–	–	494	494	–	–	–
Lease liabilities	206,080	–	–	–	206,080	206,080	–	–	–
Derivatives	–	–	–	1,424	1,424	1,424	–	1,424	–
Accounts payable and other liabilities	718	–	–	–	718	718	–	–	–
Short-term financial liabilities									
Short-term financial loans	20,584	–	–	–	20,584	20,584	–	20,584	–
Lease liabilities	28,860	–	–	–	28,860	28,860	–	–	–
Derivatives	–	174	–	5,018	5,192	5,192	–	5,192	–
Accounts payable and other liabilities	64,946	–	–	–	64,946	64,946	–	–	–
Financial liabilities, total	**620,637**	**174**	**–**	**6,442**	**627,253**	**619,707**	**291,410**	**27,200**	**–**

2023 (EUR 1,000) Financial assets	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Derivatives in hedge accounting	Book value total	Fair value	Level 1	Level 2	Level 3
Long-term financial assets									
Investments	–	–	12,993	–	12,993	12,993	12,695	–	298
Derivatives	–	–	–	1,179	1,179	1,179	–	1,179	–
Short-term Financial assets									
Accounts receivable and other receivables	92,075	–	–	–	92,075	92,075	–	–	–
Derivatives	–	214	–	4,793	5,007	5,007	–	5,007	–
Cash and cash equivalents	224,178	–	–	–	224,178	224,178	–	–	–
Financial assets, total	**316,253**	**214**	**12,993**	**5,972**	**335,432**	**335,432**	**12,695**	**6,185**	**298**
Financial liabilities									
Long-term financial liabilities									
Bonds	298,757	–	–	–	298,757	287,064	287,064	–	–
Loans from financial institutions	517	–	–	–	517	517	–	–	–
Lease liabilities	217,338	–	–	–	217,338	217,338	–	–	–
Derivatives	–	–	–	4,153	4,153	4,153	–	4,153	–
Accounts payable and other liabilities	2,626	–	–	–	2,626	2,626	–	–	–
Short-term financial liabilities									
Lease liabilities	36,943	–	–	–	36,943	36,943	–	–	–
Derivatives	–	2,860	–	417	3,276	3,276	–	3,276	–
Accounts payable and other liabilities	73,117	–	–	–	73,117	73,117	–	–	–
Financial liabilities, total	**629,298**	**2,860**	**–**	**4,570**	**636,727**	**625,034**	**287,064**	**7,429**	**–**

Accounts receivable and expected credit losses are described in Note 4.6.

The hedge accounting principles and accounting for derivatives applied by the Group are described in Note 6.2.

The Group’s leases and lease liabilities are described in Note 4.2.

Loan receivables

At the end of financial year 2024, VR Group did not have any loan receivables.

Other financial assets

At the end of 2024, VR Group did not have any bank deposits with maturities over three months (EUR 0 million at the end of 2023).

Equity investments at fair value through other comprehensive income

The investment in shares in NRC Group is recognised at fair value through other comprehensive income, because it is a strategic investment in shares in a significant partner and the shares are not held for trading purposes. The shares in NRC Group are listed on the Oslo Stock Exchange and classified at level 1 of the fair value hierarchy.

(EUR 1,000)	Fair value 2024	Fair value 2023	recognised on the income statement 2024	recognised on the income statement 2023
NRC Group	7,384	12,695	–	–
Total	**7,384**	**12,695**	**–**	**–**

During the 2024 reporting period, NRC Group carried out a directed share issue in which VR Group acquired 5 000 000 new NRC Group shares. After the transaction, VR Group held 18 336 415 NRC Group shares, representing 10,60% of the company's share capital. During the 2024 reporting period no reclassifications of retained earnings or losses were made between equity items. During the comparison period 2023, there were no changes in the holdings in NRC Group, and no reclassifications of retained earnings or losses were made between equity items.

Cash and cash equivalents (EUR 1,000)

(EUR 1,000)	2024	2023
Cash and cash equivalents	**111,569**	149,178
Bank deposits under 3 months	**–**	75,000
Total	**111,569**	224,178

Interest-bearing liabilities

The key terms and conditions of the Group's liabilities are described in the table below.

EUR 1,000	Interest rate	Maturity	Nominal value 2024	Book value 2024	Nominal value 2023	Book value 2023
Bonds	Fixed	2029	**300,000**	**298,956**	300,000	298,757
Loans from financial institutions	Floating	2032	**494**	**494**	517	517
Commercial papers	Floating	2025	**21,000**	**20,194**	–	–
Other financial loans	Fixed	2025	**390**	**390**	1,415	1,415
Lease liabilities	Floating	2026-2033	**173,056**	**173,056**	190,641	190,641
Lease liabilities	Fixed	2026-2033	**61,884**	**61,884**	63,640	63,640
Interest-bearing liabilities, total			**556,823**	**554,973**	556,213	554,970

The maturity distribution of interest-bearing liabilities is presented in risk management Note 6.1

The measurement of interest on lease liabilities is described in Note 4.2

At the end of May 2022, VR-Group Plc issued its first unsecured fixed-rate Green Bond as part of the Group's Green Finance Framework. The bond has a nominal value of EUR 300 million and a maturity of 7 years. The loan will mature in May 2029 and will bear an annual fixed interest rate of 2.375 %.

The proceeds from the issue will be used for initiatives and projects that comply with VR Group's Green Finance Framework. The projects include investments in clean transport, renewable energy projects and improving the energy efficiency of buildings owned or occupied by VR Group.

Lease liabilities are typically associated with different land and water areas, office and warehouse buildings. Lease liabilities also include lease agreements with financial institutions relating to wagons, cars, buses. IFRS 16 is applied both to lease liabilities. More information available in Note 4.2. Leases.

5.3. Financial income and expenses (EUR 1,000)

The table describes the items recognised through profit or loss:

Financial income	2024	2023
Dividend income	**5**	6
Interest income according to the effective method	**5,306**	7,813
Realised exchange rate gains of loans, derivatives and bank accounts	**1,305**	2,229
Unrealised exchange rate gains of loans, derivatives and bank accounts	**3,123**	2,418
Change in the fair value of unrealised derivatives	**—**	626
Other financial income	**1**	3
Total	**9,740**	13,094
Financial expenses		
Impairment losses	**–**	-1,336
Interest expenses according to the effective method	**-8,350**	-9,159
Interest expenses of lease liabilities	**-8,416**	-8,014
Realised exchange rate losses of loans, derivatives and bank accounts.	**-5,324**	-570
Unrealised exchange rate losses of loans, derivatives and bank accounts.	**-304**	-4,604
Other financial expenses	**-459**	-744
Total	**-22,853**	-24,428
Financial income and expenses, total	**-13,113**	-11,334

At the end of May 2022, VR-Group Plc issued an unsecured fixed-rate Green Bond, which was pre-hedged with interest rate swaps. These swaps were terminated at the time of the bond issuance and realised result is accrued until maturity 2029. Effective annual interest including hedge is 2.0 %.

Interest income was earned from bank accounts and deposits. Exchange rate gains and losses includes unrealised and realised profit and losses from loans, bank accounts in foreign currency as well as currency derivatives.

5.4. Equity and reserves

Share capital	2024 qty	2023 qty	2024 (EUR 1000€)	2023 (EUR 1000€)
Share capital 1 Jan	**2,200,000**	2,200,000	**370,013**	370,013
Share capital 31 Dec	**2,200,000**	2,200,000	**370,013**	370,013

Treasury shares

VR does not hold any treasury shares.

Hedging and other reserves

The effective part of the change in the fair value of derivatives in hedge accounting is recognised in the hedging reserve.

Invested non-restricted equity reserve

The invested non-restricted equity reserve includes other equity investments that are not recognised in share capital based on a specific decision. The invested non-restricted equity reserve is fully comprised of the invested non-restricted equity reserve of the parent company, VR-Group Plc.

Dividends

The distributable funds of the parent company in the financial statements amount to EUR 314.8 (370.8)million, of which the share of the annual result is EUR 5.9 million. The Board of Directors proposes to the Annual General Meeting that an equity repayment of EUR 44.4 million, or 20.18 euros per share, be distributed from the distributable equity of VR-Group Plc.

6. Financial risk management

6.1. Financial risks

In its operations, VR Group is exposed to liquidity risk, credit risk and market risk (interest risk, exchange risk, fuel and electricity price risk). The objective of VR Group's risk management is to ensure effective and successful implementation of risk management in order to meet its financial objectives. In addition, the Group's financial risk management aim is to maintain the Group's ability to receive funding from the market through a strong balance sheet position and consistent profitability.

Principles of financial risk management

The Board of Directors of VR-Group Plc decides on the Group's Treasury Policy that defines the principles governing the management of financial risks. The Group's treasury function, headed by the Group CFO, is responsible for risk management in practice. VR-Group Plc's Board of Directors and senior management are responsible for regulating risk appetite.

Market risk

The treasury function of the Group is responsible for the management of market risks and its practical implementation. The Group's market risks include interest rate risk, exchange risk and fuel and electricity price risk.

Interest rate risk

Changes in interest rates create uncertainty to the Group's cash flow, profitability and value. VR's interest rate risk arises mainly from floating rate lease liabilities and loans from financial institutions. The goal of interest rate risk management is to reduce the effect of interest rate changes to the Group's cash flow, profitability and value.

Items exposed to interest rate risk (EUR 1,000)

Floating-rate liabilities	2024	2023
Loans from financial institutions	**494**	517
Commercial papers	**20,194**	–
Lease liabilities	**173,056**	190,641
Total	**193,744**	191,158

The Group's loans consist of both fixed and floating-rate loans. The reference rates for the floating-rate loans are Euribor rates.

The weighted average interest rate on VR's floating-rate liabilities was 3.6 % (31 December 2023: 4.4 %).

Sensitivity analysis of interest rate changes

The table below describes the impact of an interest rate change of one (1) percentage point on the Group's interest expenses for the next year, taking into consideration the impact of interest rate derivatives. The analysis assumes that other factors remain unchanged. Equity only includes items subject to hedge accounting. The Group's floating rate loans have a 0%-floor for the reference rate.

Hedge ratio of the Group's debt portfolio was 60% at the end of 2024 financial year (31st December 2023: 61%).

Fixed rate loans and interest rate swaps that are used to fix interest rates are considered part of the hedged share in the calculation, More details of the derivatives are described in table "Nominal values and fair values of derivatives" in Note 6.2.

	Income statement		Equity	
(EUR, 1 000)	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Floating-rate liabilities	-1,660	1,660	–	–

Currency risk

Changes in exchange rates create uncertainty with regard to the Group's cash flow, profitability and value. The Group's currency risk arises from two components: transaction risk and translation risk. Transaction risk refers to changes in exchange rates affecting the value of commercial transactions, and translation risk refers to changes in exchange rates affecting the balance sheet value of assets and receivables.

The objective of currency risk management is to reduce the impact of changes in exchange rates on the Group's cash flow, profitability and value. According to VR Group's Treasury Policy, all binding and significant cash flows denominated in foreign currency are to be hedged.

The Group's currency risk arises mainly from internal loans, payments and receivables denominated in foreign currencies and binding offers issued in foreign currencies. The Group's currency risk from internal loans (SEK) risk is fully hedged with foreign exchange derivatives, which are not under hedge accounting. Risk from external Swedish Krona (SEK) receivables is hedged mainly with currency derivatives, which are under hedge accounting.

VR Group is indirectly exposed to the currency risk of the Norwegian krone (NOK) due to its investment in shares in NRC Group, which are quoted in NOK. Exchange rate changes arising from the price of a NRC Group share are recorded as part of the change in the value of investments in the fair value reserve.

Sensitivity analysis of currency rate changes on derivatives

The table below describes the impact of derivatives with a 10% change in foreign exchange rate has on the Group's income and equity. Change in the fair value of derivatives under hedge accounting affect VR Group's equity and changes in the fair value of derivatives that are not under hedge accounting affect VR Group's income. The analysis assumes that other factors remain unchanged.

	Income statement		Equity	
(EUR 1,000)	Euro strengthening +10%	Euro weakening -10%	Euro strengthening +10%	Euro weakening -10%
SEK	-5,276	6,448	-5,997	7,329

Fuel and electricity price risk

Changes in the market price of fuel and electricity create uncertainty to the Group's cash flow, profitability and value. Fuel and electricity price risk arises from the Group's operations.

The Group's fuel price risk is mostly concentrated to the logistics and contractual business. Fuel price risk is hedged with index-linked customer contracts, where changes in the fuel price change the pricing in the contracts. The Group's electricity price risk is hedged with index –linked customer contracts and electricity derivatives.

According to VR Group's Treasury Policy, the target hedge ratio of fuel and electricity price risk is 75% of the forecasted consumption for the next 12 months.

More details of the derivatives are described in table "Nominal values and fair values of derivatives" in Note 6.2.

Items exposed to price risk

	2024	2023
Fuel consumption, tonnes	**25,378**	31,590
Electricity consumption, GWh	**701**	791

Sensitivity analysis of changes in electricity prices on derivatives

The table below describes the impact a 20% change in fuel and electricity prices has on the Group's income and equity. The table indicates how much equity would change through the change in the market value of derivatives and how much the following year's net profit would change through cash flow. The analysis assumes that other factors remain unchanged.

At the end of financial year 2024, 84% of system price risk and 84% of Helsinki area price difference risk of the electricity consumption excluding index-linked customer contracts was hedged with electricity derivatives.

Fuel price risk is almost totally hedged with index-linked customer contracts, therefore fuel derivatives were not hedged with derivative agreements.

	Income statement		**Equity**	
EUR 1,000	Increase	Decrease	Increase	Decrease
Electricity (undiscounted figures)	2,196	-2,194	4,280	-4,279

Share price risk

VR Group's investment in NRC Group shares is measured at fair value through other comprehensive income. The +/-10 per cent change in the share price has an impact of EUR +/- 0.7 (+/- 1.8) million on the Group's comprehensive income before taxes.

Liquidity risk

Liquidity risk is the risk of the Group's companies not being able to engage in their normal business or fulfil their maturing payment obligations in due time due to a shortage of liquid assets.

The Group manages its liquidity risk by planning and managing its day-to-day liquidity and monitoring the liquidity situation. In order to ensure day-to-day liquidity, the Group has, for example, a commercial paper programme, short-term bank account limits and a long-term revolving credit facility.

The table below describes the contractual cash flows of debt bearing liabilities and accounts payables. The reported data is undiscounted and includes both the payment of interest and repayment of the principal.

Material contract based purchase commitments with their respective payment schedules are described in Note 9.1.2 Commitments and other open liabilities.

Contractual cash flows 2024 (EUR 1,000)

	Total	Under 12 months	1-5 years	over 5 years
Bonds	335,625	7,125	328,500	–
Commercial papers	21,000	21,000	–	–
Loans from financial institutions	492	25	125	342
Lease liabilities	234,939	28,836	76,607	129,497
Accounts payable and other liabilities	65,664	64,946	718	–
Derivatives	6,616	5,192	1,424	–
Total	**664,336**	**127,124**	**407,373**	**129,839**

Contractual cash flows 2023 (EUR 1,000)

	Total	Under 12 months	1-5 years	over 5 years
Bonds	342,750	7,125	28,500	307,125
Other financial loans	1,409	871	538	–
Loans from financial institutions	517	26	103	388
Lease liabilities	254,281	35,100	76,610	142,571
Accounts payable and other liabilities	75,743	73,117	2,626	–
Derivatives	7,429	3,276	4,153	–
Total	**682,130**	**119,515**	**112,530**	**450,084**

Liquidity reserve

The table below describes VR Group's liquidity reserve aiming to secure the Group's short-term liquidity.

(EUR 1,000)	2024	2023
Cash and cash equivalents	**111,569**	149,178
Bank deposits under 3 months	**–**	75,000
Total	**111,569**	224,178

Commercial paper programme (EUR 300 million)
Revolving Credit Facility (EUR 200 million)
Overdraft facility (SEK 100 million)

VR Group has strengthened the Group's liquidity through a committed revolving credit facility totaling EUR 200 million, which expires on 3 June 2026. The RCF was fully undrawn at the reporting date. The facility agreement does not involve any financial covenants, but the State is required to hold more than 50% ownership in VR.

In addition, VR Group has a short-term overdraft facility of SEK 100 million. The Group also has a EUR 300 million commercial paper program of which EUR 21 million was used at the reporting date.

Credit risk

Credit risk refers to the risk of losses caused by the counterparties and customers of Group companies not being able to fulfil their contractual obligations and the guarantees received not securing the receivables.

The Group is exposed to credit risk due to accounts receivable, loan receivables and investments recognised at amortised cost. The Group manages credit risk through careful monitoring of customers' creditworthiness and payment behaviour. With regard to investments, the Group has defined counterparty specific limits for investment activities in accordance with the Treasury Policy.

Financial management and the risk management function are responsible for the practical implementation and supervision of the credit risk management.

