

TERVEYSTALO

CORPORATE RESPONSIBILITY REPORT 2019



CONTENTS

YEAR 2019

Terveystalo in brief..... 6
 CEO's Review 7
 Highlights and challenges in 2019..... 8

CORPORATE RESPONSIBILITY IN TERVEYSTALO'S OPERATIONS

Corporate responsibility in Terveystalo..... 12
 Goals and achievements..... 14
 Stakeholder engagement 15
 Words from stakeholders..... 16
 Values and ethical principles 17
 Management approach..... 18

OUR PRIORITIES

We create positive economic impacts 22
 Our employees have a high level of well-being and work performance..... 24
 We consume and produce sustainably and work to mitigate climate change 28
 Our operations are driven by the health and well-being of our customers..... 30

THE BASIS OF OUR REPORT

Reporting principles 34
 GRI-index..... 35



HOW TO USE THIS REPORT

This is the first Terveystalo Corporate Responsibility Report to make use of the Global Reporting Initiative (GRI) framework. The report contains information on the material aspects of Terveystalo's corporate responsibility.

The GRI index is provided at the end of the report. The statement of non-financial information stipulated by Section 3a of the Finnish Accounting Act is presented as part of the Board of Directors' report in the [Annual Review](#). The results of Terveystalo's activities related to quality are also reported in the company's [Quality Book](#).

YEAR 2019

In 2019, we promoted corporate sustainability in several areas. We further improved our Net Promoter Score (NPS), reaching an all-time high. We became the first company in our industry in Finland to publish our carbon footprint, and our corporate responsibility was rated among the best in our sector. We signed a new financing agreement to expedite our corporate responsibility efforts and we also updated our Code of Conduct. In addition, we prepared and published our tax strategy.



TERVEYSTALO IN BRIEF

Terveystalo is a listed company on the Helsinki Stock Exchange. We are the largest private healthcare service company in Finland in terms of revenue and network. We offer versatile primary and secondary healthcare services for corporate and private customers as well as the public sector. The nationwide network covers approximately 300 clinics across Finland. The clinic network is supplemented by 24/7 digital services.

SERVICE OFFERING

- OCCUPATIONAL HEALTH CARE
- PRIMARY AND SPECIALTY CARE
- WELL-BEING SERVICES
- IMAGING AND LABS
- DAY SURGERY
- HEALTHCARE OUTSOURCING
- HEALTHCARE STAFFING

USERS OF TERVEYSTALO'S DIGITAL SERVICES ON DECEMBER 31, 2019

OVER **4.7 MILLION** INDIVIDUALS IN DIGITAL PATIENT RECORDS

188,000 PERSONAL HEALTH PLANS (OMA SUUNNITELMA)

APPROX. **800,000** USERS OF THE OMA TERVEYS ONLINE SERVICE

OVER **150,000** REMOTE VISITS IN 2019

CEO'S REVIEW: CORPORATE RESPONSIBILITY IS MANIFESTED IN OUR EVERYDAY OPERATIONS

In addition to their duty towards their owners, companies have responsibilities to their employees, to society and to the environment. Sustainable operation is a key value for Terveystalo, and in addition to creating additional financial value for society, we also seek to promote the health and well-being of our customers and personnel. Climate change requires us all to act. At Terveystalo, we take responsibility for the environment by producing services sustainably and taking action against climate change.

Quality and corporate sustainability are at the core of our strategy, and we want to make it visible in our operations. Our sustainability efforts are guided by Terveystalo's Code of Conduct and our quality management is focused on the continuous improvement of clinical, operational and experienced quality, as well as the material themes of corporate sustainability, as highlighted by our stakeholders. The sustainability themes emphasize the quality and effectiveness of treatment, patient safety and data protection, high-quality service and staff well-being at work.

In 2019, we promoted corporate sustainability in several areas. We updated Terveystalo's Code of Conduct to be able to better consider the sustainability themes, values and business characteristics that are essential for Terveystalo. This year, we will also report our carbon footprint as a new aspect of sustainability. We also decided to boost our sustainability efforts, and agreed on loan financing of EUR 410 million with an interest margin that takes into account Terveystalo's achievement of its sustainability targets. This arrangement is a big step towards aligning Terveystalo's business strategy with financing strategy.

In recent years, Terveystalo has made several large acquisitions, and, in 2019, Terveystalo's organization significantly expanded again in connection with the acquisition of Attendo's healthcare operations in Finland. Corporate integrations are challenging in terms of coping

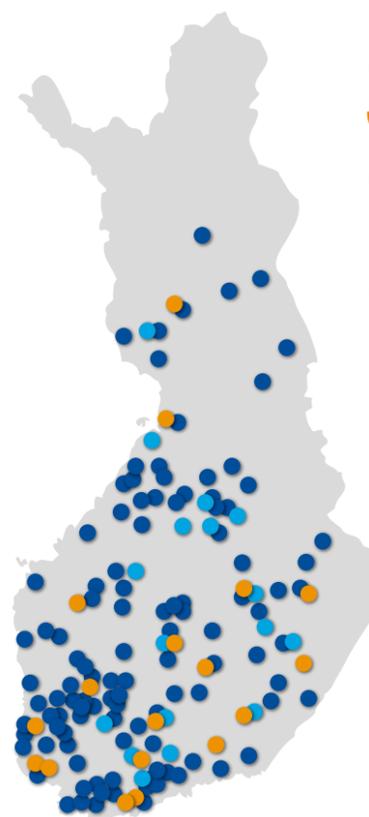
at work, and this was also reflected in our sustainability results. We will consider these development needs as we continue to build the strongest work community in the sector. There were no significant changes in our supply chain during the year.

This is our first sustainability report in line with the GRI Standards, and it describes the progress of our sustainability efforts. We are constantly developing the clinical, operational, and experienced quality of our work as well as the medical effectiveness of treatment. As pioneers in the field, we publish the results of our quality work in our annual Quality Book. As we move forward, we will continue to drive the industry's development towards more individual-oriented and preventive care while also promoting transparency and the comparability of the quality of care.

Responsible business is also financially profitable and sustainable business. I'm proud of our efforts to improve quality and corporate sustainability. We will raise the bar even higher in the years to come.

Kind regards,

Ville Iho
CEO
Terveystalo



300
CLINICS, INCLUDING
**17 HOSPITAL UNITS AND
40 DENTAL CLINICS**

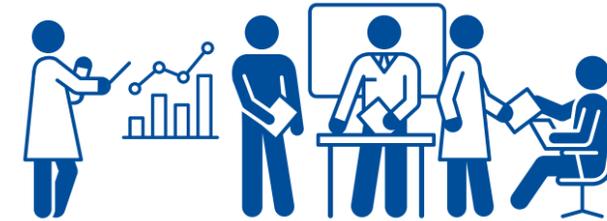
47
CLINICS WITH
IMAGING SERVICES

170
CLINICS WITH PHYSICAL
THERAPY SERVICES

- Lääkärikeskus-sairaalat
- Lääkärikeskukset ja hammaslääkärikeskukset sekä työterveysasemat
- Kuntaulkoistukset ja valinnanvapauskokeilut

HIGHLIGHTS AND CHALLENGES IN 2019

In 2019, we further improved our Net Promoter Score, reaching an all-time high. We became the first company in our industry in Finland to publish our carbon footprint, and our corporate responsibility was rated among the best in our sector. We signed a new financing agreement to expedite our corporate responsibility efforts and we also updated our Code of Conduct.



RECORD-HIGH CUSTOMER SATISFACTION, CARBON FOOTPRINT AS A NEW ENVIRONMENTAL PERSPECTIVE

1 NPS IMPROVED IN ALL AREAS OF MEASUREMENT

We aim to provide a service experience that is simultaneously efficient, friendly and empathetic. Net Promoter Score (NPS) is our most important indicator of customer satisfaction. Our efforts to improve our NPS have produced good results: The NPS for appointments was the highest we have ever achieved and improved further from its previously high level, reaching 72.5 (2018: 70.9), while the NPS for hospital services remained very strong at 89.2 (2018: 91). A good customer experience requires continuous development efforts, and we work hard to further strengthen our service culture.

[+ READ MORE ON PAGE 30](#)

CARBON FOOTPRINT AS A NEW ENVIRONMENTAL PERSPECTIVE

The carbon footprint is an environmental perspective of Terveystalo's business operations that is considered important by investors in particular. In 2019, we became the first company in our industry to calculate our carbon footprint. The carbon footprint model supports monitoring and implementation of long-term CO₂ reduction targets.

[+ READ MORE ON PAGE 28](#)

3 WE PUBLISHED OUR TAX STRATEGY

In response to the report published by the NGO, Finnwatch, in May 2019 on the tax responsibility of companies providing social and health services and the subsequent public discussion, we published our tax strategy, which is based on Terveystalo's values and business strategy. Our responsible tax policy increases the transparency and effectiveness of our operations. It thereby benefits our key stakeholders: our customers, shareholders, municipalities, and the state. Terveystalo also publishes its tax footprint annually.

[+ READ MORE ON PAGE 22](#)

4 OUR CORPORATE RESPONSIBILITY WAS RATED AMONG THE BEST IN OUR SECTOR

Terveystalo became the first Finnish health service provider to receive the ISS ESG Prime responsibility rating. This means we meet the high responsibility standards of ISS ESG in our industry and we are in the top 10 percent globally in the ISS ESG Prime rating framework. Our scores were better than average, particularly in the areas of quality, patient safety, employee relations, and the working environment.

