

MORE SUSTAINABLE LOGISTICS



Sustainability at Kaukokiito



2024



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CEO'S REVIEW



The logistics sector has been undergoing a transformation in recent years. Climate change, globalisation, digitalisation and pandemics have become an integral part of the daily life of the industry, including here at Kaukokiito. Understanding this change was an important catalyst when we created our new strategy. As the environment also changes for our customers, we wanted their voice to be at the heart of our strategy. This cooperation gave rise to the **goal of being a pioneer in logistics, who always delivers better customer experiences.**

In our discussions, there was also a need for logistics that is good for the environment and good for people. Although sustainability has for long been part of our everyday life, we wanted to sharpen our work. We have taken long-term steps on our journey towards sustainable logistics, and the journey continues.

The main objective of Kaukokiito's sus-

tainability is to reduce emissions from our transport: we want to play our part in mitigating climate change by providing 100% fossil-free transport by 2040. In addition, it is important for us to promote the well-being of our staff and to be an even fairer social actor.

Kaukokiito's sustainability themes – climate, Kaukokiito's staff and social partnership – are part of a longer continuum. For instance, we have invested in our growing fleet of electric and gas-powered vehicles as well as our Kaukokiito BIO service that uses renewable diesel for transporting shipments. In addition, our HCT combination vehicles reduce emissions from our deliveries through improved efficiency. Our technology unit accelerates our journey to meet our targets by developing and refining data into solutions to support, e.g. delivery optimisation, driving monitoring and emission calculations.

The environmental friendliness of our terminals is also significant. Most of them use geothermal heat and solar energy, and the share of these sources will continue to grow.

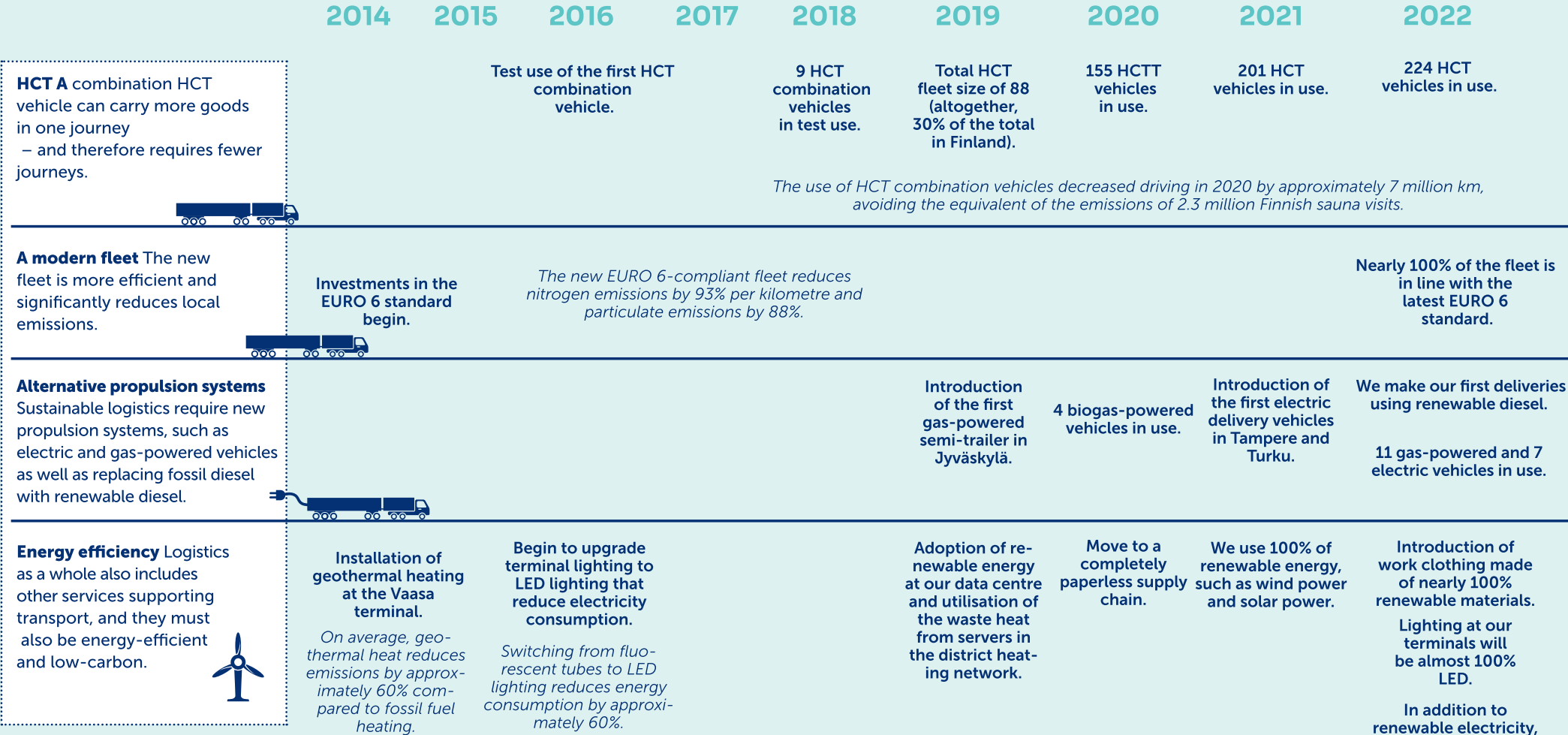
Our sustainability is guided by a roadmap that enables us to monitor our progress, measure important milestones and communicate our successes openly to the outside world. In this way, we also keep our stakeholders informed of the state of Kaukokiito's sustainability.