Items exposed to credit risk, total (EUR 1,000)

	2024	2023
Loan receivables	–	2,501
Derivative receivables	**5,478**	6,185
Accounts receivable	**98,243**	82,719
Total	**103,721**	91,405

Expected credit losses

The Group calculates the expected credit loss (ECL) for financial assets measured at amortised cost. The expected credit loss describes the probability-weighted estimate of credit risks that will materialise. An allowance for the expected credit loss is recognised for accounts receivable, loan receivables and investments.

All actual credit losses are recognised through profit or loss. The credit loss is cancelled in a subsequent period if the cancellation can be objectively considered to be related to an event after the recognition of the credit loss. The calculation of the expected credit losses of accounts receivable is described in Note 4.6.2.

The expected credit loss associated with certificates of claim and loan receivables is calculated applying the general approach of IFRS 9.

Expected credit losses from investments

Credit risk data obtained from an external database and an estimate of the recovery rate are used as estimates of the probability of credit loss in calculating the provision for credit losses. The credit risk of the investment portfolio is estimated to be low, because the investments concern investments with high creditworthiness according to the Group's estimate. No expected credit loss was recognised for the investments in 2024 and 2023.

6.2. Derivatives and hedge accounting

In line with its Treasury Policy, VR Group uses interest and commodity derivatives to reduce the interest rate and commodity risks arising from the Group's financial leasing liabilities in the balance sheet as well as its future electricity and fuel purchases. In addition, the Group uses currency derivatives to hedge foreign currency internal loans purchases and sales that expose the Group to foreign currency risk. VR Group makes derivative contracts for hedging purposes, but not all contracts are subject to hedge accounting.

VR Group uses interest rate swaps to reduce the interest rate risk related to payments on floating-rate loan agreements. Interest rate swaps are used in changing floating interest rates into fixed interest rates. Aforementioned contracts are used for hedging purposes, however, hedge accounting is not applied for all of the contracts. Changes in the fair values of interest rate swaps qualifying for hedge accounting, and which are effective, are recognised in the cash flow hedging reserve within balance sheet's restricted equity (cash flow hedge). In case contracts are not effective or not meeting the hedge accounting requirements, the fair value changes are recorded in the income statement under financial items.

Nominal values and fair values of derivatives 2024 (EUR 1,000)

Derivatives in hedge accounting	Nominal value	Positive fair value	Negative fair value	Fair value, net
Electricity derivatives	23,157	4,128	-5,888	-1,760
Currency derivatives	65,932	553	-553	-1
Derivatives in hedge accounting, total	**89,090**	**4,681**	**-6,442**	**-1,761**

Derivatives not included in hedge accounting	Nominal value	Positive fair value	Negative fair value	Fair value, net
Currency derivatives	58,705	797	-174	623
Derivatives not included in hedge accounting, total	**58,705**	**797**	**-174**	**623**
Total	**147,795**	**5,478**	**-6,616**	**-1,138**

At the end of May 2022, VR-Group Plc issued its first unsecured fixed-rate Green Bond, which was pre-hedged with interest rate swaps. These swaps were terminated at the time of the bond issuance. Effective annual interest including hedge is 2.0%.

VR Group has hedged foreign sales with currency derivatives, which are under hedge accounting.

At the end of year 2024 VR Group did not have any outstanding interest rate derivatives.

Nominal values and fair values of derivatives 2023 (EUR 1,000)

Derivatives in hedge accounting	Nominal value	Positive fair value	Negative fair value	Fair value, net
Electricity derivatives	29,675	5,972	-4,109	1,863
Currency derivatives	18,315	—	-461	-461
Derivatives in hedge accounting, total	47,990	5,972	-4,570	1,402

Derivatives not included in hedge accounting	Nominal value	Positive fair value	Negative fair value	Fair value, net
Currency derivatives	33,781	214	-2,860	-2,646
Derivatives not included in hedge accounting, total	**33,781**	**214**	**-2,860**	**-2,646**
Total	**81,770**	**6,185**	**-7,429**	**-1,244**

Hedge accounting

Risk of changes in fuel and electricity prices

VR Group applies IFRS hedge accounting principles when hedging future cash flows (cash flow hedges). Fuel and electricity price risk refers to the uncertainty of cash flow and net profit resulting from fluctuations in fuel and electricity prices. VR Group uses OTC commodity derivatives to hedge the price risk of electricity and light fuel oil. With regard to the electricity price risk, both the system price and the area price difference are hedged, and together they form the area price of electricity in Finland. Changes in the fair value of derivatives are recognised on the balance sheet in the cash flow hedging reserve under equity when the contracts meet hedge accounting requirements and are effective.

In line with VR Group's Treasury Policy, the hedging level for fuel and electricity derivatives is targeted to be 75% of the forecasted consumption for the next 12 months. Fuel price risk is almost totally hedged with index-linked customer contracts therefore fuel derivatives were not hedged with derivative agreements.

Currency risk

Currency risk refers to the uncertainty of cash flow and profit that arises from changes in exchange rates. VR Group uses OTC- currency derivatives to hedge currency risk. According to VR Group's Treasury Policy all committed significant foreign currency cash flows are hedged. Hedge accounting is applied mainly to currency hedging in large projects. Changes in the fair value of derivatives under hedge accounting are recognised in the fair value reserve of equity when they are effective and meet the hedge accounting requirements. Interest portion of currency derivatives is recognised in profit or loss.

Risk arising from foreign currency receivables is hedged mainly with currency derivatives, which are under hedge accounting.

Hedge accounting prerequisites

In order to meet the prerequisites for hedge accounting, financial instruments are initially designated as hedging instruments and hedge relationship is documented. The Group also verifies, both at the start of the hedging relationship and annually with efficiency testing, that the hedging relationship is efficient. In this case, it is probable in the future that the hedging instrument almost fully offsets changes in the fair value or cash flows of the hedged item (concerning the hedged risk). The Group considers that in cash flow hedging, the most significant terms and conditions of the hedged items and hedging instruments coincide and the hedge ratio 1:1 is applied for hedged items. Changes in the fair value of derivatives are recognised on the balance sheet in the cash flow hedging reserve under restricted equity when the contracts meet hedge accounting requirements and are effective.

In case contracts are not effective or not meeting the hedge accounting requirements, the fair value changes are recorded in the income statement.

Maturity distribution of derivatives subject to hedge accounting

At the end of the 2024 and 2023 financial years, the Group had the following instruments with which it hedges against changes in interest rates and changes in commodity prices:

2024 (EUR 1,000)

		Maturity (nominal amounts)		
Price risk	**Nominal amounts, total**	**Less than 12 months**	**1-5 years**	**Over 5 years**
Electricity derivatives	928 GWh	455 GWh	473 GWh	—

		Maturity (nominal amounts)		
Currency risk	**Nominal amounts, total**	**Less than 12 months**	**1-5 years**	**Over 5 years**
Currency derivatives	65,932	57,127	8,806	—

2023 (EUR 1,000)

		Maturity (nominal amounts)		
	Nominal amounts, total	**Less than 12 months**	**1-5 years**	**Over 5 years**
Price risk				
Electricity derivatives	1114 GWh	518 GWh	596 GWh	—

		Maturity (nominal amounts)		
	Nominal amounts, total	**Less than 12 months**	**1-5 years**	**Over 5 years**
Currency risk				
Currency derivatives	18,315	6,785	11,530	—

Balance sheet values of derivatives subject to hedge accounting and the items recognised to the income statement

2024 (EUR 1,000)

	At year-end Balance sheet value			During the year Transferred to the income statement	
Cash flow hedges	Receivables	Liabilities	Net, cash flow hedging reserve	To interest expenses	Included in materials and services
Electricity derivatives	4,128	5,888	-1,760	–	-1,729
Currency derivatives	553	553	-1	-28	48

2023 (EUR 1,000)

	At year-end Balance sheet value			During the year Transferred to the income statement	
Cash flow hedges	Receivables	Liabilities	flow hedging reserve	To interest expenses	materials and services
Electricity derivatives	5,972	4,109	1,863	–	4,559
Currency derivatives	—	461	-461	—	50

Balance sheet values of derivatives subject to hedge accounting and the items recognised to the income statement.

7. Income tax

The tax expense for the period on the income statement is comprised of tax based on the taxable income for the period, income tax on previous financial years and changes in deferred tax liabilities and receivables. Income taxes are recognised through profit or loss, except for taxes associated with other comprehensive income or items recognised directly in equity. In these cases, the income tax is recognised through either comprehensive income or equity according to the items concerned.

Recognition of taxable income

VR Group calculates the tax on taxable income for the period in each country in which it operates on the basis of the taxable income specified in respective legislation and valid tax rate. The taxable income for the period is adjusted or any taxes associated with previous financial years. Only tax rates (and laws) prescribed or practically approved by the closing date of the reporting period are taken into consideration in calculating the taxes for the financial year. Other taxes, such as property and other local taxes, are included in other operating expenses.

The Group's taxable income does not directly equal the profit before tax reported on the consolidated financial statements, as some income or expense items can be taxable or tax deductible in different years. In addition, certain income items are not necessarily taxable at all, while some expense items are not eligible for deduction in taxation.

Recognition of deferred taxes

Deferred taxes are generally recognised:

- For temporary differences between the book values and taxable values of assets and liabilities on the closing date, and
- Unused tax losses and unused tax rebates.

Deferred tax liabilities are generally recognized on the balance sheet in full. However, a deferred tax liability is not recognised if it is due to:

- Initial recognition of goodwill, or
- Initial recognition of an asset or liability if it is not a business combination and the transaction will not have an impact on the accounting profit or taxable income during its time of materialisation.

A deferred tax receivable is recognised for tax-deductible temporary differences only up to an amount by which it is probable that there will be future taxable income against which VR Group can utilise the temporary difference. A deferred tax receivable can be recognised or not recognised on the balance sheet. Their treatment differs as follows:

- Deferred tax receivables recognised on the balance sheet: the amount of these deferred tax receivables and the probability of their utilisation is re-evaluated at the end of each reporting period. If the Group no longer considers the tax benefit in question probable, a corresponding decrease is recognised for the book value of the deferred tax receivable.
- Deferred tax receivables not recognised on the balance sheet: these items are re-evaluated at the end of each period. They are recognised on the balance sheet up to the amount that it is probable that the said receivables can be utilised against future taxable income.

At VR Group, the most significant temporary differences result from provisions, defined-benefit pensions and depreciation difference. Deferred taxes are not recognised for non-tax-deductible impairment losses of goodwill, and neither for the undistributed earnings of subsidiaries to the extent that the difference is not likely to be cancelled in the foreseeable future. Taxes are recognised for undistributed earnings of foreign subsidiaries only if they are known to result in tax consequences. Deferred tax receivables and liabilities are offset (netted) when they are related to taxes collected by the same taxation authority and can be legally offset under an enforceable right.

VR Group determines the deferred tax receivables and liabilities using the tax rates (and tax laws) which will probably be valid in the period during which the asset will be liquidated or otherwise utilised or the liability will be paid. The tax rate used is the tax rate in force on the closing date of the reporting period or tax rates for the year following the financial year if they have been approved in practice by the closing date of the reporting period.

Pillar II - Regulation on global minimum tax

VR Group has estimated potential impacts of Pillar II, i.e. global minimum tax, on the Group's taxpaying position. The new regulation is applied for the first time from January 1st 2024 onwards. The first tax return is submitted no later than 18 months after the end of the financial year, i.e. by 30 June 2026. Based on the estimation, no top-up tax is payable for 2024 and no top-up tax is recorded in its 2024 financial statements. VR Group has applied the mandatory IAS 12 exception not to record or publish information about deferred tax assets and liabilities related to Pillar 2 income taxes.

The management of VR Group has made assumptions and used certain estimates regarding the tax consequences for future years due to differences between the book values recognised on the financial statements and their taxable values. The key assumptions concern, for instance, the utilisation period of estimated deductible confirmed tax losses remaining unchanged and the tax laws and rates in force remaining unchanged in the near future. The usability of deferred tax receivables is assessed on each closing date, and if the circumstances indicate that no taxable income will be generated in the future against which the temporary difference could be utilised, the deferred tax receivable is cancelled up to the amount that can be used.

No changes have taken place in the corporate tax rates of the countries in which VR Group operates during the current or reference period.

VR Group does not have any uncertain tax positions.

The table below presents the amount of income tax recognised through profit or loss for the 2024 and 2023 financial years.

Amount of income tax recognised through profit or loss (EUR 1,000)

	2024	2023
Tax based on the taxable income for the financial year	**-9,307**	-2,132
Taxes for previous financial years	**1,651**	36
Change in deferred taxes	**-6,652**	-15,492
Total	**-14,308**	-17,588

The tax expenses included in the consolidated income statement differ from the tax calculated according to Finland's nominal tax rate of 20.0 per cent (20.0) as follows:

	2024	2023
Profit (loss) before income taxes	**62,952**	69,954
Taxes calculated using the domestic tax rate	**-12,590**	-13,991
Differing tax rates of foreign subsidiaries	**45**	91
Income taxes for previous years	**1,575**	3,568
Unrecognised deferred tax receivables for tax losses amd use of tax losses unrecognized on previous years.	**-2,076**	-2,512
Non-deductible expenses	**-17,307**	-11,741
Tax-free income	**9,654**	452
Other items	**–**	746
Adjustments concerning consolidation	**3,984**	9,403
Income taxes on the income statement, total	**-14,308**	-17,588
Effective tax rate, %	**23%**	25%

The tax rate of VR Group's parent company in Finland was 20.0 per cent (20.0). Corporate tax rate in Sweden is 20.6% and in Latvia 20.0%. Between 2023 and 2024, there were no changes in corporate tax rates, so the tax changes had no impact on the deferred tax receivables and liabilities of the subsidiaries operating in the country.

The table below presents taxes recognised in other comprehensive income

Taxes recognised in other comprehensive income (EUR 1,000)

	2024			2023		
Items that may be reclassified to profit or loss	Before taxes	Tax expense (-) / Tax benefit (+)	After taxes	Before taxes	Tax expense (-) / Tax benefit (+)	After taxes
Translation differences	-541	–	-541	-364	–	305
Cash flow hedging	-4,406	632	-3,774	-39,327	9,420	-29,907
Items that will not be reclassified to profit or loss						
Items from remeasurements of defined-benefit plans	16,750	-3,350	13,400	7,400	-1,480	5,920
Financial assets at fair value through other comprehensive income	-6,381	–	-6,381	-5,596	–	-5,596
Total	**5,422**	**-2,718**	**2,704**	**-37,887**	**7,940**	**-29,278**

The table below presents changes in deferred tax receivables and liabilities

2024 (EUR 1,000)

Deferred tax receivables	1 January 2024	Recognised through profit or loss	Recognised through other comprehensive income	Exchange rate differences and other changes	31 December 2024
Consolidation	3,316	256	–	–	3,572
Leases	49,699	-5,553	–	–	44,146
Provisions	16,424	918	–	–	17,342
Hedging	4,172	-2,045	367	–	2,494
Other items	749	796	–	2,749	4,294
Total	**74,359**	**-5,628**	**367**	**2,749**	**71,848**
Netted to deferred tax liabilities	-74,359	5,628	-367	-2,749	-71,848
Deferred tax receivables on the balance sheet	**0**	**0**	**0**	**0**	**0**
Deferred tax liabilities					
Consolidation	327	459	–	–	787
Leases	50,856	-4,847	–	–	46,009
Provisions	8,531	-1,609	–	–	6,922
Pension obligations	27,083	767	3,350	–	31,200
Depreciation difference	109,740	5,014	–	–	114,754
Hedging	1,114	–	-265	–	849
Other items	1,712	1,655	–	–	3,366
Total	**199,363**	**1,438**	**3,085**	**–**	**203,886**
Netted from deferred tax assets	-74,359	5,628	-367	-2,749	-71,848
Deferred tax liabilities on the balance sheet	**125,004**	**7,066**	**2,718**	**-2,749**	**132,039**

*In accordance of amended IAS 12 - standard deferred tax asset and deferred tax liability arising from IFRS 16 lease liability and Right-of-use asset are recognised separately

2023 (EUR 1,000)

Deferred tax receivables	1 January 2023	Recognised through profit or loss	Recognised through other comprehensive income	Exchange rate differences and other changes	31 December 2023
Consolidation	3,394	-78	–	–	3,316
Leases	-1,157	–	–	50,856	49,699
Provisions	15,410	1,416	–	-402	16,424
Hedging	1,288	1,554	1,329	–	4,172
Other items	12,718	-12,017	–	48	749
Total	**31,653**	**-9,125**	**1,329**	**50,502**	**74,359**
Netted to deferred tax liabilities	-31,653	9,125	-1,329	-50,502	-74,359
Deferred tax receivables on the balance sheet	**0**	**0**	**0**	**0**	**0**
Deferred tax liabilities					
Consolidation	2,393	-2,102	–	37	327
Leases	–	–	–	50,856	50,856
Provisions	11,744	-2,811	–	-402	8,531
Pension obligations	24,811	792	1,480	–	27,083
Depreciation difference	98,456	11,285	–	–	109,740
Hedging	9,204	–	-8,090	–	1,114
Other items	2,465	253	–	-1,007	1,712
Total	**149,073**	**7,416**	**-6,610**	**49,484**	**199,363**
Netted from deferred tax assets	-31,653	9,125	-1,329	-50,502	-74,359
Deferred tax liabilities on the balance sheet	**117,420**	**16,541**	**-7,940**	**-1,018**	**125,004**

8. Group structure

8.1. Group structure

The consolidated financial statements include the parent company VR-Group Ltd and all of the subsidiaries over which the parent company has control. The Group has control when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. VR Group's control is based on voting power. The consolidation of a subsidiary begins when VR Group obtains control and ends when control ceases to exist. Changes in holdings that do not result in losing control are treated as equity transactions.