WE CHALLENGE OURSELVES TO DEVELOP CONTINUOUSLY

1 NEW FINANCING AGREEMENT EXPEDITES CORPORATE RESPONSIBILITY EFFORTS

Interest in sustainability and corporate responsibility has increased in recent years, and sustainability-linked financing is growing rapidly in Europe. In November, Terveystalo agreed on loan financing of EUR 410 million. The interest rate margin takes into account Terveystalo's achievement of corporate responsibility targets for improvement in customer satisfaction, employee satisfaction and well-being as well as the reduction of mixed waste. The targets are as follows:

- Improve job satisfaction and well-being at work for both employees and private practitioners, measured by Employee Net Promoter Score (eNPS).
- Further improve customer satisfaction, as measured by NPS, from the already high level
- Reduce the amount of mixed waste generated by operations by promoting recycling and material efficiency

The job satisfaction and well-being of Terveystalo's personnel and private practitioners are paramount to ensuring a high quality of care and an excellent customer experience. The customer Net Promoter Score measures our success in our key role, which is the promotion of customer well-being and the prevention and treatment of illnesses. Material efficiency and waste recycling are an environmental aspect that is considered important by key stakeholders, and Terveystalo wishes to be among the leaders in its industry in promoting material efficiency.

2 WE UPDATED OUR CODE OF CONDUCT AND MONITOR ITS IMPLEMENTATION

We published our updated Code of Conduct in December 2019. The purpose of the revision was to clarify the Code of Conduct based on the material themes of Terveystalo's corporate responsibility. The Code of Conduct constitutes the foundation for our day-to-day operations by helping us ensure that we operate in accordance with our values, the relevant legislation, and our internal policies and guidelines. The Code of Conduct also reflects the company's commitments to its key stakeholders. One important aspect of our culture of responsible business is that everyone who acts on behalf of Terveystalo feels that they can freely voice any concerns and trust that Terveystalo will take appropriate measures to investigate any actions that are contrary to the Code of Conduct. The revision of the Code of Conduct was based on the core values that guide our operations: know-how and caring. Through active internal communication and training, we aim to promote the effective implementation of the Code of Conduct in day-to-day operations throughout the organization.

CORPORATE RESPONSIBILITY IN TERVEYSTALO'S OPERATIONS

Our sustainability efforts are guided by our Code of Conduct, our quality management focused on the continuous improvement of clinical, operational and experienced quality, as well as the material themes of corporate responsibility highlighted by our stakeholders. We regularly monitor the results of our work pertaining to sustainability and corporate responsibility.



CORPORATE RESPONSIBILITY IN TERVEYSTALO

In 2019, we defined the material aspects of our corporate responsibility in collaboration with the representatives of key stakeholders. The materiality analysis serves as the foundation for our sustainability efforts, corporate responsibility communications, and their development. Based on the materiality analysis, we also analyzed the views of ESG investors regarding various aspects of corporate responsibility.

MATERIALITY ANALYSIS AS THE FOUNDATION OF SUSTAINABILITY EFFORTS

In 2019, we defined the material aspects of our corporate responsibility in collaboration with the representatives of key stakeholders. As background work, our partner, the communications consultancy Milton, benchmarked the global leaders of our industry. After this, we conducted a workshop with selected Terveystalo experts to identify responsibility priorities from the company's perspective. After the workshop, the results were reinforced by conducting a survey targeted at experts, which was then used as the basis for an online survey to stakeholders. All in all, we received a total of 196 responses to the stakeholder survey. Terveystalo's employees and private practitioners were particularly well represented in the survey. Other stakeholders included in the survey were shareholders, investors, media, and industry organizations. In addition to the online survey, we interviewed representatives of key stakeholders with the help of our partner, Milton. The order of priority of the material topics was largely the same regardless of the stakeholder group.

THE MATERIAL TOPICS OF TERVEYSTALO'S CORPORATE RESPONSIBILITY ARE CLOSELY RELATED TO OUR CORE BUSINESS

All of the stakeholders were unanimous in their view of the material topics of Terveystalo's corporate responsibility. Terveystalo must operate in the best possible manner in its core business of healthcare service provision and particularly ensure the quality and impact of treatment, patient safety, high service quality, occupational safety, data protection, information security, the promotion of customer well-being, and the prevention of illnesses. In addition, the shareholders emphasized the importance of focusing on the company's carbon footprint, which is related to the current megatrend of climate change.

Terveystalo has made several major acquisitions in recent years, and the well-being at work of the company's personnel was substantially emphasized in the results of the materiality analysis. Based on the results of the personnel survey, we have identified key development areas and initiated measures to support the personnel's well-being and ability to cope with the demands of work.

DIGITALIZATION PRESENTS RISKS AND OPPORTUNITIES

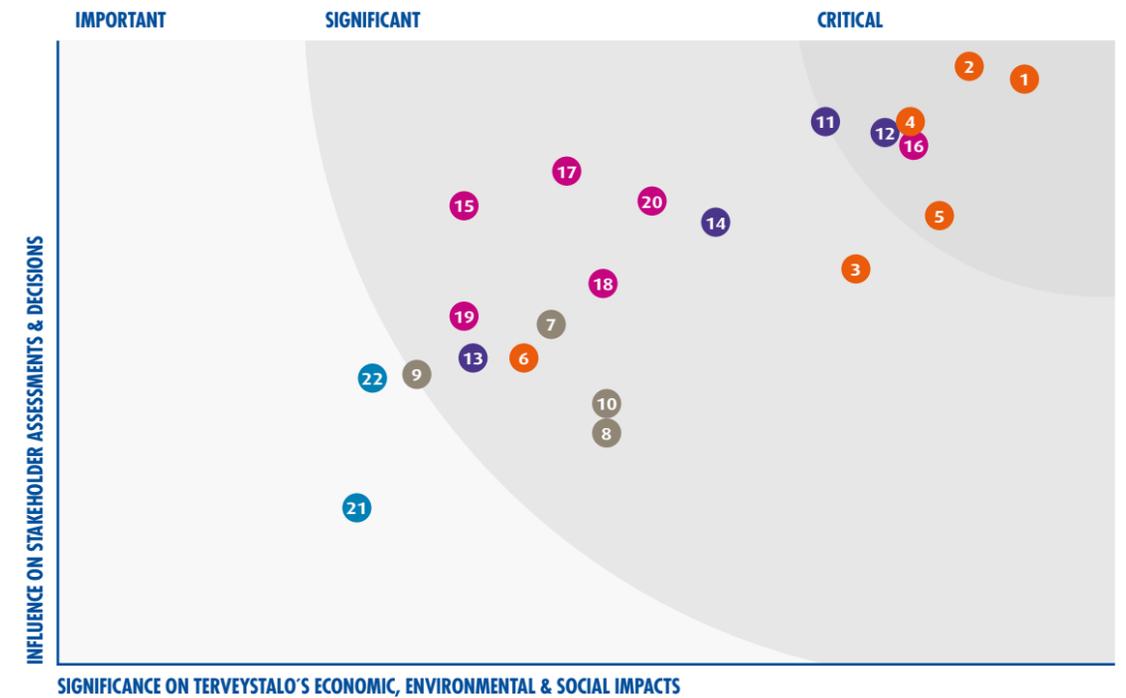
The materiality analysis revealed two significant correlations: the link between employee well-being and patient well-being was highlighted in the responses of customers and shareholders alike. The most significant risks and opportunities were seen by all of the stakeholders as being linked to both information security and digitalization.

Based on the identified material aspects of responsibility, we have divided this report into five sections:

- We operate ethically
- Our operations are motivated by the health and well-being of our customers
- Our employees have a high level of well-being and work performance
- We create positive economic impacts
- We consume and produce sustainably and work to mitigate climate change.

Clinical quality is such a significant theme for Terveystalo that it is discussed extensively in a separate publication, [our Quality Book](#).

MATERIALITY MATRIX



Our operations are motivated by the health and well-being of our customers

- 1 Quality and impact of care
- 2 Guaranteeing patient security
- 3 Availability of care
- 4 Offering high quality services
- 5 Increasing customer wellbeing and preventing illnesses
- 6 Creating service innovations and developing operations

We create positive economic impacts

- 7 Responsible tax policy and paying taxes
- 8 Creating added economic value for the society and owners
- 9 Sustainable supply chain operations and the share of domestic purchases
- 10 Providing employment in Finland

Our employees have a high level of well-being and work performance

- 11 Employee well-being
- 12 Guaranteeing safety
- 13 Diversity of employees
- 14 Developing know-how of employees

We operate ethically

- 15 Preventing corruption and bribery
- 16 Ensuring data protection and information security
- 17 Respecting human rights
- 18 Responsible marketing
- 19 Using AI responsibly
- 20 Playing fair

We consume and produce sustainably and work to mitigate climate change

- 21 Minimizing our carbon footprint
- 22 Material efficiency and recycling

GOALS AND ACHIEVEMENTS

In this table, we have summarized the key topics, goals and achievements of Terveystalo's corporate responsibility for 2019.

MATERIAL TOPIC	TARGET	INDICATOR	2018	2019	TARGET STATUS
WE OPERATE ETHICALLY					
Employees who have completed compliance training	100% of our employees have completed compliance training	Percentage of employees who have completed the training relative to all employees		The updated Code of Conduct was published in December 2019, training and monitoring will begin in early 2020	n/a
Suppliers who have accepted the Supplier Code of Conduct	100% of our suppliers have accepted the Supplier Code of Conduct	Percentage of suppliers who have accepted the Supplier Code of Conduct relative to all suppliers	The Supplier Code of Conduct was published in late 2018	Of suppliers accounting for 80% of total spend, approx. 60% have accepted the SCoC	●
OUR OPERATIONS ARE MOTIVATED BY THE HEALTH AND WELL-BEING OF OUR CUSTOMERS					
Service recommended by customers	2019: NPS for appointments 73% or higher	NPS for appointments	70.9	72.5	●
Clinical quality	Clinical quality is such a significant issue for Terveystalo that it is discussed extensively in a separate publication. Read more in the Quality Book				
OUR EMPLOYEES HAVE A HIGH LEVEL OF WELL-BEING AND WORK PERFORMANCE					
Occupational safety	Accident occurrence rate below the industry average of 39	Accident occurrence rate	26	25	●
Well-being of our personnel	More than 90% of our employees are satisfied with Terveystalo as an employer	Job satisfaction	92.7%	88%	●
Employer recommended by the personnel	Improving the employee Net Promoter Score (eNPS) to reach a good level	eNPS	N/A	9 (average)	●
WE CREATE POSITIVE ECONOMIC IMPACTS					
Tax footprint	We openly disclose our tax footprint annually	Taxes paid	EUR 93.4 Mill.	EUR 149.3 Mill.	●
Revenue growth	Annual growth of 6–8%. In the long run, the target will be achieved through a combination of organic growth and bolt-on acquisitions.	Revenue growth, %	8%	38.4% (Incl. Attendo Health Services)	●
Providing employment	We create jobs in Finland	Salaries and fees paid	EUR 163.2 Mill.	EUR 261.2 Mill.	●
WE CONSUME AND PRODUCE SUSTAINABLY AND FIGHT CLIMATE CHANGE					
Reducing the carbon footprint	40% reduction by 2030	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions	2,460 (tCO2e)	2,223 (tCO2e)	n/a
Material efficiency and waste recycling	Annual reduction in mixed waste intensity	Mixed waste intensity (mixed waste [metric tons] relative to total revenue [100 million])	7.79	4.85	●

STAKEHOLDER ENGAGEMENT

Due to the nature of Terveystalo's role in society, we engage in active dialogue with several stakeholders. In addition to customers, personnel, private practitioners, and shareholders, our primary stakeholders include the authorities and social decision-makers that can influence the relevant legislation and its drafting. Other key stakeholders include the supervisory authorities and the media. We also engage in close interaction with public affairs representatives within the sector. Open dialogue and effective cooperation enable a more predictable operating environment for everyone involved. The table below describes Terveystalo's engagement with key stakeholders in 2019.