Right now, we are living in a particularly interesting time for our industry. Although our environment is changing, the need for logistics in the post-pandemic world remains. Therefore, Kaukokiito will continue to deliver only the best customer experiences. They contribute to the development of more sustainable logistics for the environment and people.

Petri Angervuori
CEO, Kaukokiito

The journey of the Kaukokiito chain

TOWARDS MORE SUSTAINABLE LOGISTICS



SUSTAINABILITY AT KAUKOKIITO

As a logistics company, our operations play a significant role for the climate, society and the people of Kaukokiito. For us, sustainability is about concrete everyday actions that help us to reduce emissions, maximise our positive impact and help our customers to achieve their own sustainability goals.

Our sustainability work so far has been a signpost on our path towards more sustainable logistics: we are making significant alternative propulsion investments in fleet, developing route planning with the help of technology and offering our customers the Kaukokiito BIO service, which transports shipments using renewable diesel. In addition, we invest in the well-being of our personnel: we support competence development, for instance, and invest in supervisory work and occupational safety.

We are proud of our sustainability efforts and will continue them. Our goal is to transport our customers' shipments 100% fossil-free by 2040. As an intermediate goal, we will reduce the emissions from our transport by at least 42% by 2030 compared to the 2020 baseline.

In order to achieve our sustainability goals, it has been important for us that sustainability is an integral part of the Kaukokiito management system. That is why the implementation of the sustainability objectives

2023

2024

Robotics in place in up to over 90% of delivery planning, on average 60% supporting all route planning

We offer renewable diesel as an option to all of our customers.

26 biogas and 19 electric vehicles on the road

We are strongly investing in new electric vehicles.

We utilise robotics to support driving planning.

The Kaukokiito BIO service transports shipments with renewable diesel

We provide emission reports based on authentic customer data.

We set new emission reduction targets for transport

is steered by our own sustainability steering group. This group is committed to incorporating sustainability closely into Kaukokiito's business. We have divided our sustainability goals into three areas: climate, Kaukokiito people and society. These themes have their own sub-objectives that concretely define our path towards goals and sustainable everyday life.

We do not only want to be a sustainably operating logistics company, but our goal is to help our customers to achieve their own goals in terms of sustainability. Sustainable logistics require close cooperation between Kaukokiito people, our customers and our partners.



ECONOMICAL AND ANTICIPATORY DRIVING IMPROVES THE ENERGY EFFICIENCY OF TRANSPORT

In economical and anticipatory driving, traffic is read constantly to optimise fuel consumption. Economical, i.e. smart and smooth driving, increases the safety of traffic and reduces the environmental impact of transport, such as CO2 emissions.