In preparing the consolidated financial statements, intra-Group transactions, receivables, liabilities and unrealised margins and internal distribution of profit are eliminated.

VR Group consolidates acquired or established subsidiaries in the consolidated financial statements using the acquisition method. In this case, the consideration given, the Group's existing investment in the acquiree and the identifiable assets and liabilities of the acquiree are measured at air values at the time of acquisition. The consideration given in conjunction with acquisitions includes any assets given, liabilities emerging with the acquiring party to the previous owners of the acquiree and issued equity interests. Acquisition-related expenses are recognised as expenses through profit or loss, except for expenses resulting from the issue of debt or equity instruments.

Any conditional consideration (earn-out) is measured at fair value at the time of acquisition. An earn-out classified as a liability is measured at fair value on the closing date of each reporting period.

Non-controlling interest in the acquiree is measured at fair value or an amount corresponding to the non-controlling interests' proportional share of the identifiable net assets of the acquiree.

Associated companies

At VR Group, associated companies are companies over which the Group exerts considerable influence. Considerable influence is considered to emerge if the Group holds a minimum of 20 per cent of votes in the company or when the Group otherwise has considerable influence on the company, but not control. Associated companies are consolidated using the equity method.

If the Group's share of the losses of the associated company exceed the book value of the investment, the investment is recognised at zero value on the balance sheet. Losses exceeding the book value are not consolidated, unless the Group has committed itself to fulfill the obligations of the associated companies. The investment in an associated company includes the goodwill arising from its acquisition. The Group's share of profit in associated companies, based on the Group's holding in the companies, is shown on the income statement under operating profit (EBIT). The Group's share of changes recognised in other comprehensive income of the associated company is shown in the Group's other comprehensive income.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control involves the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Arrangements subject to joint control are classified as either a joint venture or a joint operation.

A joint venture is an arrangement in which the parties sharing joint control have rights to the net assets of the arrangement. A joint operation is an arrangement in which the parties sharing joint control have rights to assets and obligations for liabilities.

All of the Group's joint arrangements, such as the alliance, Karelian Trains Ltd and mutual real estate companies, are joint operations. The Group consolidates its share of the assets and liabilities and income and expenses of the joint operations line by line on the balance sheet and income statement. The rolling stock company Oy Karelian Trains Ltd was established in November 2006 to acquire high-speed rolling stock for the Helsinki–St. Petersburg route. The company is domiciled in Helsinki. The company is owned by VR-Group Ltd and Russian Railways OAO RZD with equal holdings. The Russian owner has repeatedly failed to meet its financial obligations regarding the joint venture. VR redeemed the joint venture's loans and through the right of pledge took possession of the trains on 14 December 2023.

The management has exercised discretion in classifying the nature of VR's holding in Karelian Trains and the joint operation. In particular, the agreed decision-making mechanism, legal structure and funding of the arrangement are reviewed in determining the classification

Group structure

VR Group includes the following companies:

Company	Domicile	Group holding (%) 2024	Group holding (%) 2023	Segment
Oy Pohjolan Liikenne Ab	Helsinki	100	100	VR City Traffic
Avecra Oy	Helsinki	100	100	VR Long-distance Traffic
VR FleetCare Ltd	Helsinki	100	100	Other operations
K-Trains Finance Oy	Helsinki	100	100	VR Long-distance Traffic
Kiinteistö Oy Helsingin Päärautatieasema	Helsinki	100	100	Other operations
Raideinfra Oy	Helsinki	100	—	Other operations
Suomen Ostoliikennekalusto Oy	Helsinki	100	—	Other operations
SeaRail Oy	Tampere	100	100	VR Transpoint
Transitar Oy	Kuopio	100	100	VR Transpoint
Limited Liability Company Finnlog	Russia	100	100	VR Transpoint
VR Sverige AB	Sweden	100	100	VR City Traffic
VR Service AB	Sweden	—	100	VR City Traffic
VR Tåg AB	Sweden	—	100	VR City Traffic
VR Östgötapendeln AB	Sweden	100	100	VR City Traffic
Botniatåg AB	Sweden	—	60	VR City Traffic
VR Snabbtåg Sverige AB	Sweden	100	0	VR Long-distance Traffic
VR Group Sverige AB	Sweden	—	100	VR City Traffic
SIA VR Services Latvia	Latvia	100	100	Other operations

VR Sverige operates as a local transport operator in the Stockholm region, the Östragötland region and southern Sweden, the Skåne region.

VR Östgötapendeln AB is a wholly owned subsidiary of VR Sverige AB, which operates train services in Eastern Götaland. The company is responsible for the planning and operation of the traffic, but it does not own the rolling stock needed for the operation, which is owned by the public transport authority.

SIA VR Services Latvia provides internal IT services for the group.

Pohjolan Liikenne operates bus services in the Helsinki metropolitan area and operates charter and contract services in Finland.

VR FleetCare Ltd is a subsidiary of VR-Group, which is responsible for and takes care of the maintenance of the rolling stock. The company has depots and workshops in Helsinki, Tampere, Kouvola, Joensuu, Oulu and Pieksämäki, as well as offices in Kotka, Hamina and Imatra. VR FleetCare Ltd also provides expert services related to rolling stock and rail infrastructure and their systems to customers outside the VR-Group.

SeaRail offers terminal and material handling services for Metsä Board's Tako paperboard mill in Tampere and operates as part of VR Transpoint's road logistics.

Avecra offers restaurant, café and kiosk services at train stations and on long-distance trains.

Limited Liability Company Finnlog operates in import traffic between Russia and Finland. As part of the discontinuation of the Eastern traffic, the company's business operations have been discontinued and the company has been placed in liquidation.

K-Trains Finance Oy was established on 16 June 2023. The purpose of the company is to own and lease railway rolling stock.

Kiinteistö Oy Helsingin Päärautatieasema was founded in 2023 with its main task being property management.

Associated companies

Information about the Group's associated companies is presented in the table below:

Company	Domicile	Group holding (%) 2024	Group holding (%) 2023	Book value (EUR 1,000) 2024	Book value (EUR 1,000) 2023	Segment
Elielinaukion Kehitys Oy	Helsinki	20	20	–	–	Other operations
Oy ContainerTrans Scandinavia Ltd.	Helsinki	50	50	666	715	VR Transpoint
Varkauden Keskusliikenneasemakiinteistö Oy	Varkaus	33.3	33.3	202	208	Other operations
Associated companies, total				**868**	**923**	

Elielinaukion Kehitys Oy's business sector is real estate management.

Oy ContainerTransScandinavia Ltd. (CTS) is a joint venture established by VR and JSC TransContainer in 2007, specialising in rail transport of container goods. As part of the discontinuation of the Eastern traffic VR Group is in a process of exiting its ownership in CTS associated company.

Varkauden keskusliikenneasema Oy is owned by the City of Varkaus, Matkahuolto Oy and VR-Group Ltd. The station is located in the city of Varkaus, and it serves train, bus and taxi passengers.

The Group considers the associated companies not to be independently major. Below is a summary of the financial data of the associated companies.

(EUR 1,000)	2024	2023
Group's share of the profit for the financial period	**-54**	-167
Group's share of other comprehensive income	**0**	0
Group's share of comprehensive income	**-54**	-167

Joint arrangements

Information about the Group's joint arrangements, all of which are joint operations, is presented below:

Company	Domicile	Group holding (%) 2024	Group holding (%) 2023
Oy Karelian Trains Ltd	Helsinki	**50**	50

Joint operations

VR Group consolidates Oy Karelian Trains Ltd as a joint operation. The company's operations have been disrupted since spring 2022 due to the Russian invasion of Ukraine. The company was established to procure and lease high-speed rolling stock for the operators of the service between Helsinki and St. Petersburg. The operators are VR in Finland and RZD in Russia. The line of business of Oy Karelian Trains Ltd is to procure, lease, own and manage rolling stock.

VR's share of Karelian Trains' income and expenses and assets, liabilities and shares of the company's joint items are consolidated into VR Group's consolidated financial statements in accordance with the principles agreed upon in the shareholders' agreement. VR Group's interest in the share capital of the arrangement is 50 per cent.

VR Group implements planning service and rail traffic operation services in Tampere via an alliance. The alliance is based on the parties' agreement on implementing services in cooperation. The parties to the arrangement are jointly liable for the liabilities and obligations of the alliance.

8.2. Consolidation

Acquired subsidiaries are consolidated using the acquisition method. The consideration given and the identifiable assets and liabilities of the acquiree are measured at fair value at the time of acquisition. The consideration given includes any assets given and liabilities emerging with the acquiring party to the previous owners of the acquiree.

Acquisition-related expenses, such as expert fees, are recognised as expenses for the period during which the expenses occur and services are received. Goodwill is recognised at the amount by which the consideration transferred and previous holding in the acquiree at fair value exceed the net identifiable assets and liabilities of the acquiree.

8.3. Businesses acquired and sold

Businesses acquired

VR Group completed the acquisition of MTRX (VR Snabbtåg Sverige AB) on 31 May 2024. VR Snabbtåg Sverige AB is a Swedish company running open access intercity railway services. The company employs approximately 120 employees and had a turnover of approximately SEK 404 million in 2023.

The IFRS purchase consideration comprises cash consideration of EUR 52,8 million.

The table presents the fair values of the net assets acquired and the amount of goodwill arising from the acquisition as of the date of acquisition. Goodwill on consolidation amounts to EUR 5,428 thousand and it consists of assembled workforce, market access, market insights and synergies.

Goodwill on consolidation generated by the acquisition is allocated to the VR Long-Distance segment, where the acquired business constitutes a separate cash-generating unit.

(EUR 1,000)	2024	2023
Acquisition's identifiable net assets	45,739	–
Goodwill	5,521	–
Total net assets arising from the acquisition	**51,260**	**–**

Businesses sold

VR Group has sold its road logistics business on 31st December 2024. VR Group has presented Road Logistics business as items held for sale in its balance sheet as at 31.12.2024. The Sales transaction is recognized in accounting on 1st of January 2025 when the ownership of the business has been transferred to the buyer. The business will therefore not be consolidated into the Group after January 1st, 2025.

Assets and liabilities under sale are disclosed in below table. In connection with the sale, 100% ownership of Searail Oy and Transitar Oy has been transferred. More information about events after reporting period is provided under disclosure note 10. Events after the closing date of reporting period.

(EUR 1,000)	2024	2023
Non-current assets	4,258	–
Current assets	6,208	–
Asset items for sale	**10,466**	**–**

(EUR 1,000)	2024	2023
Long-term liabilities	1,221	–
Short-term liabilities	3,973	–
Liabilities related to asset items for sale	**5,194**	**–**

9. Off-balance sheet items

9.1. Contingent liabilities, contingent assets and commitments

A contingent liability arises for VR Group when there is a possible obligation that arises from past events whose existence will be confirmed only by a future event not within the control of the Group. The Group has a present obligation that arises from past events but either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the Group cannot measure the amount of the obligation with sufficient reliability. Contingent liabilities are not recognised in the balance sheet, but are reported in notes of the financial statement, unless it is very improbable that the payment obligation will materialise.

A contingent asset arises for VR Group if future economic benefit to the Group is probable but not certain in practice and depends on an events that is not wholly within the control of the Group. Contingent assets are reported in notes. If the materialisation of the income item is practically certain, it is recognised.

9.1.1. Securities

EUR 1,000	2024	2023
Guarantees given on own behalf		
Mortgages on properties	**6,900**	6,100
Contractual guarantees	**173,684**	145,751
Rent deposits	**8,039**	634
Other commitments given	**475**	475
Commitments given, total	**189,099**	152,960

9.1.2. Commitments and other open liabilities

Contractual liabilities on fleet procurement

VR-Group Plc has made contracts on deliveries on locomotives and electric trains with consortium formed by Siemens Oy and Siemens AG, and with Stadler Rail Valencia S.A.U, as well as Stadler Bussnang AG, and with Škoda Transtech. The contracts include, in addition to the locomotive and electric train deliveries, their documentation, spare parts, tools and training related to the new fleet. The contracts include options in addition to the amounts shown below.

2024	Contractual obligation EUR million	Estimated execution time of the remaining liability, MEUR		
	Remaining liability 31 Dec 2024	Under 12 months	1-5 years	Over 5 years
Siemens, electric locomotives	54.2	38.2	16.0	–
Stadler, diesel locomotives	125.5	51.4	74.1	–
Stadler, Flirt SmX electric motor trains	186.0	15.3	170.7	–
Škoda Transtech, train cars	25.8	25.0	0.8	–
Other	70.0	–	70.0	–

2023	Contractual obligation EUR million	Estimated execution time of the remaining liability, MEUR		
	Remaining liability 31 Dec 2023	Under 12 months	1-5 years	Over 5 years
Siemens, electric locomotives	78.4	30.6	47.8	–
Stadler, diesel locomotives	149.1	55.2	93.9	–
Stadler, Flirt SmX electric motor trains	177.8	–	177.8	–
Škoda Transtech, train cars	41.3	17.1	24.2	–

9.1.3. Legal proceedings and disputes

By its decision of 13 September 2023, the Court of Appeal overturned the district court's decision regarding the unpaid lunch break for locomotive drivers in commuter traffic and decided the matter in favour of locomotive drivers. VR was granted leave to appeal to the Supreme Court in February 2024. VR is waiting for the appeal proceedings to proceed in the Supreme Court.

On 15 December 2022, the Helsinki Court of Appeal issued a judgment in a case related to supplementary pensions paid by VR Pension Foundation. The applicants claim that VR will reimburse the amount of the applicants' total pension that will be lower after the supplementary pension has been coordinated with the so-called supplementary pension. with the reduction for early retirement. The Court of Appeal overturned the judgment of the district court and dismissed the action. The plaintiffs obtained leave to appeal to the Supreme Court. On 14.11.2024, the Supreme Court issued a decision upholding the outcome of the Court of Appeal's judgment and ordering the plaintiffs jointly and severally to pay VR's legal costs.

10. Events after the closing date of the reporting period

VR Group divested its road logistics business. More information on business sold is presented under disclosure note 8.3. Businesses acquired and sold. Additionally, VR sold the shares it owned in the Norwegian NRC Group.

Parent company financial statements (FAS)

Parent company income statement (EUR 1,000)

	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net sales	1	**821,249**	792,914
Other operating income	2	**95,088**	151,032
Materials and services	3	**-124,528**	-136,290
Personnel expenses	4	**-235,449**	-235,990
Depreciation, amortisation and impairment losses	5	**-157,665**	-148,755
Other operating expenses	6	**-333,635**	-332,863
Expenses, total		**-851,276**	-853,897
Operating profit (-Loss)		**65,062**	90,049
Financial income and expenses	7	**-13,381**	-38,122
Profit (-loss) before appropriations and taxes		**51,680**	51,927
Change in depreciation difference	8	**-10,186**	-55,696
Group contributions	9	**-32,000**	-19,700
Income taxes	10	**-3,562**	-1,610
Profit (-loss) for the financial year		**5,933**	-25,078

Parent company balance sheet (EUR 1,000)

Assets

	Note	12/31/24	12/31/23
Non-current assets			
Intangible assets	11	**15,387**	19,180
Tangible assets	11	**1,320,573**	1,303,161
Investments	12		
Holdings in Group companies		**241,259**	203,594
Holdings in associated companies		**255**	255
Other investments		**8,599**	13,920
Non-current assets, total		**1,586,073**	1,540,109
Current assets			
Inventories	13	**924**	1,066
Non-current receivables	14	**46,447**	44,991
Current receivables	14	**211,966**	198,340
Cash and cash equivalents		**105,508**	223,405
Current assets, total		**364,845**	467,802
Assets, total		**1,950,919**	2,007,911

Equity and liabilities

	Note	12/31/24	12/31/23
Equity	15		
Share capital		**370,013**	370,013
Fair value reserve		**-13,840**	-12,824
Invested non-restricted equity reserve		**279,226**	336,228
Retained earnings		**29,621**	59,699
Net result for the year		**5,933**	-25,078
Equity, total		**670,953**	728,038
Appropriations	16	**522,357**	512,172
Provisions	17	**52,083**	43,068
Liabilities			
Non-current liabilities	18	**449,445**	466,212
Current liabilities	18	**256,081**	258,422
Liabilities, total		**705,526**	724,633
Equity and liabilities, total		**1,950,919**	2,007,911

Parent company cash flow statement (EUR 1,000)

Cash flow from operating activities	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Operating result (EBIT)	**65,062**	90,049
Planned depreciation, amortisation and impairment losses	**151,829**	148,755
Sales profit from the disposal of fixed assets and other adjustments (1)	**12,272**	-49,337
Change in inventories	**142**	47
Change in current receivables	**-11,315**	9,319
Change in current liabilities	**-26,811**	-37,292
Interest received	**11,757**	11,961
Interest paid and payments for other financial transactions	**-10,681**	-33,109
Interest paid for right-of-use liabilities	**-5,918**	-5,327
Dividends received	**5**	6
Income taxes paid	**-10,789**	-9,984
Net cash from operating activities	**175,553**	125,088

(1) Non-cash flow items and items shown elsewhere in the cash flow.