STAKEHOLDER GROUP	STAKEHOLDER EXPECTATIONS	TERVEYSTALO'S RESPONSE TO THE EXPECTATIONS	CHANNELS OF ENGAGEMENT
Customers	Competitive and responsibly produced high-quality services.	We updated the materiality analysis of our corporate responsibility based on the views of key stakeholders.	Physical and digital encounters with customers, online services, feedback surveys and channels, marketing communication, and social media.
Personnel and private practitioners	Responsible management, smooth interaction, equality, a good working atmosphere and working conditions, development of competence, competitive pay.	We updated the materiality analysis of our corporate responsibility based on the views of key stakeholders, and continued the cultural change process initiated in late 2018 with the aim of supporting successful work performance and even more effective cooperation.	Personal interaction, intranet, newsletters, personnel satisfaction survey, development discussions, training, seminars, and events.
Shareholders	In addition to creating additional financial value, open communication about the implementation of the growth strategy and financial performance, and responsible business.	We updated the materiality analysis of our corporate responsibility based on the views of our key stakeholders, with particular consideration given to the views of professionals in the field of responsible investment.	Open and active dialogue; regular and continuous reporting with stock exchange releases and reports, personal communication channels, such as meetings with investors and analysts, general meetings of shareholders, and other events. Our Investor Relations function coordinates interaction with investors, aiming to ensure equal opportunities to receive information and meet with the company management.
The authorities and decision-makers	Good cooperation and open disclosure of information and interaction to facilitate the preparation of decisions. The development and renewal of healthcare is a shared goal for Terveystalo, the authorities and decision-makers.	We maintained an open dialogue on industry-related topics.	Open dialogue, meetings, and communication in various working groups and events, etc.
Media	Openness of communication, reliability of information and prompt service, use of Terveystalo's expertise in healthcare-related topics.	We updated the materiality analysis of our corporate responsibility based on the views of our key stakeholders. We published our tax strategy in response to the report published by the NGO, Finnwatch, in May 2019 regarding the tax responsibility of companies providing social and health services and the subsequent public discussion.	Open and active communication through various channels. Quick and open response to requests from media.
Industry organizations	Effective and open cooperation that makes Terveystalo's expertise available to the entire industry. The development of Finnish healthcare and the promotion of citizens' health are a shared goal for the industry.	We maintained an open dialogue on industry-related topics.	Diverse cooperation with organizations such as the Finnish Association of Private Care Providers and Lääkäriläiväryitykset Ry. The cooperation channels include working groups and various events.

WORDS FROM OUR STAKEHOLDERS

We constantly consult with our stakeholders, and actively improve our operations based on their feedback. Read more about the views of our personnel, investors and corporate customers below.



PERSONNEL

RIIA ASTOLA-PÖLLÄNEN

Senior work ability coach, Terveystalo

"As a Terveystalo employee, I have had the opportunity to witness how much people trust us when we are developing and implementing new services. Six years ago, we started to develop work ability coaching in a small team – and now more than 20 experts around the country are involved in this service. Work ability coaching is intended for situations where an employee's ability to continue in their current duties or to return to work is at risk due to reasons affecting their ability to work or the termination of their employment. Our aim is to utilize the remaining work ability in the best way possible. Our main task as professionals is to help customers and guide their choices. We always aim to provide personal and practical guidance. I've been extremely proud of the commitment level of my colleagues when they are solving the customers' problems. I hope that our service will continue to grow next year and that we will have a better chance to utilize the new opportunities that digitalization presents."



BUSINESS CUSTOMER

NINA LEPPÄKANGAS

HR Director, Rinnekoti

"Rinnekoti is a social enterprise that offers services for the developmentally disabled, and we've been Terveystalo's customer for two and half years. Cooperation with the occupational health team has been very successful. Terveystalo has invested a lot of effort into understanding our sector, and the communication has always been agreeable and uncomplicated. During the first year of cooperation, our sickness absences were reduced by 15 percent, as a result of support and encouragement to supervisors in considering the changes in the work ability of their team members at an earlier stage. Sickness absences are not always the solution. Some situations may call for various measures, such as part-time work or adapting the job description temporarily or permanently. We are looking forward to continuing collaboration with Terveystalo next year, when we will merge with the Deaconess Foundation. Hopefully we can carry on together on this bold path of agile development."



INVESTOR

HANNA KASKELA

Director, Responsible Investments, Varma

"The sustainability information reported by companies plays an increasingly important role in the investors' portfolios. The investors find it especially important that sustainability reporting is connected to a wider company strategy and is based on the company's actual impact on the surrounding society. I welcome the fact that this year Terveystalo introduced reporting in accordance with the GRI framework. These commensurate and comparable reports help us to perform better analysis. It is essential that Terveystalo is better able to demonstrate what kinds of issues have an actual impact on its business and to more accurately map the future risks and opportunities."

VALUES AND ETHICAL PRINCIPLES

We must do the right thing regardless of where we are, who we are with or what the circumstances are. A work culture that always insists on doing what is right creates a foundation for long-term success. Terveystalo's work is guided by our values – know-how and caring – as well as Terveystalo's Code of Conduct and Supplier Code of Conduct.

VALUES GUIDE OUR WORK

Terveystalo has committed to complying with international and local legislation. In our business, we emphasize honesty and openness, respect human rights, and support our employees' well-being. We highlight mutual trust and appreciation, responding to customers' needs, innovation, striving for the best results as well as quality, reliability, and safety. Our personnel also respects the business secrets and confidential information of our partners.

The Code of Conduct translated our values of know-how and caring into concrete principles upon which all our everyday actions and decisions should be based. Our values are also part of the skills required from everyone working at Terveystalo – to be competent, caring, customer-oriented, productive and responsible.

TERVEYSTALO'S CODE OF CONDUCT UPDATED

Values and ethics are emphasized in Terveystalo's work through the requirements of the sector. For instance, the work of physicians and nurses is guided by a specific code of conduct. In addition, Terveystalo's business is regulated by the legislation and regulatory obligations applicable in the health care sector and the operation of private service providers. Terveystalo's own Code of Conduct serves as the umbrella guidelines that all employees must adhere to. We also expect our partners to follow these ethical principles.

The Code of Conduct was updated in 2019. It was aligned with Terveystalo's operations, and the themes were re-prioritized. In 2020, we will boost our efforts to train our personnel on the new Code of Conduct. We will pay particular attention to ensuring that the guidelines are easily accessible to private practitioners, for example. The goal is that 100% of Terveystalo's employees complete training on the Code of Conduct.

We have been pleased to see that there is demand for Terveystalo's new Code of Conduct because our employees find their work meaningful and consider these guidelines an important part of sustainability in general

SUPPLIER CODE OF CONDUCT GIVES MORE PROMINENCE TO TAX ISSUES

Each year, Terveystalo buys services, materials, and supplies for its clinics from more than 4,000 suppliers. Over 90 percent of the purchases we make are from Finnish suppliers. Since October 2018, in order to ensure the responsible conduct of suppliers, we have requested our existing contracted suppliers as well as suppliers participating in tendering processes to log in to Terveystalo's eSourcing portal. When logging in to the portal, suppliers are required to approve the Supplier Code of Conduct. At the end of 2019, 60 per cent of suppliers who account for 80 per cent of total spend of Terveystalo procurement had approved the Supplier Code of Conduct.

In May 2019, Finnwatch published a report on the tax responsibility of social and health care companies. Based on the report and the subsequent debate, we have sought to make our tax strategy more visible in the supplier guidelines. In addition to the legislation and regulations related to their business, the guidelines require suppliers to commit to the key principles of Terveystalo's strategy on taxation during business relationships with Terveystalo.

THE WHISTLEBLOWING CHANNEL ALLOWS EVERYONE TO EXPRESS THEIR CONCERNS

Everyone who acts on behalf of Terveystalo, and every customer, partner, and supplier should feel that they can freely voice any concerns, while being able to trust that Terveystalo will take appropriate measures to investigate any actions that are contrary to our Code of Conduct. This is an important aspect of our culture of responsible business.

Misconduct is reported to the supervisor, the supervisor's supervisor, Terveystalo's legal and compliance department, or through the whistleblowing channel. Any suspected misconduct and breaches are investigated and resolved confidentially. The person reporting misconduct will not suffer any consequences for reporting a possible misconduct or breach. In 2019, the company received no reports on cases related to suspected misconduct or breach. In 2020, Terveystalo will introduce a new whistleblowing system that seeks to ensure better anonymity and coverage of various stakeholders.