We support and monitor economical driving in a variety of ways:

- We constantly provide drivers with training on our newest equipment.
- Advanced technology increases safety and fuel efficiency.
- We train drivers in economical driving.
- We provide feedback and reward good performances.
- A modern fleet that is safe and energy-efficient.
- Advanced automotive accessories that increase safety and fuel efficiency, such as anticipatory cruise control systems that detect terrain and traffic, increase safety and fuel economy.
- Driving monitoring systems
- Regular maintenance of vehicles, including checking tyre pressures.
- We optimise the efficiency of journeys with route plans.
- High utilisation rates and combinations of transports.

Regular driver training and accountability are part of the everyday life of Kaukokiito

At Kaukokiito, we have always taken care of providing our drivers with driving training and we have been paying more attention to it since the beginning of the 2010s. Kaukokiito drivers regularly participate in Kaukokiito's own training, where drivers receive personal feedback on their driving. Monitoring and feedback are used to develop drivers' skills.

Kaukokiito drivers periodically take part in the REAK course, a day spent on acquiring a professional qualification in economical and anticipatory driving. Correct use of the fleet in combination with an anticipatory driving style increases safety and fuel efficiency. Furthermore, our drivers are able to attend brand-specific training days arranged by importers on new automotive technologies, among other things. The orientation with the new fleet takes place before delivery.

Technology to support developing economical driving habits

We monitor economical driving by car, vehicle group and driver. Drivers can also view their own driving habit report. A report updated in real time about shift-specific driving habits is the best possible tool for an employee to develop their own work. The real-time report allows for critical assessment while things are still fresh in memory.

The monitoring of the driving habits of Kaukokiito's drivers consists of four main themes:

ROLLING

Optimisation of the rolling distance. (Avoiding rolling at the expense of the average speed)

IDLING

Minimising idling

BRAKING

Anticipatory driving aims to avoid full stops and increase safety

SPEED

Driving speed tracking. A steady speed is the least taxing to the driver and consumes the least fuel

Anticipation increases traffic and occupational safety

An experienced driver who knows economical driving performs exemplarily in traffic, regardless of the conditions. Anticipatory driving has been shown to reduce near misses and stress. Hurry is not part of the behaviour of Kaukokiito's drivers in traffic.

When the driver focuses on economical driving, they also pay more attention to and perceive other traffic, making traffic operations smooth and predictable for other road users at all times.



Customer story

FRAMERY

“ Not only does Framery want to make working life happier with soundproof phone booths, but we have set ourselves a strict target of reducing our environmental impact. **We strive to reduce emissions both in our own operations and in the supply chain.**

In the context of this objective, **we have submitted a proposal to Kaukokiito to jointly develop a solution for reducing emissions.** The cooperation seemed natural because Kaukokiito manages Framery's warehouse in Tampere.

From a few different options, we ended up investing in a vehicle that runs on biogas, which now transports our phone booths and their parts between the factory and the warehouse. **The cooperation with Kaukokiito was straightforward and the result impressive.”**

Kirsti Sääjärvi, Sustainability Lead, Framery

Customer story

HKSCAN

” HKScan is aiming for a carbon-neutral food chain by 2040. This target also means reducing emissions in transport.

The biogas truck is a good fit for our purposes. The biogas truck makes many trips in the Helsinki Metropolitan Area and has a high filling rate, which is why emissions savings are significant.

We appreciate Kaukokiito's way of boldly seizing new opportunities to find solutions to reduce emissions from logistics.”

*Leea Lehtonen, Transport Manager and
Henry Pihlava, Category Manager, Logistics,
HKScan*



Customer story

TOKMANNI

” Systematically reducing climate impact is one of Tokmanni’s most important areas of responsibility.

Kaukokiito is Tokmanni’s long-term partner and is responsible for all our domestic transport. We are very satisfied with the quality-cost ratio of Kaukokiito’s transport and with the fact that it operates both day and night.

As far as environmentally friendly transport is concerned, I am pleased to report that **Tokmanni and Kaukokiito joined forces to introduce HCT vehicles as soon as this was possible** by exemption permit. This is a significant step forward as the higher capacity of an HCT combination vehicle allows for emission savings*. In this case, fewer vehicles are needed to transport the same tonnage.'