Cash and cash equivalents includes cash, bank account balances, short-term commercial papers and deposits, with a maturity of maximum of three months.

Cash flow from investing activities	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Capital expenditure on fixed assets	**-158,434**	-141,223
Disposal of fixed assets	**13,419**	54,736
Shares in subsidiaries sold	**–**	636
Change in holdings in other shares and holdings	**-1,061**	–
Subsidiaries acquired	**-26,568**	-55,284
Change in investment receivables	**-26,496**	68,522
Net cash from investing activities	**-199,140**	-72,613
Cash flow before financing activities	**-23,586**	52,474
Cash flow from financing activities		
Change in bond	**20,194**	–
Change in non-current liabilities	**-1,841**	–
Repayment of lease liabilities	**-20,594**	-20,108
Group contributions	**-20,000**	–
Dividends and returns of invested capital paid	**-62,002**	–
Change in funds transferred to Group accounts	**-10,069**	-21,830
Net cash from financing activities	**-94,311**	-41,938
Change in cash and cash equivalents	**-117,897**	10,537
Cash and cash equivalents 1 Jan	**223,405**	212,869
Cash and cash equivalents 31 Dec	**105,508**	223,405

Accounting principles

The parent company, VR-Group Plc, financial statements are prepared in accordance with the Finnish Accounting Act of 30 December 1997 (1336).

Comparability of the parent company´s financial statements

The comparison period figures are from accounting period 1 Dec-31 Jan 2023, 12 months. The periods are comparable.

Valuation principles

Fixed assets are capitalised at direct acquisition costs.

Inventories are valued at average cost with principle of prudence. Production for own use, included in inventories, is valued at direct production costs. Work in progress includes variable costs accrued on the balance sheet date. Production for own use, included in inventories, includes also a portion of fixed costs.

Financial securities are valued at acquisition cost.

Transactions in foreign currencies are recorded at the exchange rate of the transaction date. Receivables and liabilities denominated in foreign currencies, outstanding on the balance sheet date are valued at the average exchange rate of closing date of the European Central Bank.

Leases

Parent company has applied Chapter 5, Section 5 b of the Finnish Accounting Act, according to which assets acquired under financial leasing can be recognised in the financial statements in accordance of IFRS 16 - Leases standard. The accounting principles for leases are described in the Group financial statements, Note 4.2.

Derivatives

Parent company has applied Chapter 5, Section 2 a of the Finnish Accounting Act, according to which derivatives can be, under certain conditions, recognised on the balance sheet at fair value. The fair values are based either on market prices on the balance sheet date or on the net present value of future cash flows by using interest rates at the balance sheet date.

Changes in the fair value of derivatives are recorded on the balance sheet in the fair value reserve under restricted equity when the conditions for the hedge accounting are met and the hedges are effective. If the hedge accounting principles are not applicable or the hedges are not effective, the changes in fair values are recorded in the income statement.

The effectiveness of the hedges is tested annually with sensitivity analysis.

Pensions

The statutory pension security under the Employees Pensions Act (TyEL) is arranged through an external pension insurance company. Pension costs are expensed as incurred.

Some of the employees have been provided with supplementary pension plan at VR Pension Fund. The Pension Fund was closed on 1 July 1995. The pension fund had 53 employees insured at the end of 2024. No insurance premiums have been paid to the pension fund year 2024.

The Group’s pension commitments are fully covered.

Deferred taxes

Deferred tax liabilities and receivables are calculated for temporary differences between taxation and the financial statements using the tax rate for the following years as confirmed on the balance sheet date. Deferred tax liabilities are recognised in their entirety and deferred tax receivables are recognised only to the extent of the probable future tax benefit.

Parent company has not recognised deferred taxes.

Notes to the income statement

1. Net sales by sector and geographical area (EUR 1,000)

Net sales by sector	2024	2023
VR		
Rail services	**489,396**	467,504
VR Transpoint		
Rail services	**267,209**	262,984
Road transport	**64,644**	62,425
Total	**821,249**	792,914

Net sales by geographical area		
Finland	**821,249**	792,914
Total	**821,249**	792,914

2. Other operating income (EUR 1,000)

	2024	2023
Rental income	**45,150**	48,046
Profit on sale of non-current assets	**6,202**	61,593
Other income	**43,736**	41,392
Total	**95,088**	151,032

3. Materials and services (EUR 1,000)

Materials and supplies (goods)	2024	2023
Purchases during the year	**-51,215**	-58,730
Change in inventories	**-142**	-47
External services purchased	**-73,170**	-77,512
Total	**-124,528**	-136,290

4. Employees and personnel expenses

During the accounting period, the average number of VR-Group Plc's employees by sector was as follows:

	2024	2023
VR City Traffic	**627**	652
VR Long-distance Traffic	**696**	880
VR Transpoint	**1,467**	1,393
Other Group services	**227**	209
Total	**3,018**	3,134

Personnel expenses (EUR 1,000)

	2024	2023
Wages and salaries	**-196,939**	-196,042
Pension expenses	**-33,100**	-32,748
Other personnel related expenses	**-5,410**	-7,200
Total	**-235,449**	-235,990

5. Depreciation, amortisation and impairment losses

(EUR 1,000)

	2024	2023
Planned depreciation and amortisation (1)		
Intangible assets	**-21,687**	-9,922
Buildings and structures	**-16,355**	-14,251
Locomotives and wagons	**-101,709**	-111,103
Other machinery and equipment	**-13,494**	-8,807
Other tangible assets	**-4,419**	-4,672
Total	**-157,665**	-148,755

(1) Breakdown of right-of-use assets are presented in the Note 11

Planned depreciation periods and methods are:

Intangible rights	5 years	straight-line depreciation
Other long-term expenses	3–10 years	straight-line depreciation
Buildings	4–7%	declining
Structures	20%	declining
Locomotives	30 years	straight-line depreciation
Electric trains	25 years	straight-line depreciation
Wagons	15–30 years	straight-line depreciation
Other machinery and equipment	5–15 years	straight-line depreciation
Other tangible assets	5–30 years	straight-line depreciation

Planned depreciation is calculated using the above stated depreciation method from the acquisition cost, based on the economic useful lives of the assets, excluding buildings.

6. Other operating expenses (EUR 1,000)

	2024	2023
Track access fees and track taxes	**-41,948**	-36,033
Rents and other real estate expenses	**-42,945**	-50,981
Travel and other personnel expenses	**-15,403**	-14,266
Telecommunication and information management expenses	**-33,297**	-34,380
Other operation-related expenses	**-20,010**	-19,588
Administration and other expenses	**-180,032**	-177,615
Total	**-333,635**	-332,863

Auditors' fees (EUR 1,000)

	2024	2023
Auditing fees	**-194**	-181
Other services	**-378**	-317
Total	**-573**	-498

7. Financial income and expenses (EUR 1,000)

Dividend income	2024	2023
From others than subsidiaries and associated companies	**5**	6
Dividend income, total	**5**	6
Other current interest and financial income		
From Group companies	**6,562**	5,416
From others	**9,235**	9,648
Interest and other financial income, total	**15,797**	15,669
Interest expenses and other financial expenses		
Impairment losses from investments in non-current assets	**-6,381**	-5,596
Impairment losses from financial securities in current assets	**-714**	-29,114
Interest expenses of lease liabilities	**-5,918**	-5,327
To Group companies	**-165**	-91
To others	**-16,005**	-13,669
Interest and other financial expenses, total	**-29,184**	-53,797
Financial income and expenses, total	**-13,381**	-38,122

8. Change in depreciation difference (EUR 1,000)

Difference between planned depreciation and depreciation in taxation

	2024	2023
Change in depreciation difference (increase -, decrease +)	**-10,186**	-55,696

9. Group contributions (EUR 1,000)

	2024	2023
Group contributions received	**–**	300
Group contributions given	**-32,000**	-20,000
Total	**-32,000**	-19,700

10. Income taxes (EUR 1,000)

	2024	2023
Income tax on operating activities	**-3,562**	-1,610
Total	**-3,562**	-1,610

11. Non-current assets (EUR 1,000)

2024	Intangible assets: Intangible rights and other capitalised long-term expenses	Intangible assets: Total	Tangible assets: Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and constructions in progress	Total
Acquisition cost 1 Jan	138,925	138,925	13,690	332,368	2,261,042	34,682	143,475	2,785,256
Increases	1,402	1,402	5,849	746	85,219	23	71,147	162,985
Decreases	–	–	-767	-1,902	-5,818	-23,252	–	-31,739
Reclassifications	3,674	3,674		2,590	44,450	759	-50,615	-2,816
Acquisition cost 31 Dec	**144,001**	**144,001**	**18,773**	**333,802**	**2,384,894**	**12,212**	**164,006**	**2,913,686**
Accumulated depreciation 1 Jan	-119,744	-119,744	–	-214,493	-1,432,871	-26,205	–	-1,673,569
Accumulated depreciation for decreases	–	–	–	1,902	3,431	18,080	–	23,413
Depreciation and impairment losses for the financial year	-8,868	-8,868	–	-12,973	-106,927	-2,452	–	-122,374
Reclassifications	–	–	–	–	-843	-18	–	-839
Acquisition cost 31 Dec	**-128,613**	**-128,613**	**–**	**-225,564**	**-1,537,210**	**-10,596**	**–**	**-1,773,370**
Book value 31 December	**15,387**	**15,387**	**18,773**	**108,238**	**847,684**	**1,616**	**164,006**	**1,140,317**
2023								
Acquisition cost 1 Jan	137,003	137,003	23,323	395,800	2,142,294	36,068	144,712	2,742,197
Increases	928	928	823	268	95,027	112	59,780	156,010
Decreases	-383	-383	-9,881	-77,011	-21,676	-3,025	–	-111,593
Reclassifications	1,377	1,377	-574	13,310	45,397	1,527	-61,018	-1,358
Acquisition cost 31 Dec	**138,925**	**138,925**	**13,690**	**332,368**	**2,261,042**	**34,682**	**143,475**	**2,785,256**
Accumulation depreciation 1 Jan	-110,340	-110,340	–	-233,605	-1,341,004	-25,775	–	-1,600,384
Accumulated depreciation for decreases	–	–	–	29,706	19,737	2,247	–	51,691
Depreciation and impairment losses for the financial year	-9,405	-9,405	–	-10,594	-111,586	-2,677	–	-124,857
Reclassifications	–	–	–	–	-19	–	–	-19
Accumulated depreciation 31 Dec	**-119,744**	**-119,744**	**–**	**-214,493**	**-1,432,871**	**-26,205**	**–**	**-1,673,569**
Book value 31 Dec	**19,180**	**19,180**	**13,690**	**117,874**	**828,171**	**8,476**	**143,475**	**1,111,687**

11. Non-current assets (EUR 1,000)

2024	The right-of-use assets, tangible assets Land and water areas	Buildings and structures	Machinery and equipments	Total
Acquisition cost 1 Jan	18,073	31,051	195,957	245,080
Increases	505	1,810	89	2,405
Decreases	956	8,289	-1,287	7,959
Reclassifications	–	–	-858	-858
Acquisition cost 31 Dec	**19,535**	**41,151**	**193,901**	**254,586**
Accumulated depreciation 1 Jan	-3,580	-3,144	-46,882	-53,606
Accumulated depreciation for decreases	-956	-8,289	1,287	-7,959
Depreciation of the financial year	-1,967	-3,382	-8,277	-13,603
Reclassifications	–	–	861	839
Accumulated depreciation 31 Dec	**-6,503**	**-14,816**	**-53,011**	**-74,329**
Book value 31 Dec	**13,032**	**26,334**	**140,890**	**180,257**

2023	The right-of-use assets, tangible assets Land and water areas	Buildings and structures	Machinery and equipments	Total
Acquisition cost 1 Jan	17,471	40,338	195,883	253,692
Increases	1,887	2,480	125	4,491
Decreases	-1,285	-11,767	-32	-13,084
Reclassifications	–	–	-19	-19
Acquisition cost 31 Dec	**18,073**	**31,051**	**195,957**	**245,080**
Accumulated depreciation 1 Jan	-2,870	-11,255	-38,609	-52,733
Accumulated depreciation for decreases	212	1,902	32	2,146
Depreciation of the financial year	-923	6,209	-8,324	-3,038
Reclassifications	–	–	19	19
Accumulated depreciation 31 Dec	**-3,580**	**-3,144**	**-46,882**	**-53,606**
Book value 31 Dec	**14,493**	**27,906**	**149,075**	**191,474**

12. Investments (EUR 1,000)

VR-Group Plc completed the acquisition of MTRX (VR Snabbtåg Sverige AB) on 31 May 2024. VR Snabbtåg Sverige AB is a Swedish company running open access intercity railway services. The company employs approximately 120 employees and had a turnover of approximately SEK 404 million in 2023. The value of acquired holdings in group companies was on 31 Dec EUR 18.1 million.

VR-Group Plc has sold its road logistics business on 31st December 2024. The Sales transaction is recognized in accounting on 1st of January 2025 when the ownership of the business has been transferred to the buyer. In connection with the sale, 100% ownership of Searail Oy and Transitar Oy has been transferred.

2024	Holdings in group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost 1 Jan	203,594	773	92,441	**296,807**
Increases	50,487	–	1,070	**51,557**
Decreases	-2	–	-10	**-12**
Acquisition cost 31 Dec	**254,078**	**773**	**93,501**	**348,352**
Accumulated depreciation 1 Jan	–	-518	-78,521	**-79,038**
Impairment losses	-12,819	–	-6,381	**-19,200**
Accumulated depreciation 31 Dec	**-12,819**	**-518**	**-84,902**	**-98,238**
Book value 31 Dec	**241,259**	**255**	**8,599**	**250,113**

2023	Holdings in group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost 1 Jan	91,766	1,272	92,443	**185,482**
Increases	111,830	–	–	**111,830**
Decreases	-2	-500	-2	**-504**
Acquisition cost 31 Dec	**203,594**	**773**	**92,441**	**296,807**
Accumulated depreciation 1 Jan	–	–	-72,925	**-72,925**
Decreases	–	–	–	**–**
Impairment losses	–	-518	-5,596	**-6,114**
Accumulated depreciation 31 Dec	**–**	**-518**	**-78,521**	**-79,038**
Book value 31 Dec	**203,594**	**255**	**13,920**	**217,769**

12. Investments

Shares owned by VR-Group Plc

	ownership %	
Group companies	**2024**	**2023**
Avecra Oy, Helsinki	**100.0**	100.0
Oy Pohjolan Liikenne Ab, Helsinki	**100.0**	100.0
K-Trains Finance Oy, Helsinki	**100.0**	100.0
Kiinteistö Oy Helsingin Päärautatieasema, Helsinki	**100.0**	100.0
SeaRail Oy, Tampere	**100.0**	100.0
Transitar Oy, Kuopio	**100.0**	100.0
VR Fleetcare Ltd, Helsinki	**100.0**	100.0
SIA VR Services Latvia, Latvia	**100.0**	100.0
VR Sverige Ab, Sweden	**100.0**	100.0
VR Group Sverige Ab, Sweden	**100.0**	100.0
VR Snabbtåg Sverige Ab, Sweden	**100.0**	–
Raideinfra Oy, Helsinki	**100.0**	–
Suomen Ostoliikennekalusto Oy, Helsinki	**100.0**	–
Limited Liability Company Finnlog, Russia	**99.9**	99.9

13. Inventories (EUR 1,000)

	2024	**2023**
Materials and supplies	**924**	1,066
Total	**924**	1,066

14. Receivables (EUR 1,000)

Non-current receivables

Receivables from Group companies	**2024**	**2023**
Derivative receivables	**–**	302
Loan receivables	**41,288**	36,505
Receivables from Group companies, total	**41,288**	36,807
Receivables from others		
Non-current derivative receivables	**1,424**	5,686
Other receivables	**3,735**	2,498
Receivables from others, total	**5,159**	8,184
Non-current receivables, total	**46,447**	44,991

Current receivables

Receivables from Group companies	2024	2023
Accounts receivable	**144**	3,654
Loan receivables	**714**	714
Other receivables	**104,469**	101,305
Prepaid expenses and accrued income	**2,800**	2,931
Receivables from Group companies, total	**108,128**	108,604
Receivables from others		
Accounts receivable	**67,959**	54,391
Other receivables	**4,002**	2,655
Prepaid expenses and accrued income	**31,878**	32,689
Receivables from others, total	**103,839**	89,736
Current receivables, total	**211,966**	198,340

Material items in prepaid expenses and accrued income

	2024	2023
Accrued income	**16,546**	15,675
Derivative receivables	**4,054**	1,358
Other prepaid expenses	**14,077**	18,587
Prepaid expenses and accrued income total	**34,677**	35,620

15. Equity (EUR 1,000)

Restricted equity	2024	2023
Share capital 1 Jan	370,013	370,013
Share capital 31 Dec	**370,013**	370,013
Fair value reserve 1 Jan	-12,824	21,896
Increases	–	–
Decreases	-1,015	-34,720
Fair value reserve 31 Dec	**-13,840**	-12,824
Restricted equity, total	**356,174**	357,189
Non-restricted equity		
Invested non-restricted equity reserve 1 Jan	336,228	336,228
Return of invested equity	-57,002	–
Invested non-restricted equity reserve 31 Dec	**279,226**	336,228
Retained earnings 1 Jan	34,621	59,699
Retained earnings 31 Dec	**29,621**	59,699
Net result for the year	**5,933**	-25,078
Non-restricted equity, total	**314,779**	370,848
Equity, total	**670,953**	728,038

Calculation of distributable funds (EUR 1,000)

	2024	2023
Retained earnings from previous financial years	29,621	59,699
Net result for the financial year	5,933	-25,078
Invested non-restricted equity reserve	279,226	336,228
Total	**314,779**	370,848

16. Depreciation difference (EUR 1,000)

	2024	2023
Book value 1 Jan	512,172	456,476
Change in the income statement	10,186	55,696
Book value 31 Dec	**522,357**	512,172

17. Provisions (EUR 1,000)

	2024	2023
Provisions	**52,083**	43,068

The provisions consist of provisions for environmental and onerous contract obligations.