MANAGEMENT APPROACH

Terveystalo's corporate responsibility efforts are based on the company's Code of Conduct and our values: know-how and caring. Our systematic management of corporate responsibility aims to ensure that we achieve our responsibility targets. The continuous improvement model seeks to ascertain that Terveystalo's services will continue to create value for customers in the future.

	WE OPERATE ETHICALLY	OUR OPERATIONS ARE MOTIVATED BY THE HEALTH AND WELL-BEING OF OUR CUSTOMERS			OUR EMPLOYEES HAVE A HIGH LEVEL OF WELL-BEING AND WORK PERFORMANCE	WE CREATE POSITIVE ECONOMIC IMPACTS	WE CONSUME AND PRODUCE SUSTAINABLY AND FIGHT CLIMATE CHANGE
DESCRIPTION AND PURPOSE OF THE MANAGEMENT APPROACH	At the general level, the responsibility of our operations is guided by Terveystalo's Code of Conduct and our values: know-how and caring. The purpose of the management approach is to ensure the effective implementation of our strategy and the achievement of the business goals as planned.	Customer health and well-being are the starting point for the planning of all operations. The management approach seeks to ensure patient safety and high-quality care.			Terveystalo's HR management strives to ensure that our personnel have a high level of well-being and that they perform their jobs successfully. The management approach pertaining to occupational health and safety is described in more detail in the Personnel section of this report.	Terveystalo aims to operate responsibly at all times and bring an approach of openness, transparency and patient-centeredness to healthcare. In addition to renewing health care and illness prevention, this objective leads us to act as a responsible corporate citizen and adhere to responsible tax policy. The company also aims to leverage its key strengths to continue its profitable growth and increase the efficiency of its operations.	We strive to take our environmental impacts into consideration in all of our operations. The objective of Terveystalo's environmental program is for everyone at Terveystalo to take the potential environmental impacts of operations into account in their day-to-day work and strive to operate in environmentally friendly ways.
POLICIES AND COMMITMENTS	Terveystalo's Code of Conduct, Terveystalo's Supplier Code of Conduct, and the AI Code of Conduct. We always observe the laws and regulations governing our operations. In addition to legal compliance, we aim to observe generally accepted ethical standards, such as the UN Global Compact principles. We also require our partners and subcontractors to share and observe the same ethical principles.	Terveystalo's Operating Policy, Risk Management Policy, in-house control, Code of Conduct, Data Privacy and Data Security Policies and compliance rules. Terveystalo's operations are governed by the Current Care Guidelines, the Government Decree on the Principles of Good Occupational Health Care Practice 708/2013, the General Data Protection Regulation (EU) 2016/679, and other laws and regulations governing business operations, the branch, and the work of private service providers as well as customer agreements. The harmonized processes and procedures that ensure Terveystalo's patient safety and high-quality care are documented in Terveystalo's operating handbook. The policies and procedures pertaining to data protection are documented in the Data Protection Handbook for patient care.			Terveystalo Group's equality and non-discrimination policy, Terveystalo's HR policy.	With regard to communication and financial reporting, Terveystalo observes the rules of the Helsinki Stock Exchange in accordance with the company's disclosure policy. With regard to taxation, Terveystalo and its subsidiaries comply with a responsible tax policy in accordance with Terveystalo's tax strategy. Terveystalo's suppliers and subcontractors are required to commit to the Supplier Code of Conduct and comply with the laws and regulations governing their operations.	Some clinics have the ISO 14001:2015 Environmental Management System and certificate in place. Terveystalo's Environmental Policy and Environmental Program cover the entire Group and meet the requirements of the environmental standard.
OBJECTIVES	All Terveystalo employees and private practitioners have completed compliance training. All suppliers have accepted the Supplier Code of Conduct.	Service recommended by customers, extensive and comprehensive availability of services, ensuring patients' data protection and information security as well as high clinical quality.			Lost Workday Injury Frequency rate below the industry average. More than 90% of our employees are satisfied with Terveystalo as an employer. Improving the employee Net Promoter Score (eNPS) to reach a good level.	Growth: 6-8% annual revenue growth in the long term; Profitability: Adjusted EBITA 12-13% of revenue in the medium to long term; Capital structure: Net Debt/Adjusted EBITDA not to exceed 3x; Dividend policy: At least 30% of the profit for the financial period distributed as dividends. We openly disclose our tax footprint annually. We create jobs in Finland.	Reducing our carbon footprint, improving material efficiency and waste recycling, expanding ISO 14001:2015 environmental certification to new clinics.
RESOURCES AND RESPONSIBILITIES	The Management Group is responsible for Terveystalo's Code of Conduct.	The Chief Medical Officer is responsible for clinical quality at the national level, while regional service managers and specialty directors are responsible at the regional level. The Group's customer experience director is responsible for the quality and development of customer experience. The efforts to ensure and improve quality are guided by the Group's quality steering team, data protection team, safety team, and the regional quality network.			The HR Director is responsible for HR management and its development at Terveystalo.	The CEO is responsible for the company's day-to-day management and the implementation of strategy. The CEO is responsible for ensuring that the management of the company is adequately organized and the company's accounting complies with the legislation. The CEO also seeks to ensure the appropriate organization of the company's administration and asset management.	Terveystalo's environmental program is approved by the SVP, Clinics and Private Customers. The Quality and Development Director is responsible for the ISO 14001:2015 certificate and seeks to ensure that the operations comply with the environmental program. The Group Quality Management Team monitors the implementation of the environmental program.
FEEDBACK MECHANISMS	Actual or suspected infringements against the Code of Conduct must be reported to the supervisor, the supervisor's supervisor, Terveystalo's Legal & Compliance department or via the Terveystalo whistleblowing channel.	Incident reports, customer feedback. Actual or suspected misconduct must be reported to the supervisor, the supervisor's supervisor, Terveystalo's Legal & Compliance department or via the Terveystalo whistleblowing channel.			Personnel and private practitioner surveys, incident reports by personnel. Actual or suspected misconduct must be reported to the supervisor, the supervisor's supervisor, Terveystalo's Legal & Compliance department or via the Terveystalo whistleblowing channel.	Actual or suspected misconduct must be reported to the supervisor, the supervisor's supervisor, Terveystalo's Legal & Compliance department or by using the Terveystalo whistleblowing channel.	Whistleblowing channel, incident reports.
PROJECTS AND INITIATIVES IN 2019	We updated Terveystalo's Code of Conduct. Updated compliance training and monitoring will begin in early 2020. We joined the UN Global Compact.	See Quality Book Updated Data Security Policy			Developing the employee experience, continuing the process of cultural change.	We published our tax strategy, which serves as the framework for responsible tax policy at Terveystalo.	Adopting a carbon footprint calculation model, annual assessment of environmental risks, energy efficiency reviews, ISO 14001:2015 internal and external audits, supplier audits.
PROGRESS IN THE AREA OF LEADERSHIP AND MANAGEMENT IN 2019	We evaluate our management approach based on feedback, identified development areas, and the achievement of objectives, and then adjust the approach as necessary. In 2019, we established a cross-functional steering group for responsibility. Its role is to support and coordinate decision-making.						

OUR PRIORITIES

Material aspects of our corporate responsibility emphasize the quality and effectiveness of treatment, patient safety and data protection, high-quality service and staff well-being at work. We operate ethically and create positive economic impacts. Furthermore, we strive to produce our services sustainably, working to mitigate climate change.



WE CREATE POSITIVE ECONOMIC IMPACTS

Responsible business is also financially profitable and sustainable business. We create value for customers, society, and shareholders by continuously developing the clinical, operational, and experienced quality of our work, enabling faster access to treatment, reducing sickness absences, and employing more than 13,000 people directly and indirectly. Terveystalo is a significant employer, taxpayer, and healthcare service provider in Finland.

OUR OPERATIONS PRODUCE ADDED ECONOMIC VALUE FOR STAKEHOLDERS

Terveystalo's operations produce economic value for various stakeholders. Our key stakeholders include shareholders, customers, personnel, Terveystalo's private practitioners, suppliers, service providers, and society. The most important cash flows consist of revenue generated from customer purchases and the operations of practitioners, and expenses arising from purchases from suppliers and service providers, dividends paid to shareholders, wages paid to personnel, as well as taxes and investments.

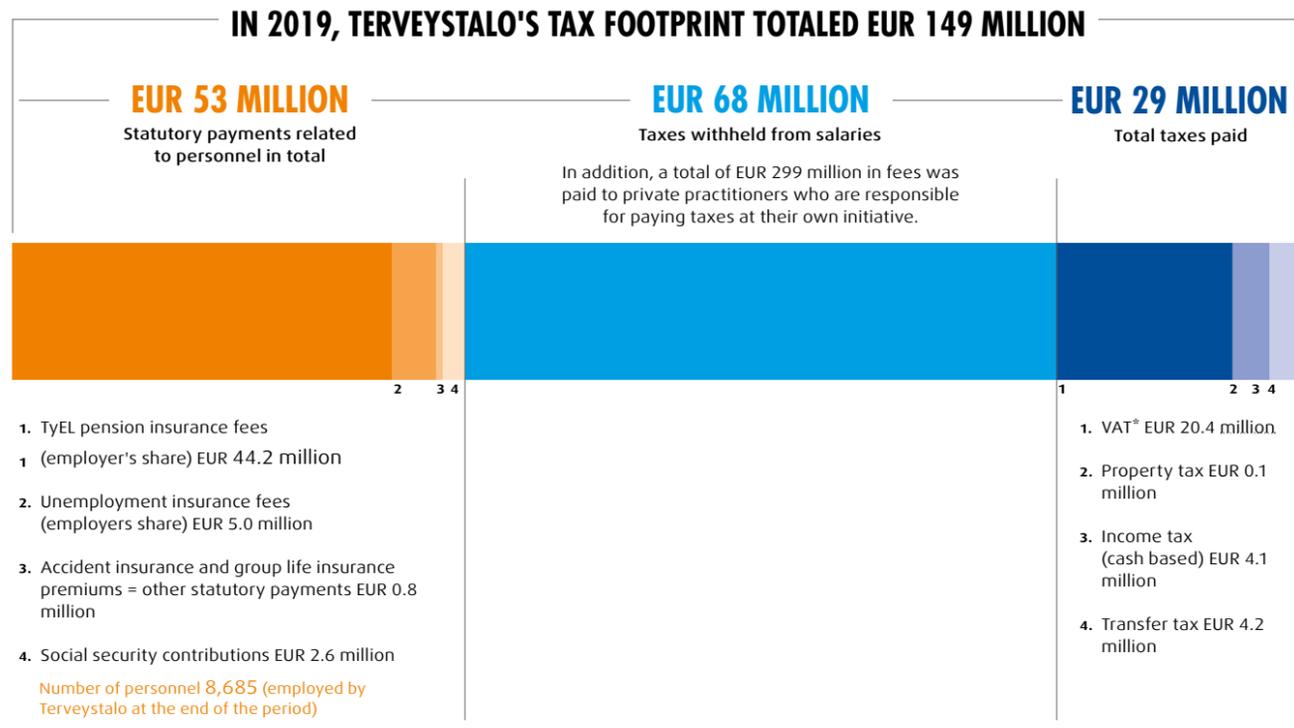
In 2019, Terveystalo's revenue and other operating income totaled EUR 1,032.8 million (2018: EUR 762.9 million). Expenses related to purchased goods, materials and services amounted to EUR 472.9 million (2018: EUR 351.3 million). Salaries, fees and related social security

contributions totaled EUR 314.3 million (2018: EUR 197.1 million).