*Tuija Landén, Logistics Planner,
Tokmanni*

*The emission savings per tonne-kilometre from using a HCT combination vehicle compared to a conventional 25.25m combination vehicle are calculated to be around 14%. This is assumed to be 90% of the average filling rate. (Source: Gaia Consulting)



Customer story

SANDVIK

” Kaukokiito has handled all Sandvik deliveries with renewable diesel since May 2022. We decided to go along with this, as it significantly **reduces the emissions of our transport**. The implementation of the Kaukokiito BIO service did not require any extra investment from us Sandvik people, but at the value level this has a significant meaning in our everyday life. The emission reduction has been realised well and at least in accordance with the original calculations. I can say from experience that it works.

– Lauri Myllymaa, Sourcing Category Manager, Sandvik



Towards fossil-free transport

KAUKOKIITO BIO

The Kaukokiito BIO service transports shipments using renewable diesel. This means that the carbon footprint of your transports is on average 90% lower than when transported using fossil fuels. Deploying the service does not require changes to the daily work.

Kaukokiito BIO is an easy, fast and cost-effective service that offers your company a way to transport your products with less emissions than fossil fuels. According to an ISO 16258-compliant calculation, the use of renewable diesel reduces the carbon footprint of transport by an average of 90%. It makes sustainability a concrete part of your business. As a user of the service, you can use Kaukokiito's emission reports. They allow you to monitor and communicate to your customers about the progress of your sustainability goals. The Kaukokiito BIO service is suitable for all of your company's transport needs: the transport of parcels, groupages and partial and full loads.

When you choose the service, Kaukokiito refuels the amount of renewable diesel in

its network corresponding to the emission reduction target of your shipments. The emissions report tells you about the development of your transport emissions.

The Kaukokiito BIO service uses renewable diesel made 100% from waste and residues. Renewable diesel burns cleanly and withstands cold very well. It is therefore suitable for transport in the demanding Northern climate!

The price of the Kaukokiito BIO service is based on the volume and volume distribution of your shipments, from which the fuel consumption estimate for your transport is calculated. In addition, it is affected by the cost difference between renewable diesel and fossil diesel.

Why choose Kaukokiito BIO?

- The carbon footprint of transport is on average 90% lower with renewable diesel than with fossil fuels.
- The realisation of the emissions reduction targets is monitored by using emissions reports.
- The extensive Finnish distribution network of renewable diesel allows the service to be used in all domestic transports.
- The Kaukokiito BIO service is easy, fast and cost-effective to use, and it does not require any changes to your everyday operations.
- It is possible to use the service as part of sustainability communication.

ON THE SIDE OF FINNISH WORK AND NATURE

Kaukokiito is part of the Finnish national landscape – this is landscape we want to cherish. For us, sustainability is being on the side of Finnish work and nature. This vision is guided by three themes of sustainability.



CLIMATE: More sustainable logistics

Transport is responsible for a significant part of greenhouse gas emissions in Finland. That is why we have set ourselves a tough target: we are striving for 100% fossil-free transports by 2040. As an intermediate goal, we will reduce the emissions from our transport by at least 42% by 2030 compared to the 2020 baseline.



KAUKOKIITO STAFF: Good work

As a large Finnish employer, an important part of our corporate responsibility is to provide a healthy and safe working environment for each of our employees. Together with Kaukokiito staff, we are constantly improving the work to make it more pleasant and safer.



SOCIETY: A fair partner in society

A fair social partnership is part of our sustainability. We follow ethical principles in our own operations and require our partners to implement them too.

CLIMATE SUSTAINABILITY

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What we have achieved

We are a logistics company that plays an important role in promoting climate-sustainable transport in Finland. Our most significant source of emissions is our fleet. For a long time, we have already been paying attention to in terms of the carbon footprint impacts. Thanks to the new fleet, extra-long HCT combination vehicles, bio-gas and electric vehicles and renewable diesel (Kaukokiito BIO service), we are on the way to achieving our climate goal.