18. Liabilities (EUR 1,000)

Non-current liabilities

Liabilities to Group companies	**2024**	**2023**
Non-current lease liabilities	**17**	–
Liabilities to Group companies, total	**17**	–

Liabilities to others	**2024**	**2023**
Bond	**298,956**	298,757
Non-current lease liabilities	**148,330**	162,664
Non-current derivative liabilities	**1,424**	4,153
Other liabilities	**718**	638
Liabilities to others, total	**449,427**	466,212
Non-current liabilities, total	**449,445**	466,212
Liabilities due after five years		
Non-current lease liabilities	**109,536**	113,228

Current liabilities

Liabilities to Group companies	**2024**	**2023**
Accounts payable	**1,076**	9,078
Accrued expenses and prepaid income	**60,215**	75,168
Other liabilities	**13,266**	18,347
Liabilities to Group companies, total	**74,557**	102,592
Liabilities to associated companies		
Accounts payable		14
Liabilities to associated companies, total	**–**	14
Liabilities to others		
Current lease liabilities	**14,478**	14,494
Accounts payable	**26,504**	34,163
Accrued expenses and prepaid income	**79,269**	80,389
Other liabilities	**28,355**	4,956
Advances received	**32,918**	21,814
Liabilities to others, total	**181,524**	155,815
Current liabilities, total	**256,081**	258,422

Material items in accrued expenses and prepaid income

	2024	**2023**
Personnel related liabilities	**43,832**	43,278
Accrued income and expenses	**25,232**	29,383
Other items	**70,421**	82,895
Total	**139,485**	155,556

19. Leases

VR-Group Plc has applied the IFRS 16 Leases standard. According to the IFRS 16 standard, lessees must enter all lease contracts as right-of-use assets and lease liabilities on the balance sheet, excluding short-term and low value assets and leases in which the lease payments are based on the lessee's performance.

The right-of-use assets with regard to fixed-term contracts are recorded as equal to the liability.

Lease liability is valued at the present value of future rentals. The right-of-use assets is valued at acquisition cost and the depreciation are recorded according to the IAS 16 standard as straight-line depreciation.

In addition, VR-Group Plc has made use of the exemption permitted by the standard to exclude short-term and low-value leases.

Due dates of lease liabilities (EUR 1,000)

	2024	2023
Within one year	**14,454**	14,494
Between one year and five years	**38,818**	47,316
After five years	**109,536**	113,228
Total	**162,808**	175,038

20. Contingent liabilities (EUR 1,000)

Given on own behalf	2024	2023
Mortgages in real estate on the basis of land leases	6,900	6,100
Contract and agreement guarantees	53,297	53,105
Rental commitments	587	587
Other commitments given	475	475
Given on own behalf, total	61,259	60,267

On behalf of Group companies		
Guarantees of financial lease liabilities	49,426	57,876
Contract and agreement guarantees	120,387	92,646
Rental commitments	7,452	47
On behalf of Group companies, total	177,265	150,569

Commitments given, total	238,524	210,836

Leasing- and rental commitments

	2024	2023
Due in the next accounting period	**174**	128
Due in later accounting periods	**77**	66
Leasing- and rental commitments, total	**250**	194

Rental and leasing commitments include leases of less than 12 months' duration as well as low-value and usage-based leases.

Pension commitments

VR Pension Fund's pension commitments amounted to EUR 208.2 (228.4) million at the end of 2024 and were fully covered. The VR Pension Fund had 1.3 (1.5) times more assets than liabilities. VR-Group Plc has rented two land areas from the VR Pension Fund with lease contracts maturing in 2047.

Other commitments

Contractual liabilities for fleet purchases

VR-Group Plc has made contracts on deliveries on locomotives and electric trains with consortium formed by Siemens Oy and Siemens AG, and with Stadler Rail Valencia S.A.U, as well as Stadler Bussnang AG, and with Škoda Transtech. The agreements cover the procurement of locomotives and trains, as well as documentation, spare parts, tools and training related to the new rolling stock. In addition to the amounts presented below, the agreements include options for additional purchases.

2024	Contractual obligation EUR million	Estimated execution time of the remaining liability, MEUR		
	Remaining liability 31 Dec 2024	Under 12 months	1-5 years	Over 5 years
Siemens, electric locomotives	54.2	38.2	16.0	–
Stadler, diesel locomotives	125.5	51.4	74.1	–
Stadler, Flirt SmX electric motor trains	186.0	15.3	170.7	–
Škoda Transtech, train cars	25.8	25.0	0.8	–

2023	Contractual obligation EUR million	Estimated execution time of the remaining liability, MEUR		
	Remaining liability 31 Dec 2023	Under 12 months	1-5 years	Over 5 years
Siemens, electric locomotives	78.4	30.6	47.8	–
Stadler, diesel locomotives	149.1	55.2	93.9	–
Stadler, Flirt SmX electric motor trains	177.8	–	177.8	–
Škoda Transtech, train cars	41.3	17.1	24.2	–

21. Derivatives

In line with its Treasury Policy, VR-Group Plc uses interest and commodity derivatives to reduce the interest rate and commodity risks arising from the company's financial leasing liabilities in the balance sheet as well as its future electricity and fuel purchases. In addition, the company may use currency derivatives to hedge foreign currency denominated internal loans purchases or sales that expose the company to foreign currency risk.

Derivatives are recorded on the balance sheet at fair value on the closing date, pursuant to Chapter 5, Section 2 a of the Finnish Accounting Act. The fair values of derivatives are based on observable prices whereby the instruments could be sold or bought for on the balance sheet date. The fair values of derivatives are defined as presented below.

The fair values of all derivatives are calculated using the interest rates and quoted commodity prices on the balance sheet date. The fair values of fuel and electricity derivatives are calculated as the net present value of future cash flows. The fair values of interest rate swaps are calculated as the net present value of future cash flows.

VR-Group Plc uses interest rate swaps to reduce the interest rate risk related to payments on floating-rate loan agreements. Interest rate swaps are used in changing floating interest rates into fixed interest rates. These derivatives have been entered into for hedging purposes, but not all of them are subject to hedge accounting. Changes in the fair value of derivatives are recognised on the balance sheet in the cash flow hedging reserve under restricted equity when hedge accounting principles are applicable and the hedges are effective. If the hedge accounting principles are not applicable or the hedges are not effective, the changes in fair values are recorded in the financial items of the income statement.

At the end of May 2022, VR-Group Plc issued its first unsecured fixed-rate Green Bond, which was pre-hedged with interest rate swaps. These swaps under cash flow hedge accounting were terminated at the time of the bond issuance, and realised result is accrued until maturity 2029.

VR-Group Plc uses OTC commodity derivatives to hedge the price risk of electricity and light fuel oil used in trains. Fuel price risk is almost totally hedged with index-linked customer contracts, therefore fuel is not hedged with derivative agreements.

Currency risk refers to the uncertainty of cash flow and profit that arises from changes in exchange rates. VR Group Plc uses OTC- currency derivatives to hedge currency risk. According to Group's Treasury Policy all committed significant foreign currency cash flows are hedged. Hedge accounting is applied mainly to currency hedging in large projects. Changes in the fair value of derivatives under hedge accounting are recognised in the fair value reserve of equity when they are effective and meet the hedge accounting requirements. Interest portion of currency derivatives is recognised in profit or loss.

VR-Group Plc applies IFRS hedge accounting principles when hedging future cash flows (cash flow hedge). These principles are applied when hedging fuel and electricity price risks and interest payments on loans.

Changes in the fair value of derivatives are recognised on the balance sheet in the fair value reserve under restricted equity when the contracts meet hedge accounting requirements and are effective. With regard to the interest rate hedges maturing in 2026-2028 , it was decided on 30 June 2019 that the hedges no longer meet the requirements for hedge accounting and were therefore excluded from hedge accounting. With regard to the interest rate hedge maturing in 2033, it was decided on 30 June 2020 that the hedge no longer meets the requirements for hedge accounting and was therefore excluded from hedge accounting The negative market value accumulated in the fair value reserve of equity until the moment of transfer will be amortised through profit or loss over the original maturity of the contracts. Interest rate swaps that were excluded from hedge accounting on June 30th 2019 and June 30th 2020, were terminated during financial year 2022.

For commodity derivatives, all contracts in VR-Group Plc are considered to meet the hedge accounting requirements and their related fair value changes are fully recognised in the fair value reserve of equity.

The nominal values and fair values of the derivatives are described in the table below. All derivatives of the VR Group are classified at level 2 of the fair value hierarchy. The fair values of level 2 instruments are based on, to a significant extent, inputs other than the quoted prices included in the level 1 but still based on information that can be observed for the asset or liability in question either directly (as a price) or indirectly (derived from prices).

21. Derivatives (EUR 1,000)

	2024				2023			
		Fair values				Fair values		
	Nominal value	Positive	Negative	Net	Nominal value	Positive	Negative	Net
Items in hedge accounting								
Electricity derivatives	23,157	4,128	-5,888	-1,760	29,675	5,972	-4,109	1,863
Currency derivatives	131,865	1,106	-1,106	—	36,630	461	-461	0
Items in hedge accounting, total	**155,022**	**5,234**	**-6,994**	**-1,760**	**66,305**	**6,433**	**-4,570**	**1,863**
Items outside hedge accounting								
Currency derivatives	58,705	797	-174	623	41,994	214	-2,860	-2,646
Items outside hedge accounting, total	**58,705**	**797**	**-174**	**623**	**41,994**	**214**	**-2,860**	**-2,646**
Derivatives, total	**213,727**	**6,031**	**-7,169**	**-1,137**	**108,299**	**6,647**	**-7,429**	**-783**

22. Public service obligation

According to the Public Service Contract Regulation (EC 1370/2007), a service operator must separate the accounts of services subject to the public service obligation. Pursuant to the Act on Transport Services (320/2017), the profit and loss accounts pertaining to the separate accounts are included in the Notes of the operator's financial statements.

Income and expenses have been allocated by using internal accounting according to the matching principle. The income and expenses pertaining to the separated business operations also include intra-group items.

Income statement (EUR 1,000)

	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net sales	**152,584**	181,500
Other operating income	**3,268**	3,575
Materials and services	**-41,096**	-1,803
Personnel expenses	**-35,570**	-59,749
Depreciation, amortisation and impairment losses	**-26,597**	-28,123
Other operating expenses	**-47,216**	-110,489
Expenses, total	**-150,478**	-200,165
Operating result (EBIT)	**5,374**	-15,091

23. Segregation of railway traffic operations

The financial statements of VR-Group Plc have been prepared in accordance with the Finnish Accounting Act, and the audited financial statements for the year 2024, along with its principles of preparation, were published on March 26, 2025.

According to Section 185(2) of the Rail Traffic Act, VR-Group Plc must adhere to relevant EU legislation and national legislation in its accounting. VR Group is required to present separate income statements and balance sheets for railway operations and business related to railway network management. In addition, separate income statements and balance sheets must be presented for passenger and freight transport operations on Finnish railways. Furthermore, pricing for the railway network and associated services must be reasonable and fair. The allocation calculations are based on the audited financial statements.

Accounting policies

The segregation related to operating railway traffic has been implemented through internal accounting based on the principle of causality. The management of the rail network is separated from VR-Group Plc to it's own company. Income statement and balance sheet items which cannot be directly allocated to business activities in accordance with the matching principles are allocated using a method based on the scope of business activities. Following the allocation of all the balance sheet items allocated under the matching principles and the allocation principles based on the scope of business activities, the remaining balance sheet difference is balanced out under the balance sheet items “Cash and cash equivalents”.

Income statement (EUR 1,000)

	Passenger transport	Rail transport	Railway traffic total
NET SALES	**479,828**	**266,397**	**746,225**
Other operating income	10,406	2,749	13,155
Materials and services	-37,316	-9,286	-46,602
Personnel expenses	-106,773	-93,025	-199,798
Depreciations, amortisations and impairment losses	-59,205	-55,758	-114,963
Other operating expenses	-190,446	-134,228	-324,674
OPERATING RESULT	**96,494**	**-23,151**	**73,343**
Financial income and expenses	-5,483	-152	-5,635
RESULT BEFORE APPROPRIATIONS AND TAXES	**91,011**	**-23,303**	**67,708**
Change in depreciation difference	-4,161	19,154	14,993
Group contributions			–
Income taxes	-17,370	830	-16,540
NET RESULT FOR THE YEAR	**69,480**	**-3,319**	**66,161**

Balance sheet (EUR 1,000)

	Passenger transport	Rail transport	Railway traffic total
Non-current assets	**770,884**	**401,122**	**1,172,006**
Intangible assets	9,217	4,695	13,912
Tangible assets	761,666	396,427	1,158,093
Land and water areas	11,409	804	12,213
Buildings and structures	2,522	4,814	7,336
Machinery and equipment	642,403	340,993	983,397
Other tangible assets	105,332	49,816	155,148
Investments		1	1
Current assets	**122,871**	**68,140**	**191,011**
Inventories			0
Receivables	25,745	47,130	72,875
Financial securities			0
Cash and cash equivalents	97,126	21,010	118,137
Assets, total	**893,755**	**469,262**	**1,363,017**
Equity	**282,257**	**96,394**	**378,652**
Appropriations	**322,802**	**198,262**	**1,363,017**
Provisions	**23,100**	**1,361**	**24,461**
Liabilities	265,596	173,244	438,840
Loans from financial institutions	73,792	127,861	201,654
Liabilities to group companies	15,470	11,973	27,443
Other liabilities	176,334	33,409	209,744
Equity and liabilities, total	**893,755**	**469,262**	**1,363,017**

24. Major events after the end of the financial year

VR Group Plc divested its road logistics business. As part of the divestment, VR Group Plc sold 100% ownership of Searail Oy and Transitar Oy. Additionally, VR sold the shares it owned in the Norwegian NRC Group.

Date and signatures of the Board of Directors' Report and Financial Statement

We confirm that:

- The consolidated financial statements prepared in accordance with the international financial reporting standards (IFRS) adopted by the EU and the parent company's financial statements prepared in accordance with the regulations and accounting standards applicable in Finland give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the companies included in its consolidated financial statements
- the report of the Board of Directors provides a true and fair view of the development and results of the business operations of the company and the entities included in the consolidated financial statements, as well as a description of the most significant risks and uncertainties and other aspects of the company's condition; and
- the sustainability report included in the report of the Board of Directors has been prepared in accordance with the sustainability reporting standards referred to in Chapter 7 of the Accounting Act and Article 8 of the Taxonomy Regulation.

Helsinki, 26 March 2025

VR-Group Plc

Board of Directors

Esa Rautalinko
Chair of the Board

Sari Pohjonen
Vice Chair of the Board

Torborg Chetkovich

Nermin Hairedin

Markus Holm

Pekka Hurtola

Elisa Markula
CEO

Auditor’s Note

A report on the audit performed has been issued today.