Net financial expenses to creditors amounted to EUR 14.4 million (2018: EUR 9.2 million). Equity repayment paid to shareholders amounted to EUR 25.5 million (2018: EUR 7.7 million in equity repayments). Terveystalo's investments in business development amounted to EUR 33.2 million (2018: EUR 17.7 million).

WE PROVIDE EMPLOYMENT IN FINLAND

In 2019, Terveystalo employed 8,685 people (2018: 6,018) and 5,068 private practitioners (2018: 4,877).



The tax footprint is an indicator of the total tax revenue generated for society by Terveystalo's business activities. The Ttax footprint covers all Terveystalo Goup companies operating in Finland. The company has two foreign subsidiaries that have not been included as their revenue so far is minimal in relation to Group total revenue. Learn more at terveystalo.com/en/company/responsibility/tax-footprint
 * Private healthcare companies are not eligible to deduct value added tax charged on goods or services purchased in the context of welfare and healthcare, which means that VAT is a recurring cost item and a substantial factor for the private healthcare companies.

RESPONSIBLE TAX POLICY

Following the report published by the NGO, Finnwatch, in May 2019 regarding the tax responsibility of companies providing social and health services and the subsequent public discussion, we have published our **tax strategy**, which is based on the company's values and business strategy. The objective of the tax strategy is to support Terveystalo's operations through responsible tax management. Our responsible tax policy increases the transparency and effectiveness of our operations and thereby benefits our key stakeholders; namely, customers, shareholders, municipalities and the state.

Each year, we also publish our tax footprint, which illustrates the total tax revenue generated for society by Terveystalo's business activities. In addition to direct and indirect taxes, Terveystalo's tax footprint covers tax-like payments related to personnel as well as taxes withheld from salaries. Taxes withheld from equity repayment have not been included in the tax footprint. Direct taxes include income taxes, wealth transfer taxes and property taxes. Indirect taxes include, for example, VAT.

VAT is a significant factor for companies in the healthcare sector, as private healthcare companies are not, in principle, eligible to deduct value added tax. The healthcare services sold by a private service provider are, as a rule, tax-free for customers. However, some services,

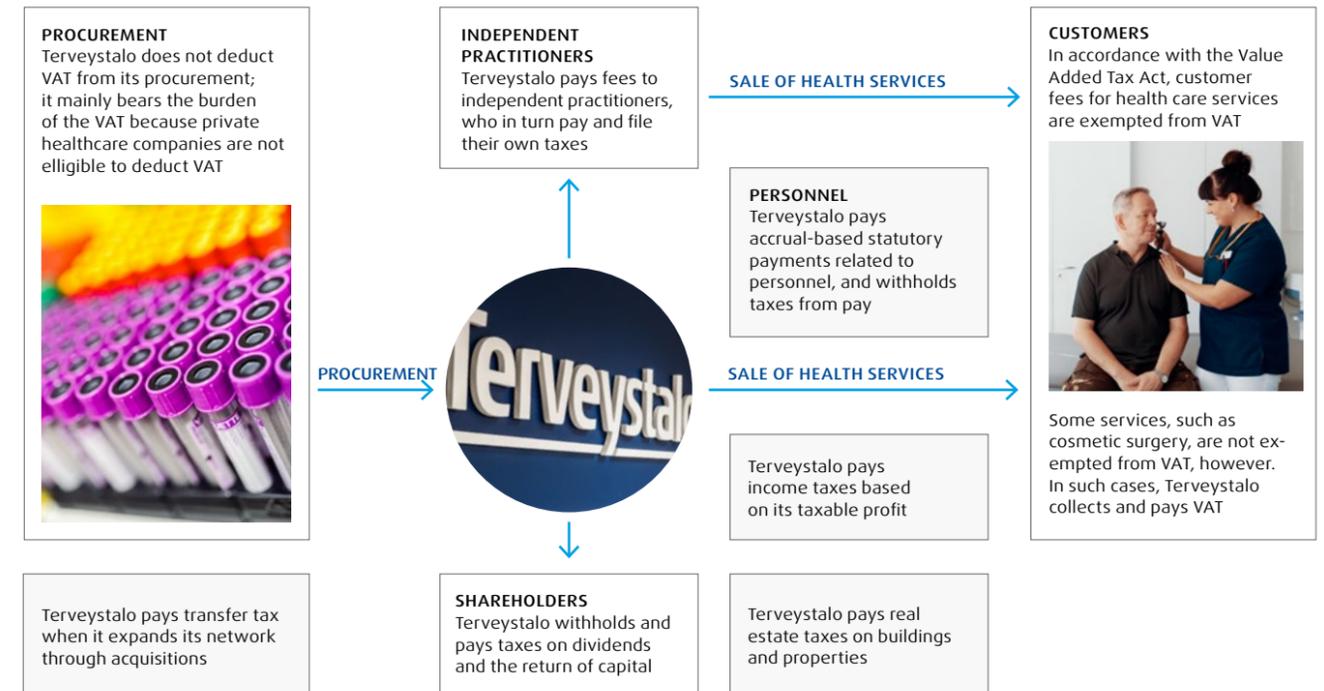
such as aesthetic surgery, may be subject to VAT for the customer, in such cases, Terveystalo collects and remits VAT.

In addition to value added tax, Terveystalo paid real estate tax, asset transfer tax, and corporate income tax. The amount of income tax payable has been reduced by Terveystalo's outstanding tax losses in previous years. After the first quarter of 2019, these outstanding tax losses were used in full.

The parent company of the Terveystalo Group, all companies providing healthcare services, and the financing and procurement company operate in Finland and pay their taxes in Finland. Terveystalo also has two foreign subsidiaries that have been transferred to it through acquisitions. The first of these is engaged in recruitment activities in Estonia, and the second in the Netherlands in sales of electronic health surveys (see Note 30 to the Financial Statements). Foreign subsidiaries carry on in their economic activities in their country of establishment and pay their taxes in accordance with local regulations in their country of operation. As the companies' revenue so far is small in relation to the Group's total revenue, the companies have not been included in Terveystalo's tax footprint reporting.

Terveystalo's tax footprint totaled EUR 149.3 million (2018: EUR 93.7 million). In addition, a total of EUR 298.8 (2018: 276.3) million in fees was paid to private practitioners, who pay their individual taxes separately.

TAXES AND TERVEYSTALO



OUR EMPLOYEES HAVE A HIGH LEVEL OF WELL-BEING AND WORK PERFORMANCE

Competent and committed personnel form the foundation for our operations. We offer diverse career development opportunities in a wide range of jobs. We aim to be our industry's most attractive employer for physicians as well as other professionals. We treat equality, fairness and non-discrimination as important principles, and we are committed to observing them.

TERVEYSTALO IS A MAJOR EMPLOYER IN FINLAND

Terveystalo is a significant employer in Finland. Terveystalo employed 8,685 personnel (2018: 6,018) and 5,068 private practitioners (2018: 4,877).

All of our employees in Finland are covered by statutory pension security and parental leave benefits. Permanent and fixed-term employees are covered by statutory insurance with respect to workplace accidents and occupational diseases. We also provide occupational healthcare benefits and statutory pension benefits to our employees. In addition, we support the recreational activities of our personnel by providing sports and culture benefits.

WE LOOK AFTER THE HEALTH AND SAFETY OF OUR EMPLOYEES

Occupational healthcare plays an important role in the identification of health risk factors as well as in the prevention of illnesses. Terveystalo's occupational healthcare and occupational safety are organized on a company-specific and regional basis in accordance with Finnish legislation, according to which the employer shall arrange occupational health care at their own expense in order to prevent and control health risks and problems related to work and working conditions, and to protect and promote the safety, working capacity, and the health of employees.

In addition to observing the statutory requirements, Terveystalo provides a comprehensive range of primary health care, specialized healthcare and well-being services to employees. In 2019, we piloted, among other things, direct appointments for physiotherapy to expedite the treatment of musculoskeletal symptoms as well as Mielen Chat and Mielen Sparri, two digital services to support psychological well-being. Mielen Chat and Mielen Sparri are low-threshold services that are implemented as remote services using Terveystalo's Oma Terveys application. The service provides the opportunity to discuss matters a person might have on their mind in full confidentiality. The service also includes tools that support psychological well-being. We also added brief psychotherapy to our selection of occupational health services. Terveystalo aims to recognize challenges related to work ability and occupational health at an early, and provide solutions to these challenges through effective cooperation with occupational health services.

Terveystalo occupational health care provides services for our personnel throughout Finland. Thanks to centralized and goal-driven management, the content and operating methods of occupational healthcare are consistent and produce good results. Terveystalo occupational healthcare holds the ISO 9001:2015 Quality System Certificate awarded by Labquality Oy. Read more about quality management at Terveystalo in [the Quality Book](#).