In addition to fleet investments, we are reducing emissions by optimising transports, that is, by planning routes in such a way as to save driving kilometres. At our terminals, emissions are caused by energy consumption, which is why we use electricity from wind power and have additionally invested in energy efficiency, geothermal energy and solar panels. We also have a paperless supply chain.

In 2023, we launched the Kaukokiito BIO service, which is based on

We invest in gas- and electric-powered fleet

We transport shipments using renewable diesel

We will continue the optimisation of shipments

We will intensify cooperation with stakeholders

using renewable diesel. According to an ISO 16258-compliant calculation, the use of renewable diesel reduces the carbon footprint of transport by an average of 90%.

Our customers receive an emissions report that allows them to track the CO₂e greenhouse gas emissions caused by their transports and compare them to their own emission reduction targets.

Ways to reach our goal

To achieve the goals, we will continue to invest in gas- and electric-powered equipment and the sale of our Kaukokiito BIO service, which transports our customers' shipments with renewable diesel. We will continue to use data and robotics to optimise transport and train our drivers in an anticipatory and economical driving style. We will also intensify cooperation with stakeholders to ensure that all parties are involved in supporting the achievement of climate goals.

GOOD WORK

There would be no Kaukokiito without Kaukokiito employees who enjoy their work. That is why we are committed to doing a good job – something that everyone who works for us can be proud of.

We want to do a good job. To build and support a diverse and equal Kaukokiito culture in which our employees feel good and acknowledge the value of their work. We believe that this will be achieved through the long-term development of occupational well-being and safety and by investing in the training of Kaukokiito employees and supervisory work.

Kaukokiito is a significant Finnish employer. We have approximately 2,000 employees of our own and thousands indirectly through sub-contractors and partners. We monitor the implementation and development of well-being at work with an annual well-being at work survey and pulse surveys.

We offer training opportunities for Kaukokiito employees in our own Kaukokiito Academy, which is our personnel's own forum for competence development and networking. Through it, Kaukokiito employees can complete a degree alongside their own work and supplement their professional competence.

We organise safety and well-being days at our terminals so that



Kaukokiito employees can take a break around their personal well-being and offer new ideas to support it. We also support occupational safety work with chain-level campaigns aimed at increasing the personnel's occupational safety awareness, actively making safety observations and correcting any shortcomings observed. Safety findings are monitored on a daily basis through local managers. Every accident at work is reported and subject to an internal investigation. We also use safety surveys in which all employees participate.

We are more than just our work selves, which is why work-life balance is important to us. In 2024, we launched the Team Kake sponsorship programme, through which we distribute support for the hobbies of our employees' families.

We are committed to making work even better for the Kaukokiito community. Our goal is motivated, competent and thriving staff. This can be achieved by monitoring well-being, addressing development issues, and investing further in leadership and supervisory work.

A FAIR PARTNER IN SOCIETY

A fair social partnership is part of our sustainability. We follow ethical principles in our own operations and require our partners to implement them too.

Kaukokito has a long tradition as a local Finnish operator. In addition, being open and trustworthy is an important part of our values. These are crystallised in our goal of being a fair partner in society.

As a major logistics operator, our actions have an impact. Our day-to-day work is guided by the code of conduct to which all of Kaukokiito's employees and subcontractors are committed. The purpose of the code of conduct is to ensure that each and every one of us acts in an ethical manner and follows laws and rules in our work, promoting equality, justice and occupational safety and paying attention to the environmental impacts of their work.

As an employer, we are also committed to acting in accordance with the aforementioned ethical principles. Since 2023, we have been using the statutory Whistle Blowing channel for confidentially reporting irresponsible behaviour observed or suspicion thereof observed in the Kaukokiito chain.

Our fair social partnership also involves openness in our operations. We communicate transparently about our sustainability work and listen to the thoughts and wishes of our customers and employees. By working together, our activities can be more effective.

**The entire Kaukokii-
to chain is commit-
ted to complying
with ethical princi-
ples**

An aerial photograph of a white truck driving on a dirt road that curves through a dense forest. The entire image has a blue color cast. The truck is positioned in the middle of the frame, moving along the road.

LEARN MORE ABOUT OUR SUSTAINABILITY

If you have any questions about our sustainability, you can always contact us at myynti@kaukokiito.fi.



KAUKOKIITO