Helsinki, 26 March 2025

KPMG Oy Ab
Authorised Public Accountant

Ari Eskelinen
APA

Auditor's Report

To the Annual General Meeting of VR-Group Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VR-Group Plc (business identity code 1003521-5) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

1. the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
2. the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Valuation of tangible assets (consolidated accounting principles and note 4.1.)	
The value of tangible assets in the balance sheet was EUR 1,421 million (approx. 61% of the consolidated balance sheet total) and depreciations according to plan are EUR 135 million. The company's annual investments are significant. Determining the economic useful life for tangible asset items and the depreciation accounting based on it, involving management judgment, which is why the valuation of tangible assets is considered a key audit matter.	We gained an understanding of the investment-related processes and assessed the appropriateness of the economic useful lives of the assets, the valuation and the fullfilment of the capitalization criteria. We have evaluated the internal control arrangements and tested the controls related to the approval of investments and purchase invoices. We have tested the control environment of the information system used in the asset register for fixed asset accounting and performed substantive procedures to ensure the reliability of the fixed asset accounting. We have also evaluated the appropriateness of the notes to the financial statements related to the presentation of tangible assets.
Revenue recognition (consolidated accounting principles and note 2.2.)	
Sales revenue is mainly generated from the sale of passenger services, logistics and restaurant services. Sales revenue from these is recognized when the service has been provided to the customer. The IT-system environment related to the accounting for sales transactions consists of several different subsystems and the number of transactions is large. In addition, the company has numerous customer sales contracts. The accuracy and timely registration of sales revenue requires effective controls relating to system environment and sales processes, which is why revenue recognition is considered as a key audit matter.	We gained an understanding of the revenue recognition process and evaluated the controls of the information systems related to revenue recognition and tested their effectiveness. We tested received payment transactions to sales revenue entries made in the accounting and tested selected sales contracts and delivery documents from different business areas with a sample to ensure revenue is recognized accurately when the service has been provided. We have also evaluated the appropriateness of the accounting principles used and the appropriateness of the notes related to the presentation of net sales.

We have not identified other key audit matters relating to the parent company's financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

6. Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 17 March 2022, and our appointment represents a total period of uninterrupted engagement of three years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements or our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Other Opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit for the financial period 2024 is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 26 March 2025

KPMG Oy Ab

Ari Eskelinen

Authorized Public Accountant, KHT

Assurance Report on the Sustainability Statement

To the Annual General Meeting of VR-Group Plc

We have performed a limited assurance engagement on the group sustainability statement of VR-Group Plc (business identity code 1003521-5) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

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 group sustainability statement does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which VR-Group Plc has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Authorized Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We draw attention to the fact that the group sustainability statement of VR-Group Plc that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

Authorized Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of VR-Group Plc are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Statement

Preparation of the sustainability statement requires company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential future events and describe company´s possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

Responsibilities of the Authorized Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We interviewed VR-Group Plc's management and persons responsible for the preparation and gathering of the sustainability information.
- We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.
- We got acquainted with the relevant guidances and policies related to the sustainability information disclosed in the sustainability statement.
- We acquainted ourselves to the background documentation and other records prepared by the company, as appropriate and assessed how they support the information included in the sustainability statement.
- In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.
- In relation to the EU taxonomy information we interviewed the management of the company and persons with key roles in reporting taxonomy information to examine how taxonomy eligible activities have been identified, we obtained evidence supporting the interviews and reconciled the reported EU taxonomy information to supporting documents and to the bookkeeping, as applicable.
- We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information.

Helsinki 26 March 2025

KPMG OY AB

Authorized Sustainability Audit Firm

TOMMI TAMMINEN

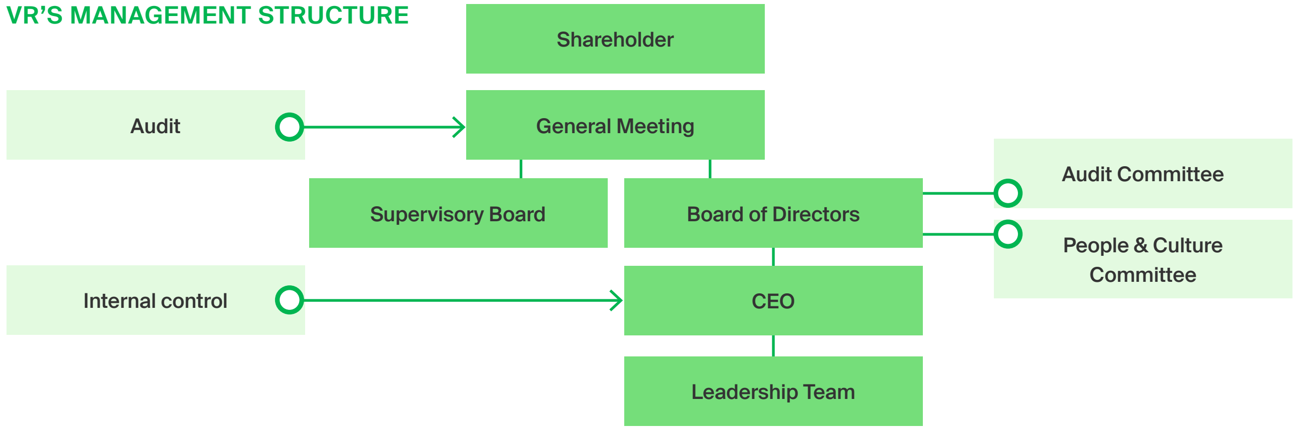
Authorized Sustainability Auditor, KRT

Governance

Corporate Governance Statement 2024

This report has been prepared in accordance with the Corporate Governance Code issued in 2025 by Finland's Securities Market Association, and Chapter 7, Section 7 of the Finnish Securities Market Act (746/2012). The report concerns VR-Group Plc ("VR") and, where applicable, VR Group.

VR'S MANAGEMENT STRUCTURE



Introduction

This unaudited report was approved by the Board of Directors of VR-Group Plc on 26 March 2025. It is issued separately from the Report of the Board of Directors, and both reports are available on the company's website at www.vrgroup.fi/en.

The remuneration policy and remuneration report for 2024 are provided separately and are also available on the company's website at https://www.vrgroup.fi/en/.

The 2025 Corporate Governance Code is publicly available on the website of Finland's Securities Market Association at https://www.cgfinland.fi/en/.

Compliance with the Corporate Governance Code and Deviations

VR's decision-making, administration and management comply with the Finnish Limited Liability Companies Act, VR's Articles of Association, the 2025 Corporate Governance Code issued by Finland's Securities Market Association, and the Economic Policy Committee's guidelines conveyed to the company by the Ownership Steering Department of the Prime Minister's Office.

The company deviates from the 2025 Corporate Governance Code regarding general meeting procedures. The reason for the deviation is that the company has only one shareholder and the company's shares are not publicly listed.

DESCRIPTIONS OF GOVERNANCE

VR is a Finnish limited liability company domiciled in Helsinki. The State of Finland directly owns 100 percent of VR's shares and is thus the decision-making authority. This authority is exercised via VR's governance structure, as detailed in the diagram below. The structure includes the General Meeting, which exercises the highest decision-making power, the Board of Directors, which is responsible for administration, organization and supervision of operations, and the Supervisory Board and the CEO, who is responsible for operational management. The CEO is supported by the company's Leadership Team for running VR's operational activities.

General Meeting

VR has one shareholder, the State of Finland, which directly owns 100 percent of VR's shares. The highest decision-making power at VR is exercised by the General Meeting. The duties and procedures of the General Meeting are defined in Finnish Limited Liability Companies Act and VR's Articles of Association. At the Annual General Meeting, decisions are made on, among other things:

- Adoption of the income statement and balance sheet, as well as the consolidated income statement and balance sheet
- Use of the profit shown in the balance sheet and the consolidated balance sheet
- Discharge from liability for the members of the Supervisory Board and the Board of Directors, as well as the CEO
- Fees for the members of the Board of Directors, and the Supervisory Board, and the auditors
- The number of members of the Board of Directors and the Supervisory Board

In addition, the Chair, Vice Chair, other members of the Board of Directors, the Supervisory Board, and the company's auditor are elected at the Annual General Meeting.

Supervisory Board

The Supervisory Board of VR-Group Plc may have a minimum of six (6) and a maximum of twelve (12) members. The Chair and members of the Supervisory Board are elected by the General Meeting, while the Supervisory Board elects a Vice Chair from among its members. The term of office for members of the Supervisory Board is one (1) year, which ends at the conclusion of the next Annual General Meeting. Representatives of employee organisations are also included on VR's Supervisory Board. Read more at https://www.vrgroup.fi/en/vrgroup/our-company/group-management/supervisory-board/.

The Supervisory Board met three (3) times in 2024. The members of the Supervisory Board and their attendance at Supervisory Board meetings are shown in the table below.

REPRESENTATIVES OF EMPLOYEE ORGANISATIONS ON THE SUPERVISORY BOARD IN 2024

- Chair Markku Lehtinen, Finnish Railway Union RAU ry
- Chair Petri Lillqvist, Trade Union for the Professional Railworkers JHL ry
- Chair Olli-Pekka Nyman, Association of Rail Traffic Supervisors and Experts
- Chair Jari Äikäs, Finnish Union of Railway Technical and Salaried Employees RTTL ry
- Chair Juri Aaltonen, Union of Professional Employees ERTO ry
- Chair Ismo Kokko, Finnish Transport Workers' Union AKT ry
- Chair Annika Rönni-Sällinen, Service Union United PAM ry

Supervisory Board

Name	Details	Supervisory Board Meetings, Attendance	Membership Duration in 2024 (full year, unless otherwise stated)
Chair			
Markku Eestilä	Born 1956, Licentiate of Veterinary Medicine, Veterinarian, Member of Parliament Gender: male	3 / 3	
Vice Chair			
Vilhelm Junnila	Born 1982, Member of Parliament Gender: male	2 / 3	
Members			
Kaisa Garedew	Born 1978, Practical Nurse, Member of Parliament. Gender: female	3 / 3	
Hanna Holopainen	Born 1976, Master of Science (Engineering), Executive Director, Member of Parliament Gender: female	1 / 3	
Tuomas Kettunen	Born 1988, Agronomist (UAS), Rural Secretary, Member of Parliament Gender: male	3 / 3	
Teemu Kinnari	Born 1973, Entrepreneur, Forest Engineer, Member of Parliament Gender: male	3 / 3	
Arto Luukkanen	Born 1964 Gender: male	3 / 3	
Lauri Lyly	Born 1953, Chair, Member of Parliament Gender: male	3 / 3	
Niina Malm	Born 1982, Chief Shop Steward, Member of Parliament. Gender: female	1 / 3	
Anna Mäkipää	Born 1987, Master of Arts, Party Secretary, City Councillor. Gender: female	2 / 3	
Aura Salla	Born 1984, Doctor of Political Science, Head of EU Affairs, Member of Parliament Gender: female	1 / 1	Until 3 September 2024
Martin Paasi	Born 1972, Finance Professional, Member of Parliament. Gender: male	2 / 2	From 3 September 2024
Juha Viitala	Born 1976, Occupational Safety and Health Representative, Member of Parliament Gender: male	3 / 3	

Board of Directors

VR's Board of Directors operates in accordance with the company's Articles of Association, Finnish Limited Liability Companies Act, and other applicable legislation. The Board of Directors is responsible for the company's administration and the proper organization of its operations. In addition, the Board of Directors is responsible for ensuring that the company's accounting and financial management are properly supervised.

The Board of Directors has approved a charter outlining its key tasks and the principles for evaluating its work. The Board confirms any changes or updates to the charter. VR's Annual General Meeting elects the Chair, the Vice Chair and other members of the Board annually. The Board has a minimum of four (4) and a maximum of eight (8) ordinary members. The key content of the Board's charter and the Chair's duties are described at: https://www.vrgroup.fi/en/vrgroup/our-company/group-management/board-of-directors/.

The Board of Directors has a quorum when more than half of its members are present, provided the meeting invitation has been duly delivered to all members. Decisions are made in accordance with the interests of the company, and the shareholder, and the provisions of the Limited Liability Companies Act.

Regarding the disqualification of a member of the Board of Directors, the provisions of the Limited Liability Companies Act are complied with. The Board ensures that situations of disqualification are addressed whenever necessary. Members of the Board of Directors must always assess and consider their own impartiality.

The Board of Directors periodically evaluates its activities and working methods, generally conducting the evaluation itself. If necessary, an external evaluator is asked to assist with the Board evaluation, ensuring efficiency and continuous development.

The members of the Board of Directors have significant experience in, among other things, logistics, the consumer goods industry, and international business – particularly in the Nordic countries and Central Europe. They also bring CEO experience and strong expertise in matters related to corporate finance and risk management. Further, the Board has extensive expertise in sustainable development issues, including environmental, social and economic sustainability, procurement, good governance, personnel matters and safety. The members of the Board also utilize VR's internal expertise, including the company's sustainability team and external expert partners.

VR-Group Plc's Board of Directors 31.12.2024

Esa Rautalinko

b. 1962, Master of Science (Economics and Business Administration), CEO of Patria Oyj
Gender: male

Chair of the Board
Chair of the Board of VR-Group Plc since 30 March 2023.

EXPERIENCE AND POSITIONS OF TRUST:
He has worked as the CEO of Vaasan Oy and Honkarakenne Oyj, most recently as the CEO of Patria Oyj. Chair of the Board of Directors: Milloq Oy, Nammo AS, PIA ry, Sotatieteiden tutkimussäätiö. Member of the Board: Technology Industries of Finland, ASD. Member of the delegation, Ilmavoimien Tuki-Säätiö ry.

Sari Pohjonen

b. 1966, Master of Science (Economics and Business Administration), Board Professional
Gender: female

Vice Chair of the Board
A member of the Board of VR-Group Plc since 22 March 2019 and Vice Chair of the Board since 17 March 2022.

EXPERIENCE AND POSITIONS OF TRUST:
She has previously served as CFO of Oriola Oyj, CFO and Deputy CEO of Fiskars Oyj Abp, CFO and Deputy CEO of Reima Group, and in various financial management positions at SanomaWSOY. Ms. Pohjonen is currently Chair of the Board at Lindex Group Plc, and a member of the Board at Jane and Aatos Erkon säätiö, and Kalmar Corporation.

Torborg Chetkovich

b. 1967, MBA
Gender: female

A member of the Board of VR-Group Plc since 16 April 2024.

EXPERIENCE AND POSITIONS OF TRUST:
She has worked and invested in next-generation infrastructure for more than 30 years, most recently as Managing Director European Private Infrastructure for Partners Group. Previous positions being Partner at CapMan Infra, and before that served as Group CEO of Swedavia, MTR Nordics and deputy CEO of Veolia Transport Sweden. Ms. Chetkovich has also long experience from working as Non-Executive Board member in several listed and non-listed companies.

Nermin Hairedin

b. 1975, Master of Science (Economics and Business Administration), strategy consultant, lecturer (Aalto Executive Education Ltd) and board executive
Gender: female

A member of the Board of VR-Group Plc since 16 March 2020.

EXPERIENCE AND POSITIONS OF TRUST:
Previous positions include international digital, data and marketing executive posts at Sonera (Telia), Fonecta and Nokia and as CEO of the marketing communications group Dentsu in Finland. Board member: SOK, Rukakeskus Ltd. Chair of the Board: Delipap Ltd.

Markus Holm

b. 1967, MSc (Econ), CFO and Executive Board Member of Elcogen Group Plc.
Gender: male

A member of the Board of VR-Group Plc since 17 March 2022.

EXPERIENCE AND POSITIONS OF TRUST:
Previous positions include CFO and COO of Sanoma Corporation, CFO of Metsä Board Corporation, CFO of Metsä Tissue Corporation, Finance and ICT Director of GlaxoSmithKline Oy and managerial positions in finance, treasury, global sourcing and investor relations in Huhtamaki Group.

Pekka Hurtola

b. 1959, Master of Laws degree
Gender: male

A member of the Board of VR-Group Plc since 12 April 2018.

EXPERIENCE AND POSITIONS OF TRUST:
Previous positions include Senior Financial Counsellor, Ownership Steering Department of the Prime Minister's Office and SVP, Corporate Development and Strategy at Finavia.
Member of the Board: Veikkaus Oy until 31.8.2024

CHANGES IN THE BOARD OF DIRECTORS:

In 2024, there were changes in the composition of the Board of Directors of VR-Group Plc, as the following members decided to end their board duties:

Virve Laitinen, was a member of the Board of VR-Group Plc from 15 April 2020 to 16 April 2024, (born 1972), Master of Science (Engineering), MBA. Head of Strategy and Program Management, Orion Oyj. Previously worked as Head of Specialty Products Business, Head of Supply Chain, Head of Business Planning and Business Control, and in various expert and project roles in industrialisation, production, logistics, and procurement at Orion Oyj. Serves as member of the Board, Fermion Oy.

Jaakko Kiander, was a member of the Board of VR-Group Plc from 17 March 2022 to 16 April 2024, (born 1963), Doctor of Political Science, CEO, Keva (a pension insurance company). Previously worked as, among other positions, Head of Research, Statistics, and Planning at the Finnish Centre for Pensions and as Director at Ilmarinen (a pension insurance company). Chair of the Board of Aivosäätiö, Vice Chair of the Board of the University of Eastern Finland, Member of the Board for Yrjö Jahnssonin säätiö and OP Ryhmän Tutkimussäätiö sr.