SICKNESS ABSENCES, %

2017	2018	2019
3.7	3.9	3.65

LOST WORK INJURY FREQUENCY RATE¹ / MILLION WORKING HOURS

2017	2018	2019
23	26	25

NUMBER OF ACCIDENTS

2017	2018	2019
97	98	96

At Terveystalo Group, advice and guidance related to employee health and well-being at work, the assessment of work-related health risks, and the prevention and treatment of illnesses are part of our normal cooperation with occupational health services and our insurance company partners. When it comes to the treatment of serious illnesses, we cooperate with primary healthcare and specialized healthcare.

In 2019, Terveystalo occupational health care invested significantly in maintaining the work ability of personnel and treating illnesses. Statistical information on accidents and sickness absences is presented in the tables. The sickness absence rate was 3.65 percent of hours worked in 2019 (2018: 3.9%).

The statutory occupational healthcare action plan includes the general objectives of occupational healthcare as well as the requirements based on workplace conditions and related measures. The action plan is reviewed annually based on workplace visits and other occupational healthcare surveys, among other things.

Terveystalo's occupational health care operations are based on the Healthy Workplace operating model, which is aimed at ensuring that work is as efficient as possible, the workplace community functions well, the management takes an active approach, and individual well-being at work is at a good level.

In occupational health care, the company, personnel and the occupational health services work together in accordance with the set goals. The action plan is available to the personnel on the company's intranet.

Terveystalo's private practitioners (5,068 thousand, 37% of the people who work at Terveystalo) are not covered by occupational health care. Instead, as self-employed persons, they organize their own occupational health care. Private practitioners are not in an employment relationship with Terveystalo. They decide on their own fees and provide services directly to customers as part of Terveystalo's service offering.

Terveystalo is active in making acquisitions, and the occupational health services for the employees transferred to Terveystalo from the acquired entities are, as a rule, organized in accordance with the acquired entity's previous agreement at least for the duration of a transition period if the company in question is a subsidiary and it is not merged with Suomen Terveystalo.

There were no fatal accidents or accidents leading to serious injuries at Terveystalo in 2019.

The Lost Work Injury Frequency rate in 2019 was 25 (2018: 26), which is substantially below the healthcare industry average (39).

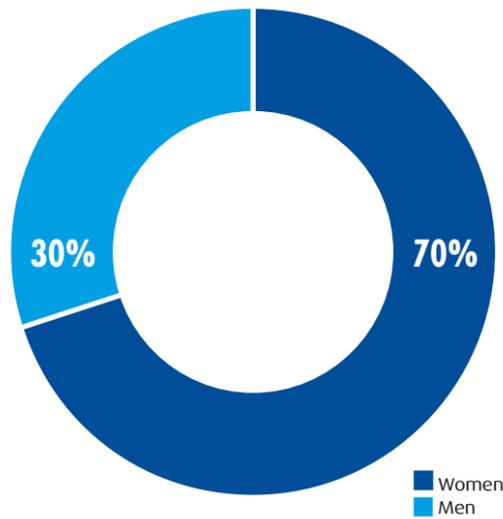
NUMBER OF TERVEYSTALO'S PERSONNEL AND PRIVATE PRACTITIONERS

	2017	2018	2019
Personnel	4,265	4,494	8,685
Private practitioners	4,431	4,877	5,068

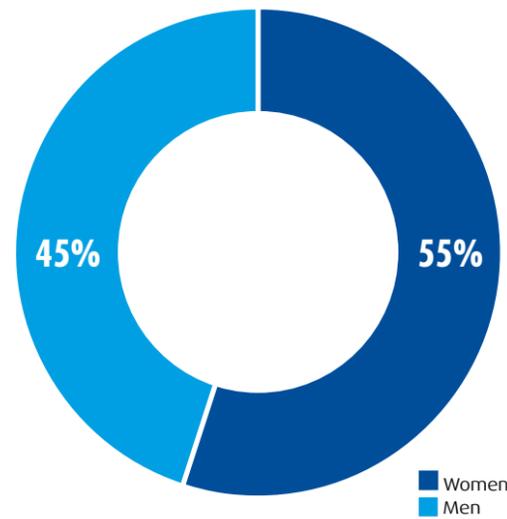
PROPORTION OF FIXED-TERM EMPLOYMENT RELATIONSHIPS

	2017	2018	2019
Fixed-term employees as a proportion of all personnel, 31 December, %	5.9	7.6	10.5

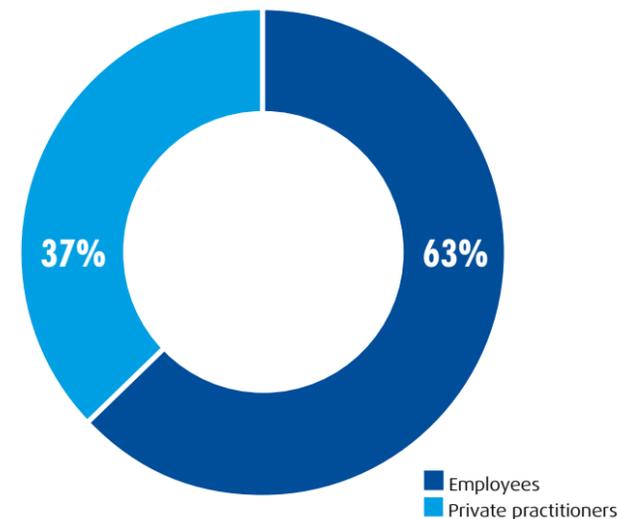
**WOMEN AND MEN,
% OF ALL EMPLOYEES**



**WOMEN AND MEN,
% OF EXECUTIVE TEAM**



**EMPLOYEES AND
PRIVATE PRACTITIONERS**



PERSONNEL STATISTICS FOR 2019

	WOMEN	MEN
Percentage of women and men		
Personnel	70	30
Executive team	55	45
Board of Directors	25	75

WE DEVELOP OUR KNOW-HOW AND TERVEYSTALO AS A WORKPLACE

The systematic and business-driven development of personnel is very important for Terveystalo's future success. Streamlined processes and appropriate, responsible managerial work ensure personnel well-being, which in turn benefits our customers through better care and a positive customer experience. Combined, these factors enable us to achieve our goals. Terveystalo has particularly focused on the development of managerial work and training as well as supporting on-the-job self-study by increasing online learning, for example. In 2019, Terveystalo organized nationwide training totaling 2,685 hours (2018: 2,154).

Everyone at Terveystalo is expected to have the professional skills defined by Terveystalo based on the company's guiding values of know-how and caring. Building an effective and productive workplace is a shared goal for everyone. Our employee experience is strengthened by our value promise: We grow by growing together. Our values are reflected in Terveystalo's professional skills, which are as follows:

COMPETENT

My professional competence is extensive and I share my competence. I have the courage and the will to develop and update my competence, and I seek solutions, challenge myself, and network with other professionals.

CARING

I build cooperation and trust between our professionals and our customers. I work in a way that is inclusive and encourages others and behave in a way that shows my respect for others.

CUSTOMER-ORIENTED

I do everything I can to serve customers proactively, using the customer's needs as a starting point towards a solution that serves the customer. I ensure that the customer knows their treatment/service path. I create a smooth and warm customer experience for the customer.

PRODUCTIVE

I work in a way that is goal-oriented and proactive. I achieve results in my work and by working together with our other professionals and our customers.

RESPONSIBLE

I take responsibility for the quality of my work. I offer high-quality service to every customer. I also take responsibility for my work community by being friendly and treating all of the professionals around me equally well. We grow by growing together.

CULTURE TRAINING SUPPORTS PROFESSIONAL SUCCESS

Terveystalo initiated a cultural change process at the end of 2018. The goal of the change in culture is to improve our personnel's experience of their workplace and find new ways of supporting success at work and even more effective cooperation. The cultural change is a process by which we are developing Terveystalo into a workplace where everyone can proactively manage their work and be treated as a person of value. Our goal is to create a culture in which every individual feels that they can influence the development of their work and professional competence.

We want to systematically improve our workplace culture, as our strategic goal is to be the most highly sought-after workplace for skilled professionals. Our mission and values are also important building blocks for the project. In the change process, the current state of the workplace culture, development areas and themes as well as the goals of the change were defined with input from the personnel: we made use of the results of personnel surveys, interviews with various personnel groups and workshops, among other things.

Terveystalo supports the professional success of its managers. In 2019, the focus areas in leadership development were success management, and "we grow by growing together" training activities implemented as part of the cultural change process. Success management is aimed at effective day-to-day management that is goal-driven and supports our personnel. The change in culture is managed

through experiments whose focus areas in 2019 included developing the meeting culture, communication and dialogue-based feedback.

Our personnel receive feedback on their performance and development opportunities in annual development discussions. The development discussions include a review of the individual's performance during the past period and setting targets for the next period. The topics of the development discussions also include the individual's competencies, motivation and career wishes as well as the effectiveness and development of managerial work and the workplace community. A personal development plan is also prepared in the discussions.

PERSONNEL SURVEY IS A KEY DEVELOPMENT TOOL

The personnel survey is one of Terveystalo's most important tools for improving internal procedures and managerial work. The survey is aimed at all of the Group's personnel, including private practitioners. An action plan was prepared based on the results of the survey conducted in early 2019, and the progress of the selected development measures was monitored later in the year through a Pulse survey.

In the personnel survey, the employee Net Promoter Score (eNPS) is used as a key indicator of well-being at work and coping with the demands of work. The eNPS figure indicates the proportion of employees and private practitioners who would recommend Terveystalo as a workplace to others. The eNPS in the most recent survey was 9, which corresponds to the average level among Finnish companies. The eNPS declined late in the year as a result of several development and integration projects that put a strain on employees. We have identified stress factors and taken action to improve the situation. Our goal is to increase the eNPS to a good level.