Turkka Kuusisto, served as a member of the Board of VR-Group Plc from 17 March 2022 to 11 January 2024, (born 1979), Master of Science (Engineering), CEO, Finnair Oyj. Previously worked as, among other positions, CEO of Posti Oyj, head of various business groups at Posti Group Oyj, Head of European Service Business at Lindorff Group AB, and as CEO of Lindorff Finland. Member of the Board at Service Sector Employers PALTA ry. Member of the Supervisory Board at LähiTapiola, Ilmarinen Mutual Pension Insurance Company.

The members of the Board of Directors are independent of the company and the shareholder, apart from Pekka Hurtola, who represents the Ownership Steering Department of the Prime Minister's Office. The members of the Board of Directors do not own shares in VR-Group Plc or its group companies.

MEETINGS

The Board of Directors meets primarily once a month. In 2024, the Board met 20 times, with an average attendance rate of 100 percent. The meeting attendance of each member of the Board is detailed in the table below.

Board Meetings, attendance

Chair	
Esa Rautalinko	20/20
Vice Chair	
Sari Pohjonen	19/20
Members	
Torborg Chetkovich	16/16 (From 16 April 2024)
Nermin Hairedin	20/20
Markus Holm	20/20
Pekka Hurtola	20/20
Virve Laitinen	4/4 (until 16 April 2024)
Jaakko Kiander	4/4 (until 16 April 2024)
Turkka Kuusisto	0/0 (until 11 January 2024)

DIVERSITY OF THE BOARD OF DIRECTORS

When preparing the composition of the Boards of Directors for the companies it owns, the State follows its own guidelines and decisions on the Boards' diversity and equality. In accordance with the Government's principal decision of 8 April 2020 on the State's ownership policy, the State shall ensure compliance with equality objectives and adequate representation of both genders on the Boards of state-owned companies. In addition, the equality programme aims to ensure that either women or men comprise at least 40 percent of the members of the Boards of wholly state-owned companies.

VR adheres to the principles of diversity and equality, recognizing these principles as key factors in achieving the company's strategic objectives. The representation of both genders on VR's Board of Directors complies with the requirements of the Corporate Governance Code. In 2024, until the General Meeting held on 16 April, the Board comprised three (3) women and five (5) men. Following the meeting and a change in the number of members, the Board comprised three (3) women and three (3) men.

BOARD COMMITTEES

The Board of Directors has established an Audit Committee and a People and Culture Committee from among its members. The term of office of these committees is one (1) year, beginning after the committees are appointed following VR-Group Plc's Annual General Meeting (AGM), and lasting until the next AGM. The committees meet approximately four to seven (4–7) times a year. The Board of Directors has approved their charters and the committees report on their work to the Board. More information: https://www.vrgroup.fi/en/vrgroup/our-company/group-management/board-of-directors/.

Audit Committee

The committee focuses on preparing matters concerning financial reporting, control and risk management for the Board's consideration. The committee also liaises with the auditors and the internal audit function as necessary. The committee comprises at least three (3) members of the Board of Directors from outside the VR who have the necessary qualifications for the role. At least one (1) member must have specific expertise in accounting or auditing.

At its constitutive meeting on 16 April 2024, the Board elected the following persons as members of the Audit Committee: Sari Pohjonen (Chair), Markus Holm and Torborg Chetkovich. In 2024, the Audit Committee met six (6) times.

Audit Committee Meetings, attendance

Chair	
Sari Pohjonen	6/6
Members	
Markus Holm	6/6
Torborg Chetkovich	4/4 (from 16 April 2024)
Jaakko Kiander	2/2 (until 16 April 2024)
Virve Laitinen	2/2 (until 16 April 2024)

People & Culture Committee

The People & Culture Committee focuses on preparing matters concerning the development of remuneration schemes for the company's CEO and Leadership Team, as well as other personnel. The committee also handles key appointments for the Board's consideration. As a rule, the committee comprises at least three (3) members.

At its constitutive meeting on 16 April 2024, the Board elected the following persons as members of the Personnel Committee: Esa Rautalinko (Chair), Nermin Hairedin and Pekka Hurtola. The People & Culture Committee met six (6) times in 2024.

People & Culture Committee Meetings, attendance

Chair	
Esa Rautalinko	6/6
Members	
Nermin Hairedin	6/6
Pekka Hurtola	6/6

The President and CEO and Leadership Team

The President and CEO manages the day-to-day administration of the Group in accordance with the instructions and orders issued by the Board of Directors. The President and CEO is appointed and dismissed by the company's Board of Directors, which also determines the President and CEO's remuneration.

Elisa Markula (born 1966) has served as VR-Group Plc's President and CEO since 30 August 2022. Before joining VR, she worked as the Managing Director of Oriola Oyj and Tikkurila Oyj, as the Director of Paulig Group's Coffee division, and in several management positions in sales and marketing at various companies. Markula is also the Vice Chair of the Board of the Finland Chamber of Commerce and a member of the Board of Directors of Nokian Tyres Plc.

At the end of 2024, VR Leadership Team comprised ten (10) members and the President and CEO, to whom the members of the Leadership Team report. The Leadership Team is responsible for VR's operational management and the company's development. The members meet regularly and assist the President and CEO in the planning and implementation of the VR's strategy, annual planning, monitoring of targets, financial reporting, and risk management. They also prepare proposals for investments and other necessary decisions. In addition, the members of the team are responsible for developing a strong corporate culture and consistent internal operating models for VR. In 2024, the Leadership Team met primarily once a month.

CHANGES IN THE LEADERSHIP TEAM:

In 2024, there were changes in the composition of the Leadership Team, as the following member ended her executive duties:

Kia Haring, Director of Communications, Public Affairs, and Sustainability, M.Sc. She worked at VR and served as a member of the Leadership Team from 8/2023 to 11/2024

Leadership Team 31.12.2024

Elisa Markula

CEO
b. 1966, M.Sc. (econ.)
Gender: female

Employed by VR Group since 8/2022. Member of VR Leadership team as of 8/2022

EXPERIENCE:
- Oriola Corporation (2021–2022): CEO
- Tikkurila Group (2018–2021): CEO
- Paulig Group (2009–2018): Director for the Coffee Division

KEY POSITIONS OF TRUST:
- Finland Chamber of Commerce (2020-): Vice Chair
- Palta, Service Sector Employers (2023–): Member of the Board, Member of the Executive Committee (2024–)
- Varma (2023–): Member of the Supervisory Board
- Nokian Tyres (2024–): Member of the Board, Member of the Audit Committee

Ilkka Anttila

SVP, Strategy and PMO
b. 1987, M. Sc. Industrial Engineering and Management
Gender: male

Employed by VR Group since 08/2017. Member of VR Leadership team as of 11/2023

EXPERIENCE:
- VR Group (2024–): SVP, Strategy and PMO
- VR Group (2023): Director, turnaround programme
- VR Group (2019–2022): Director, logistic planning and fleet management;
- VR Group (2017–2019): business development manager
- Boston Consulting Group (2012–2013, 2014–2017): Management consultant
- RELEX (2013–2014): Development manager

Melisa Bärholm

SVP, People and culture
b. 1967, M. Sc. (Psyc.)
Gender: female

Employed by VR Group since 10/2023. Member of VR Leadership team as of 10/2023

EXPERIENCE:
- Lujatalo Oy (2022–2023): CHRO
- Tikkurila Oyj (2017–2022): SVP, HR
- MBM Coaching 2014–2016: Founder, Consultant
- Rovio Entertainment Oyj (2012–2014): VP, HR
- Suunto Oy (2007–2011): HR Director
- Sako Oy 2004–2007: HR Director
- Posti Group, IT Optimo Oy 2002-2004: HR Director
- Nokia Oyj 1996–2002: HRD Manager

Jonna Juslin

Director of Public Affairs and Sustainability, and interim SVP, Communications
b. 1978, LL.M. trained on the bench
Gender: female

Employed by VR Group since 11/2009. Member of VR Leadership team as of 11/2024

EXPERIENCE:
- VR Group (2023–): Director, Sustainabilty; (2018–) Director, Public Affairs and international affairs; (2009) various other positions at VR
- Finnish Forest Industries (2005–2009): Lawyer, collective agreements

KEY POSITIONS OF TRUST:
- Confederation of Finnish Industries, EK (2022–): Member of the Energy and Climate Committee
- Palta, Service Sector Employers (2009–): several positions of trust
- Finland Chamber of Commerce (2020–): Member of the Transport Committee

Janne Hattula

SVP, VR City Traffic Finland
b. 1978, Bachelor of Hospitality Management and Tourism
Gender: male

Employed by VR Group since 04/2022. Member of VR Leadership team as of 8/2023.

EXPERIENCE:
- Airpro Group (2014-2022): CEO
- Previously also worked in the SAS Group (2003-2014) in various management positions, such as the CEO of Blue1 2012–2014

KEY POSITIONS OF TRUST:
- Finnish Road Transport Employers' Association (2023-): Member of the Board
- Finnish Bus and Coach Association (2024–): Member of the Board
- HS Chamber of Commerce (2023–): Member of the Transport Committee

Otso Ikonen

SVP, Maintenance
b. 1976, M.Sc (Eng), M.Sc (Econ)
Gender: male

Employed by VR Group since 8/2022. Member of VR Leadership team as of 8/2022

EXPERIENCE:
- Wexon Oy (2021–2022): CEO
- ABB Oy:
  Group SVP, Large Motors and Generators (2018–2020);
  VP, Helsinki Machines Factory (2013–2018);
  Several management positions (2000–2013)

Eljas Koistinen

SVP, Logistics
b. 1978, eMBA, tradenomi
Gender: male

Employed by VR since 2/2018.
Member of VR Leadership team as of 6/2022

EXPERIENCE:
- VR Group (2018–2022): sales, production and Chief Commercial Officer, VR Transpoint
- Geodis Wilson Finland Oy (2017–2017): Sales Director
- VR Group (2006–2016): key customer and in the roles of sales manager, VR Transpoint
- Lindström Oy (2002–2006): Customer relationship management
- Previous experience also at Rautaruukki Corporation.

Johan Oscarsson

SVP, VR City Traffic Sweden
b. 1970, Ph.D. (Solid Mechanics)
M.Sc. (Civil Engineering)
Gender: male

Employed by VR since 8/2023.
Member of VR Leadership team as of 8/2023

EXPERIENCE:
- Strukton Rail AB (2020–2023): MD and CEO
- MTR Tunnelbanan AB (2018–2020): CEO
- MTR Tech AB (2014–2018): CEO
- Emtrain AB (2017–2018): CEO
- Interfleet Technology AB (2012–2014): CEO

Markku Pirskanen

CFO
b. 1964, M.Sc. (econ.)
Gender: male

Employed by VR since 1/2024.
Member of VR Leadership team as of 1/2024

EXPERIENCE:
- Manna & Co (2023): CFO
- Woodly (2022–2023): CFO
- Tokmanni (2017–2022): CFO
- Hartela-Yhtiöt (2016–2017): CFO
- Martela (2011–2016): CFO
- Comptel (2009–2011): CFO
- Finlayson (2003–2009): CFO

Teemu Sipilä

SVP, Legal and Procurement
b. 1974, LL.M., eMBA
Gender: male

Employed by VR since 1/2023.
Member of VR Leadership team as of 1/2023

EXPERIENCE:
- GlucoModicum Ltd. (2022): General Counsel
- VR Group (2010–2020): in various positions as Director of Commuter Traffic, as General Counsel and acting CEO of VR Track at the time.
- Fortum Corporation (2005–2010): Legal Counsel
- Castren & Snellman Attorneys (1998–2005): Associate

Piia Tyynilä

SVP, VR Long-distance Traffic
b. 1973, Bachelor of Hospitality Management
Gender: female

Employed by VR since 4/2007.
Member of VR Leadership team as of 1/2023

EXPERIENCE:
- VR Group (2022–): SVP Long Distance, CEO Avecra Oy
- VR Group (2007–2021): Director of services and many different positions at Avecra Oy
- Picnic Finland Oy (2006–2007): Chain Director
- SOK (2004–2006): General Manager

Main features of internal control and risk management systems related to the financial reporting process

FINANCE

In accordance with the Finnish Limited Liability Companies Act, the Board of Directors ensures that accounting and financial management controls are properly organised. The President and CEO, in turn, ensures that the company's accounting complies with legal requirements and that financial management is suitably handled. The Leadership Team is responsible for ensuring that VR's business operations comply with applicable laws and follow the decisions of the Board of Directors. Leadership Team is also responsible for ensuring the risk management is properly organised.

VR's financial performance is reported through internal and external reporting. The Leadership Team monitors the achievement of financial targets at least monthly, both at the Group level and through business-specific internal reporting. The reports monitor, among other things, net sales, profit, investment implementation, cash flow, financial position, return on capital, personnel numbers and traffic volumes. The VR's financial performance is reported to the Board of Directors once a month. The Group-level profit forecast for the entire year is updated monthly and is also used as a basis for the following year's budget.

External reporting practises include preparing a quarterly published business review, a half-year financial report, and an annual report and financial statements. The Board of Directors reviews the reports and financial statements before publication.

VR's Finance unit is responsible for the accuracy of the Group's financial reporting. The Finance unit consists of the Finance Service Centre (handling accounting, taxation, invoice processing, payment transactions, and management of vandalism cases), a business control function (handling reporting, budgeting, and management support), and the treasury function (for financing and insurance). Financial reporting complies with laws and generally accepted accounting principles and other regulations applicable to the company, including international IFRS reporting standards. The objective is to ensure that the Group's financial reporting produces materially correct information for both internal and external reports.

RISK MANAGEMENT

Risk management, including the definition of responsibilities, is guided by the risk management policy approved by the Board of Directors and other risk-specific policies and instructions. A more detailed description of VR's risk management is presented in the Report of Board of Directors 2024 and on the company's website.

Other information to be provided

RELATED PARTY TRANSACTIONS

The Board of Directors of VR has approved related party guidelines, which were updated on 21 October 2021. These guidelines are followed by VR-Group Plc and all VR-Group Plc's subsidiaries. The purpose of the guidelines is to ensure that business transactions involving parties related to decision-makers are conducted independently, and do not raise outside concerns about the independence of decision-making or the arm's length nature of the transactions. The guidelines also describe the preparation and decision-making process for related party transactions, as well as define the parties to whom the guidelines apply.

VR assesses and monitors business transactions conducted with related parties and ensures that any potential conflicts of interest are properly taken into account. Related party transactions in 2024, as defined in the Companies Act and the Accounting Act and Decree, did not deviate from VR's normal business operations nor from normal commercial terms.

INSIDER MANAGEMENT

On 30 May 2022, VR issued a green bond for trading on Nasdaq Helsinki Oy's sustainable bond list. As an issuer, VR complies with the provisions of the Finnish Securities Markets Act (746/2012, as amended), Regulation (EU) No 596/2014 of the European Parliament and of the Council on Market Abuse ("MAR"), the guidelines of the Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA), and the rules and insider guidelines of Nasdaq Helsinki Oy.

On 29 April 2022, the Board of Directors of VR approved insider and trading guidelines, according to which the General Counsel acts as the insider register manager and the Compliance Officer is responsible for maintaining the insider lists. The Group Treasurer is responsible for managing trading restrictions and the notification and disclosure obligations for transactions. More information about the key procedures for insider management can be found at: https://www.vrgroup.fi/en/vrgroup/our-company/group-management/insider-administration/.

Internal audit

VR has an independent internal audit function that reports administratively to the CEO and functionally to the Audit Committee of the Board of Directors. The Audit Committee has approved the internal audit charter. The internal audit function evaluates and ensures the effectiveness and appropriateness of the Group's internal controls, in accordance with international professional standards for internal auditing. The Audit Committee of the Board of Directors approves the internal audit function's work plan on a biannual basis. The internal audit function reports its findings to the Audit Committee in its meetings.

Auditing

According to the Articles of Association, VR-Group Plc must have one (1) auditor, which must be an Authorised Public Accountants firm. The auditor is elected by the General Meeting. The auditor's term of office expires at the end of the next Annual General Meeting.

KPMG Oy Ab, an Authorised Public Accountants firm, was elected as the auditor for 2024, with Ari Eskelinen, APA, serving as the with principal auditor. The fees paid to the auditor for the financial year 2024 amounted to EUR 514,100 for auditing services and EUR 380,900 for other services.

Remuneration Policy 2025

Introduction

This Remuneration Policy describes the main principles for the remuneration of VR's Board of Directors, Supervisory Board, President and CEO, and Leadership Team, as well as the decision-making process related to remuneration. The document adheres to the Finnish Government's resolution on ownership steering policy and is prepared in accordance with the Finnish Corporate Governance Code 2025 and the EU Shareholder Rights Directive.