The other results of the personnel survey reflect the outcomes of our systematic long-term development efforts:

- 88% of employees are satisfied with Terveystalo as a workplace
- 92% of employees are satisfied with their job
- 96% of employees are happy to come to work
- 91% of employees find that cooperation between different professional groups is efficient

- 88% of employees indicate that their supervisor holds them and their work in high regard
- 82% of employees indicate that they are in a position to perform their work successfully

WE PROMOTE EQUALITY AND NON-DISCRIMINATION

Terveystalo observes the principles of equality, fairness, and non-discrimination. Terveystalo does not discriminate against any person based on sex, age, ethnic or national origin, nationality, language, religion, beliefs, opinions, health, disability, sexual orientation or other personal reasons or circumstances. When recruiting people, we pay particular attention to the person's professional competence, ability to take responsibility, and the desire to develop themselves and our operations. To ensure that these principles are realized, Terveystalo Plc and its subsidiaries in Finland prepare company-specific personnel plans, training plans, equality and non-discrimination plans and define targets for improvement.

In accordance with the diversity policy of Terveystalo's Board of Directors, Terveystalo's objective is for the Board of Directors to have a balanced gender distribution. In 2019, two of the eight members of the Board of Directors were women. Six of the 11 Management Group members were women.

Terveystalo's remuneration is based on the principles of performance, equal treatment and competitiveness. For jobs that fall under collective agreements, such as nurses, the pay categories correspond to the classification specified in the collective agreement. Pay is also influenced by job-specific responsibility supplements and the employee's years of experience. For senior salaried employees, pay is determined based on the position and the demands of the job as well as other factors, including competence, experience, performance and results. The company-specific equality plans are focused on the equality of remuneration, and are aimed at promoting equal pay. Gender, for example, cannot be a factor that influences pay.

WE CONSUME AND PRODUCE SUSTAINABLY AND WORK TO MITIGATE CLIMATE CHANGE

We are committed to the targets agreed upon in international climate summits for the mitigation of climate change. We will reduce the emissions arising from our operations by increasingly shifting to green electricity and by favouring low-emission vehicles. We will promote the conservation and sustainable use of natural resources in our supply chains by reducing plastic consumption, recycling waste, increasing the efficiency of material management, and reducing the number of small orders. We will also reduce medical waste in our units. Digital services enable us to simultaneously improve service availability and reduce our customers' travel times and the emissions generated by travel. In 2019, Terveystalo completed a tendering process for its electricity portfolio for green electricity and updated its procurement and car policies to better integrate environmental considerations. Car policy was reformed to favor low-emission vehicles by incentivizing the choice of gas cars and cars with less than 100 CO2 emissions. In addition, a plastic recycling project was piloted at three hospital units.

WE BECAME THE FIRST COMPANY IN THE FINNISH HEALTHCARE SECTOR TO CALCULATE OUR CARBON FOOTPRINT

The carbon footprint is an environmental perspective of Terveystalo's business operations that is considered important by investors in particular. In 2019, we calculated our carbon footprint for the first time and set ambitious long-term targets for the reduction of our carbon intensity. However, due to the nature of Terveystalo's operations, a significant proportion of the emissions arise indirectly. For this reason, the company's CO₂ emissions intensity is low.

EMISSIONS

We report the direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions arising from our operations in accordance with the GHG Protocol standard.

- Scope 1: greenhouse gas emissions arising from fuel consumption related to the heating and electricity production for properties controlled by Terveystalo and transport operations controlled by Terveystalo.
- Scope 2: greenhouse gas emissions arising from the production of electricity purchased by Terveystalo and the production of district heating consumed at properties controlled by Terveystalo.
- Scope 3: greenhouse gas emissions arising from business travel of Terveystalo personnel and waste arising from the company's operations

Scope 1

As Terveystalo does not, for the most part, own or control the properties at which it operates, our greenhouse gas emissions mostly consist of the emissions from the company's fleet of cars and the trucks used for imaging operations. Our direct emissions in Finland increased in 2019 because the fleet of cars and the kilometers driven increased due to the acquisition of Attendo's health services in Finland in late 2018. The emissions arising from Terveystalo's own driving and driving under Terveystalo's direct control were calculated based on fuel consumption.

Scope 2

In 2019, electricity purchases for Terveystalo's properties totaled 17,839 (17,140) MWh, which corresponds to 1,962.3 tCO₂ (2,125.4) emissions and over 70 percent of the company's carbon footprint. Starting from 2020, the company's electricity portfolio (electricity purchased for properties) will be zero-CO₂ green electricity. CO₂-free electricity purchased for consumption in 2020 is 9,060 MWh, which corresponds to approximately 50 percent of the company's electricity consumption.

METRIC TONS OF CO ₂ EQ	2018	2019
Direct (Scope 1)		
Transport and service-related driving	334.9	260.2
Indirect (Scope 2)		
Purchased electricity (purchasing basis)	2 125.4	1 962.3
Scope 1 and 2 total	2 460.3	2 222.5
Indirect (Scope 3)		
Work-related travel	270.5	395.8
Waste	29.7	25.6

TERVEYSTALO'S CO₂ EMISSIONS INTENSITY IS LOW

Due to the nature of the company's operations, the CO₂ emissions intensity is low. Terveystalo's emissions intensity (Scope 1 and 2) in 2019 was 2g/EUR (3g/EUR) relative to total revenue and 0.3 tCO₂ (0.4 tCO₂) relative to the number of employees.

WE REDUCE WORK-RELATED TRAVEL BY REMOTE MEETINGS

We aim to avoid unnecessary work-related travel by encouraging the use of remote meetings whenever possible. In 2019, our personnel accumulated a total of 0.9 million air kilometres in work-related travel which corresponds 115 tCO₂. In addition, our personnel traveled a total of 1.6 (1.5) million kilometers by car, (mileage allowance) equivalent to 280.8 (270.5) metric tons of CO₂.

We also encourage our personnel to choose low-emissions vehicles as company cars. The average emissions of the company cars used by Terveystalo Group amount to 122 g CO₂/km. The emissions from company cars totaled 260.2 metric tons of CO₂ (2018: 334.9 metric tons of CO₂). The calculation also includes private driving in company cars.

DIGITAL SERVICES REDUCE THE EMISSIONS ARISING FROM CUSTOMER TRAVEL

Digital services enable us to simultaneously improve service availability and reduce our customers' travel times and the emissions generated by travel. Replacing private driving by digital appointments in 20 percent of all of Terveystalo's appointments with physicians would reduce the carbon footprint* generated by this travel by approximately 1,000 metric tons of CO₂.

*In 2019, a total of 3.5 million physician visits took place at Terveystalo. The average Finn lives 8.5 kilometers from a Terveystalo unit, which would mean a total of 29.8 million kilometers of private driving. One fifth of this would be approximately 6 million kilometers, which in turn is equal to 1,084 metric tons of CO₂.

WASTE RECOVERY

Our goal is to minimize mixed waste in all of our operations and recover as much of our waste as possible. In 2019, we piloted a plastic recycling project at three hospital units. Plastic waste was reduced by 20 percent on average at the units where the pilot was run. We are committed to reducing the plastic waste generated by our operations in accordance with the EU's plastic strategy by improving recycling and reviewing the packaging options offered by suppliers when possible. In addition, we closely monitor our medical waste and strive to minimize it by increasing the efficiency of inventory management. Thanks to an improved recycling rate for hazardous waste and plastic recycling, the volume of our mixed waste relative to total revenue was reduced by 38 percent year-on-year.

METRIC TONS	2018	2019
Documents subject to data protection	101	122
Mixed waste	58	50
Hazardous waste	19	23
Cardboard	22	24
Waste paper	13	13
Total waste	212	232

OUR OPERATIONS ARE MOTIVATED BY THE HEALTH AND WELL-BEING OF OUR CUSTOMERS

All of Terveystalo's personnel are responsible for ensuring that our customers receive appropriate, high-quality and safe care. We aim to stand out by providing an excellent experience in all customer encounters. We develop our work by listening to customers and utilizing new technology.

Quality is an inseparable part of Terveystalo's corporate responsibility. At Terveystalo, quality management is based on clinical, operational, and experienced quality supporting each other. We enhance our services, the impact of treatment and the customer's service experience by continuously improving the quality of treatment and the efficiency of our operations. We report on our efforts in the area of quality in our Quality Book, which is published annually.

WE PROVIDE A GOOD SERVICE EXPERIENCE THAT PEOPLE WILL RECOMMEND TO OTHERS

We aim to stand out by providing an excellent experience in all customer encounters. To this end, we develop our work by listening to customers and utilizing new technology. Our Net Promoter Score (NPS) is our most important indicator of customer satisfaction. We collect feedback by means of SMS- and browser-based surveys, and we are continuously adding NPS measurement at new customer encounter points. In 2019, we added new measurement points for our redesigned online appointment scheduling system, and the redesigned Oma Terveys mobile application, for example.

Our efforts have produced good results: our NPS in 2019 was the highest we have ever achieved as NPS in appointments rose to 73 (71 in 2018) and NPS in hospital services remained strong at 89 (91). A good customer experience requires continuous development efforts, and we work hard to strengthen our service culture. Read more in the Quality Book.

PATIENT SAFETY IS AT THE HEART OF THE QUALITY OF HEALTHCARE

We constantly monitor and develop patient safety, which is a key component of quality at Terveystalo. In Terveystalo, the proportion of patient injuries in relation to the number of visits is below the industry average.

Objections vs. visits to a physician were 0.01 per cent (0.01), notices of patient injuries vs. visits to a physician 0.01 per cent (0.01), complaints vs. visits to a physician 0.00 per cent (0.00) and incident reports vs. visits to a physician 0.14 per cent (0.15). Patient safety is managed by monitoring, among other things, operation-specific and site-specific surgical infection rates, incidents, official requests for clarification vs. visits to a physician and Patient Insurance Center solutions. The safety and effectiveness of our drug treatment is ensured by drug treatment plans, guidelines and a basic medication range. Read more in the Quality Book.