REMUNERATION DECISION-MAKING PROCESS

The bodies involved in the decision-making process for remuneration at VR are the General Meeting, the Board of Directors, and the Board's People and Culture Committee. No governing body may determine its own remuneration, nor participate in decision-making in situations that conflict with the interests of the body or of the individual who is a member of that body. The defined remuneration processes aim to prevent conflicts of interest and ensure fairness and impartiality in remuneration-related decision-making.

The People and Culture Committee prepares the Remuneration Policy and the Remuneration Report, which the Board of Directors approve and present to the Annual General Meeting (AGM) each year. While the AGM's decision is advisory, remuneration must comply with the Remuneration Policy presented to the AGM. The Remuneration Policy remains in effect until the following year's AGM, unless the Board deems it necessary to make significant changes. In this case, the changes must be presented to the AGM. The Remuneration Policy is published on the company's website.

The Board's People and Culture Committee prepares the remuneration schemes for VR's President and CEO and Leadership Team members. The People and Culture Committee also prepares the company's remuneration principles for Board approval. The Board decides on the CEO's remuneration and annually approves the structures, performance criteria, target levels and other governance rules for the short-term and long-term incentive schemes for the CEO and Leadership Team members, in line with the Remuneration Policy. The AGM decides on the annual remuneration of the members of the Board and its committees.

Remuneration principles

VR complies with the guidelines for management remuneration and pension benefits in Finnish state-owned companies. VR aims to align remuneration with prevailing market practices and to reward management for sustainable performance.

The objective of remuneration is to promote the implementation of the company's strategy, business objectives and long-term profitability. Remuneration encourages personnel to act in accordance with the company's strategic business and corporate responsibility objectives, fostering engagement, motivation and strong performance.

Corporate responsibility is integral to VR's strategy and is embedded in daily business operations. The company's Leadership Team regularly guides and monitors the development of the corporate responsibility program and the achievement of its objectives. Progress in these areas is considered when determining appropriate remuneration.

Safety is also a key criterion affecting remuneration. In the event of a serious safety deviation, the Board may, at its discretion, withhold the payment of short-term incentive scheme rewards, either partially or entirely. This may apply in cases such as an employee or customer's accidental death, or other severe or far-reaching safety deviations in the company's operations.

VR strives for transparency and consistency in remuneration. The remuneration scheme and its fairness, reasonableness and competitiveness are reviewed regularly. These principles guide remuneration throughout the organization.

Remuneration of the Board of Directors

Members of the Board of Directors receive a fixed annual monetary fee, while higher fees may be applicable for roles such as Chair or Vice Chair. In addition, members are paid meeting fees for attending Board and committee meetings, and are reimbursed for travel expenses related to these meetings. Members may also be granted a free VR rail pass.

Board members are not employed by VR and thus are not included in the company's other remuneration schemes or variable incentive schemes.

Remuneration of the Supervisory Board

Members of the Supervisory Board are paid meeting fees and reimbursed for travel expenses for attending meetings. The fee and reimbursement amounts are determined based on the member's role or position. Members may also be granted a free VR rail pass.

Supervisory Board members are not employed by VR and thus they are not included in the company's other remuneration schemes or variable incentive schemes.

Remuneration of the CEO and Leadership Team

The remuneration of the CEO and Leadership Team follows VR's remuneration principles, supporting the company's strategic, financial and corporate responsibility objectives. The aim is to foster the engagement of key personnel and to align their interests with those of shareholders.

The Board of Directors decides on the remuneration of the President and CEO and the Leadership Team. Their total compensation package includes a cash salary and benefits in kind – such as a company vehicle, meals and mobile phone – in accordance with company policy.

The CEO and Leadership Team are included in short-term and long-term incentive schemes. The purpose of the incentive schemes is to guide the CEO's actions towards achieving the company's strategy and increasing the company's value over the long term. Performance metrics are based on financial, strategic and operational criteria, and are aligned with the remuneration criteria for other management and the broader organization. The Board decides annually on initiating potential new earning periods for the incentive schemes.

The CEO and Leadership Team's remuneration complies with applicable guidelines for the remuneration of management in state-owned companies. These guidelines state that the total variable pay that is based on achieving objectives shall not exceed 50% of the recipient's fixed annual salary. In the case of exceptionally good performance, total maximum payable rewards can amount to 120% of the fixed annual salary.

The CEO and members of the Leadership Team do not have supplementary pensions.

SHORT-TERM INCENTIVE SCHEME (STI)

The Short-Term Incentive Scheme (STI) is a cash-based incentive scheme with a performance measurement period of one calendar year. It rewards the achievement of the company's short-term strategic business plans and objectives. The objectives of the CEO and Leadership Team members are based on the company's financial and strategic goals, including business-specific objectives. The company's performance is a key financial metric to ensure VR's profitability. Strategic criteria emphasize the importance of strategic development and business renewal. Safety and employee engagement metrics are also a significant part of the short-term incentive program. In 2024, the maximum reward for the CEO was 50% of fixed annual salary and for other Leadership Team members 40% of fixed annual salary.

The Board decides annually on the structure, performance criteria and target levels for the CEO and Leadership Team's STI programs. Any reward is paid after the conclusion of the financial year and following the approval of the financial statements. The recipient is required to be in an active employment relationship with the company. The Board makes the final decision on the payment of rewards and may at its discretion cancel, defer or adjust the payout.

LONG-TERM INCENTIVE SCHEME (LTI)

The Long-Term Incentive Scheme (LTI) supports the company's long-term success and value growth. It is a cash-based incentive scheme based on the company's performance, rewarding key personnel for achieving long-term objectives. The purpose is to offer a competitive remuneration package and foster the engagement of key personnel. The targets of the CEO and the executive team are based on the company's long-term financial and strategic objectives. Return on capital employed serves as the key financial metric in the system to monitor profitability. Measuring cost efficiency highlights the importance of the company's renewal. Emission targets are an essential part of the corporate responsibility program and thus also a part of VR's management long-term incentive program.

Since 2021, the emphasis on variable pay for management has shifted from short-term to long-term incentives. This change has been gradually phased in so that the proportion of short-term incentives in total remuneration decreases and the proportion of long-term incentives increases, while ensuring that the total annual amount of target rewards does not decrease. The target level for the weighting of STI and LTI incentive programs in the total remuneration of the CEO and Leadership Team was achieved in the programs started in 2024.

Maximum Rewards for Long-Term Incentive Schemes (LTI)

LTI 2023–2024	CEO 50%, Leadership Team 20%
LTI 2023–2025 and LTI 2024–2026	CEO 70%, Leadership Team 40%
LTI 2025–2027	CEO 70%, Leadership Team 40% or 50%

The Board decides annually on the structure, performance criteria and target levels for the CEO and Leadership Team's long-term incentive programmes. Any reward is paid after the conclusion of the financial year and following the approval of the financial statements. The recipient is required to be in an active employment relationship with the company. The Board makes the final decision on the payment of rewards and may at its discretion cancel, defer or adjust the payout. The terms for paying rewards when employment is terminated during an earnings period are defined in the reward program.

Maximum Potential Variable Pay for President and CEO and Leadership Team Relative to Fixed Annual Salary for Programmes Starting in 2024 and Thereafter

	STI	LTI	Total
CEO	50%	70%	120%
Leadership Team	40%	40% (50%*)	80% (90%)

* Effective from 2025 for some Leadership Team members

PRESIDENT AND CEO'S PENSION AND OTHER KEY TERMS

The retirement age and pension of the President and CEO are defined in the Finnish Employees' Pensions Act. No supplementary pensions are paid.

The President and CEO's service contract defines key conditions, such as the applicable notice period and amount of severance pay. During the notice period, the President and CEO's salary and severance pay shall not exceed 12 months' fixed salary.

Purpose and Description of President and CEO and Leadership Team Remuneration Components

Remuneration Component	Purpose and Link to Strategy	Description and Practice
Fixed Base Salary and Benefits in Kind	Provide competitive and reasonable fixed compensation and benefits that support recruitment, well-being and engagement.	Base salary is determined based on individual skills, experience, work contribution, internal salary structure and external market level. Typical benefits include phone, company vehicle and health insurance. The level of benefits granted is determined by the local market practice in the country of employment.
Pension	The retirement age of the President and CEO and members of the Leadership Team is defined in accordance with applicable employment pension legislation. Supplementary pensions are not used for remuneration.	
Short-Term Incentive	Short-term incentive schemes support achieving the company's short-term financial and corporate responsibility objectives.	Short-term incentive scheme rewards are paid in cash. The earning period is one year. The board determines the final reward level upon confirmation of the achievement of objectives at the conclusion of the earnings period.
Long-Term Incentive	Long-term incentive schemes support the company's long-term financial and sustainability objectives, align the interests of management and shareholders, and foster the engagement of key personnel.	Long-term incentive scheme rewards are paid in cash, and no share-based schemes are used. The earnings period is typically three years. The board determines the final reward level upon confirmation of the achievement level of objectives at the conclusion of the earnings period.
Reward Reclaim and Deferral	Ensure that rewards are based on actual achievements.	Rewards can be cancelled, deferred or adjusted by a unilateral decision of the Board if necessary.

A one-time reward scheme covers all company personnel (excluding the President and CEO). Leadership Team members may be rewarded for outstanding performance. The reward is discretionary and can be up to a maximum of two months' salary. The Chair of the Board decides to pay the reward based on the President and CEO's proposal.

DEVIATION FROM THE REMUNERATION POLICY

Based on the recommendation of the People and Culture Committee, in the following cases the Board may at its discretion temporarily deviate from the Remuneration Policy:

- Change of President and CEO or other Leadership Team member
- Changes in applicable legislation or ownership policy guidelines
- Significant changes in the Group's structure
- Other circumstances requiring deviation to safeguard the long-term interests and sustainability of the entire VR Group, or to ensure operational capacity

Remuneration Report 2024

Introduction

This Remuneration Report describes the remuneration of VR Group's Board of Directors, Supervisory Board, Chief Executive Officer (CEO) and Leadership Team for 2024. The remuneration practices adhere to the Finnish Government's resolution on the ownership steering policy. This report is prepared under the Finnish Corporate Governance Code 2025 and the EU Shareholder Rights Directive.

REMUNERATION PRINCIPLES IN 2024

VR's remuneration framework aims to incentivize individuals and the organization to work in alignment with the company's strategic objectives. The system also aims to foster employee engagement, encourage strong performance, and reward the achievement of set targets.

The remuneration of the company's Board of Directors, President and CEO, and Leadership Team followed the 2024 Remuneration Policy.

The table below details the remuneration of VR's Board of Directors, President and CEO, Leadership Team and other personnel. The company's financial performance from 2020 to 2024 is also listed. The remuneration of the President and CEO and the Leadership Team includes base salary, benefits in kind, and variable pay based on the previous year's financial and non-financial targets.

Year-on-Year Development	2020	2021	2022	2023	2024
Board of Directors fees paid (EUR)	284,637	304,450	345,400	320,697	**279,100**
President and CEO remuneration (EUR)*	480,242	448,721	787,484	379,177	**681,133**
Leadership Team remuneration (EUR)	2,044,004	1,795,270	1,767,514	2,244,003	**2,881,792**
Personnel remuneration (average in EUR) **	50,154	52,879	48,662	54,910	**56,119**
Company financial performance					
Revenue (EUR M)	792	838	1,107	1,224	**1,295**
Comparable operating profit (EUR M)	-26	-14	6	60	**85**

*) In 2022, the CEOs were Sipponen (until 4 April 2022), Simola (until 29 August 2022), and Markula (from 30 August 2022). The total amount includes Sipponen's severance pay and pay for the notice period of EUR 380,000.

**) Salaries and fees paid according to the company's financial statements (excluding pension and other social costs), divided by the average number of person-years.

Remuneration of the Board of Directors in 2024

The Board of Directors oversees the company's management and ensures the appropriate organisation of operations. The remuneration of the Board is determined annually at the Annual General Meeting (AGM). The remuneration consists of a fixed annual fee, which varies depending on the member's position on the Board, and meeting fees for attending meetings of the Board and its committees. Board members are not included in the company's other remuneration schemes.

Remuneration in EUR payable to Board members determined at the 2024 AGM	
Chair of the Board	€54,750 per year
Vice Chair of the Board	€25,800 per year
Member of the Board	€22,800 per year

In addition, Board members are paid a meeting fee of EUR 600 per meeting for both Board and committee meetings. Board members outside Finland receive double the meeting fee if they travel to a meeting outside their country of residence.

The total annual and meeting fees decided by the AGM remained unchanged from the previous year. However, the AGM approved an addition regarding meeting fee payment to Board members outside of Finland.

The total remuneration of the Board of Directors in 2024 was EUR 279,100.

The table below presents the fees paid to the Chair, Vice Chair and other Board members in 2024. In addition to these fees, Board members are entitled to a free VR rail pass.

Board of Directors Remuneration in 2024	Annual Fee	Board Meetings	Committee Meetings	In total
Chair				
Esa Rautalinko	€54,750	€12,000	€3,600	**€70,350**
Vice Chair				
Sari Pohjonen	€25,800	€11,400	€3,600	**€40,800**
Board members				
Pekka Hurtola	€22,800	€12,000	€3,600	**€38,400**
Nermin Hairedin	€22,800	€12,000	€3,600	**€38,400**
Virve Laitinen*	€5,700	€2,400	€1,200	**€9,300**
Jaakko Kiander*	€5,700	€2,400	€1,200	**€9,300**
Markus Holm	€22,800	€12,000	€3,600	**€38,400**
Torborg Chetkovich**	€16,150	€15,000	€3,000	**€34,150**
Turkka Kuusisto***	€0	€0	€0	**€0**

* Board member until the AGM on 16 April 2024.
** Board member from the AGM on 16 April 2024.
*** Board membership ended on 11 January 2024, no remuneration has been paid.

Remuneration of the Supervisory Board in 2024

The remuneration of the Supervisory Board is determined annually at the Annual General Meeting (AGM). In 2024, the following meeting fees were paid to the members of the Supervisory Board, as decided by the AGM on 16 April 2024:

Meeting compensation in EUR payable to Supervisory Board members determined at the AGM in 2024

Chair of the Supervisory Board	€800 per meeting
Vice Chair of the Supervisory Board	€600 per meeting
Member of the Supervisory Board	€500 per meeting

In 2024, the total remuneration paid to the Supervisory Board was EUR 16,100. This includes fees for the Chair, Vice Chair, regular members and staff representatives. In addition to these meeting fees, Supervisory Board members received a free VR rail pass.

Supervisory Board Remuneration in 2024

Chair	
Markku Eestilä	€2,400
Vice chair	
Vilhem Junnila	€1,200
Members	
Kaisa Garedew	€1,500
Hanna Holopainen	€500
Tuomas Kettunen	€1,500
Teemu Kinnari	€1,500
Arto Luukkanen	€1,500
Lauri Lyly	€1,500
Niina Malm	€500
Anna Mäkipää	€1,000
Martin Paasi**	€1,000
Aura Salla*	€500
Juha Viitala	€1,500

* Supervisory Board member until 3 September 2024
** Supervisory Board member from 3 September 2024

President and CEO Remuneration in 2024

The President and CEO's remuneration consists of a fixed salary with benefits in kind, as well as variable pay components (STI and LTI schemes).

Their maximum variable pay relative to fixed salary is determined by following the Finnish Government's ownership policy guidelines. The Board considers the company's strategy and long-term objectives when defining performance metrics and targets for short-term and long-term incentives. The incentive schemes aim to guide the CEO's actions towards achieving the company's strategic goals and increasing the company's value over the long term. The performance metrics are based on financial, strategic and operational criteria, aligned with the remuneration criteria for other managers and the broader organisation.

In 2024, Elisa Markula served as President and CEO for the entire year (1 January 2024 – 31 December 2024). The variable component of Ms. Markula's remuneration was 42.6% of her total compensation for 2024.

The President and CEO Remuneration in 2024

President and CEO Markula	€
Base salary (including benefits in kind)	390,950.71
Short-term incentive scheme (STI), performance period 2023	157,512.90
Long-term incentive scheme (LTI), performance period 2022–2023	132,669.54
Total	**681,133.15**
Proportion of Fixed and Variable Pay	**57.4% / 42.6%**

Leadership Team Remuneration in 2024

In 2024, the Leadership Team's remuneration consisted of a fixed base salary with benefits in kind and variable pay (STI, LTI). The Board decides annually on the Leadership Team's remuneration, performance metrics, and the criteria for incentive schemes. The criteria for Leadership Team remuneration are aligned with the criteria for the President and CEO. The company's Leadership Team had twelve (12) members in 2024.

Leadership Team Remuneration in 2024

Leadership Team	€
Base salary (including benefits in kind, holiday pay/ compensation)	2,236,691.41
Short-term incentive scheme (STI), performance period 2023	488,642.64
Long-term incentive scheme (LTI), performance period 2022–2023	156,457.82
Total	**2,881,791.87**
Proportion of Fixed and Variable Pay	**77.6%/ 22.4%**

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