WE ENSURE DATA PRIVACY AND SECURITY FOR PATIENTS

Digitalization of health care presents significant opportunities for improving the availability and effectiveness of care, as well as the early identification of risks. Terveystalo has made significant investments

in the development of digital services and tools. As digital services increase in importance and change the industry, the requirements concerning data privacy and data security increase accordingly.

Terveystalo's Data Privacy and Data Security Policies define the procedures for each of the Group's functions to ensure the legal and appropriate processing of personal data as well as the confidentiality, integrity, non-repudiation and usability of data. Data privacy and data security are controlled as part of the management of overall safety, using various methods and processes. When implementing data privacy, particular attention is paid to ensuring the confidentiality of personal data, preventing unauthorized access to the data, and preventing the use of the data in a manner that would cause damage to the individual. The measures for implementing data security are adapted to the security level specified for the data being protected, the level of assumed risk, the effectiveness of controls, and the appropriate cost level. Amendments to laws and decrees related to the processing of patient and personal data are monitored and any new requirements are taken into account in guidelines and the development of information systems.

Terveystalo evaluates the privacy protection level of its personal data systems regularly and always as part of system development measures. Each function or controller evaluates and monitors the implementation of data privacy in their respective organizations. Internal and external audits at Terveystalo assess a clinic's compliance with privacy protection guidelines and the performance of a function or unit in the systematic addressing of privacy protection incidents.

An action endangering privacy protection is any action that is in breach of any law concerning personal data processing, the Data Privacy Policy, or guidelines issued on the basis of the Data Privacy Policy. Terveystalo's personnel are required to submit an incident report on any observed incidents in which data privacy has been compromised. Data privacy incidents are first processed at the respective clinic by the person responsible for incident response and the medical director of the clinic. The persons responsible for incident response report data security violations to the authorities in accordance with a separately defined process. Based on the severity and frequency of the data privacy incident, it is evaluated whether a root cause analysis should be conducted. The objective of root cause analysis is to identify measures to prevent recurrences of the incident or mitigate its negative impacts. If there is a justified reason to suspect that the data privacy incident might meet the criteria for a punishable act, Terveystalo submits the matter to be investigated by the competent authority. Any action by employees that endangers data privacy is also assessed from the perspective of labor law and may even lead to immediate termination of employment.



THE BASIS OF OUR REPORT

This report has been prepared according to the GRI framework, Core level. In this section, we describe the reporting principles and boundaries. The section also contains GRI index.



REPORTING PRINCIPLES

This is Terveystalo's first report prepared in accordance with the Global Reporting Initiative (GRI). We introduced sustainability reporting that is consistent with GRI to better meet the expectations of our stakeholders and to clarify reporting on sustainability themes that are material for Terveystalo. The report has been prepared in accordance with the GRI Core level.

REPORTING PERIOD, SCOPE AND LIMITATIONS

This report covers our operations during the calendar year 2019. We report on our operations annually. In addition to Terveystalo's operations, the Code of Conduct and operating principles also apply to the independent practitioners working at Terveystalo and to Terveystalo's suppliers. In other respects, the report does not cover outsourcing business, non-integrated acquired entities, independent subsidiaries or suppliers, unless otherwise stated. The report describes Terveystalo's progress in key objectives and commitments, based on the most relevant themes of sustainability. The assessment of relevance in terms of sustainability was updated in 2019.

SCOPE OF DATA AND METHODS

Unless otherwise stated, the performance data given in this report covers the operations that have been completely integrated into Terveystalo and are an integral part of Terveystalo's network. The sections on personnel and environment cover the personnel and operations of Terveystalo, excluding non-integrated acquired entities and independent subsidiaries. Our emissions reporting complies with the CHG requirements.

Report has not been verified.

CONTACT US

We hope that our readers find this report interesting and informative. We welcome feedback and questions.

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GRI-INDEX

GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Front cover	
102-2	Activities, brands, products, and services	Terveystalo in brief p.6	
102-3	Location of headquarters	Terveystalo in brief p.6 , https://www.terveystalo.com/en/Company/Contact-information/	
102-4	Location of operations	Terveystalo in brief p.6	
102-5	Ownership and legal form	Terveystalo in brief p.6	
102-6	Markets served	Terveystalo in brief p.6	
102-7	Scale of the organization	Terveystalo in brief p.6	
102-8	Information on employees and other workers	Our employees have a high level of well-being and work performance p.24	
102-9	Supply chain	Values and ethical principles p.17	
102-10	Significant changes to the organization and its supply chain	CEO's review p.7	
102-11	Precautionary Principle or approach	GRI Index	Terveystalo follows the Precautionary Principle.
102-12	External initiatives	Management Approach p. 18-19	
102-13	Membership of associations	Management Approach p. 18-19	
STRATEGY			
102-14	Statement from senior decision-maker	CEO's review p.7	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	Values and ethical principles p.17	
102-17	Reporting of suspected infringements	Values and ethical principles p.17	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS
GOVERNANCE STRUCTURE			
102-18	Governance structure	Corporate governance, starting from page 22 (Annual Report)	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholder engagement p.15	
102-41	Collective bargaining agreements	GRI Index	Terveystalo respects the freedom of association. 100% of our employees are under a collective bargaining agreement apart from the managerial employees.
102-42	Identifying and selecting stakeholders	Stakeholder engagement p.15	
102-43	Approach to stakeholder engagement	Stakeholder engagement p.15	
102-44	Key topics and concerns raised	Stakeholder engagement p.15	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Consolidation principles p. 69 (Annual Report)	
102-46	Defining report content and topic Boundaries	Reporting principles p.34	
102-47	List of material topics	How responsibility is evident in Terveystalo's operations p.13	
102-48	Restatements of information	Reporting principles p.34	
102-49	Changes in reporting	Reporting principles p.34	
102-50	Reporting period	Reporting principles p.34	
102-51	Date of most recent report	https://www.terveystalo.com/en/investors/Financial-information/Reports-and-presentations/	28.2.2019
102-52	Reporting cycle	Reporting principles p.34	
102-53	Contact point for questions regarding the report	Reporting principles p.34	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles p.34	
102-55	GRI content index	GRI Index p.35	
102-56	External assurance	Reporting principles p.34	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS
OUR MATERIAL TOPIC: WE CREATE POSITIVE ECONOMIC IMPACTS			
103-1	Explanation of the material topic and its Boundary	Management Approach p.18-19	
103-2	The management approach and its components	Management Approach p.18-19	
103-3	Evaluation of the management approach	Management Approach p.18-19	
201-1	Direct economic value generated and distributed	We create positive economic impacts p.22-23	
OUR MATERIAL TOPIC: WE CONSUME AND PRODUCE SUSTAINABLY AND WORK TO MITIGATE CLIMATE CHANGE			
103-1	Explanation of the material topic and its Boundary	Management Approach p.18-19	
103-2	The management approach and its components	Management Approach p.18-19	
103-3	Evaluation of the management approach	Management Approach p.18-19	
301-1	Materials used by weight or volume	We consume and produce sustainably and fight climate change p.28-29	
305-1	Direct (Scope 1) GHG emissions	We consume and produce sustainably and fight climate change p.28-29	
305-2	Energy indirect (Scope 2) GHG emissions	We consume and produce sustainably and fight climate change p.28-29	
305-4	Greenhouse gas emission intensity	We consume and produce sustainably and fight climate change p.28-29	
306-2	Waste by type and disposal method	We consume and produce sustainably and fight climate change p.28-29	
308-1	New suppliers that were screened using environmental criteria	GRI Index	Our Supplier Code of Conduct includes requirements related to the environment.
414-1	New suppliers that were screened using social criteria	GRI Index	Our Supplier Code of Conduct includes requirements related to the social responsibility.

GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS
OUR MATERIAL TOPIC: OUR EMPLOYEES HAVE A HIGH LEVEL OF WELL-BEING AND WORK PERFORMANCE			
103-1	Explanation of the material topic and its Boundary	Management Approach p.18-19	
103-2	The management approach and its components	Management Approach p.18-19	
103-3	Evaluation of the management approach	Management Approach p.18-19	
403-1	Occupational health and safety management system	Management Approach p.18-19 , Our employees have a high level of well-being and work performance p.24	
403-2	Hazard identification, risk assessment, and incident investigation	Our employees have a high level of well-being and work performance p.24-27 , Quality book p.13	
403-3	Occupational health services	Our employees have a high level of well-being and work performance p.24-25	
403-4	Worker participation, consultation, and communication on occupational health and safety	Our employees have a high level of well-being and work performance p.24-27	
403-5	Worker training on occupational health and safety	Our employees have a high level of well-being and work performance p.24-27	
403-6	Promotion of worker health	Our employees have a high level of well-being and work performance p.24-27	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Patient safety is the cornerstone of quality at Terveystalo p.13, (Quality book)	
403-8	Workers covered by an occupational health and safety management system	GRI Index	Private practitioners working at Terveystalo are not covered by the occupational health and safety management system.
403-9	Work-related injuries	GRI Index	Typical injuries include puncture injuries and slips. We calculate the injury intensity to 1 million hours. The data does not include private practitioners. We minimize the risks by following our processes in quality and safety. Read more in our Management Approach table on pages 18-19 .
Own indicator	Employer recommended by the employees	Goals and targets p.14	
OUR MATERIAL TOPIC: WE OPERATE ETHICALLY			
103-1	Explanation of the material topic and its Boundary	Management Approach p. 18-19	
103-2	The management approach and its components	Management Approach p. 18-19	
103-3	Evaluation of the management approach	Management Approach p. 18-19	
102-16	Values, principles, standards, and norms of behavior	Values and ethical principles p.17	
102-17	Mechanisms for advice and concerns about ethics	Values and ethical principles p.17	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS
OUR MATERIAL TOPIC: OUR OPERATIONS ARE MOTIVATED BY THE HEALTH AND WELL-BEING OF OUR CUSTOMERS			
103-1	Explanation of the material topic and its Boundary	Management Approach p. 18-19	
103-2	The management approach and its components	Management Approach p. 18-19	
103-3	Evaluation of the management approach	Management Approach p. 18-19	
Own indicator	Service recommended by customers	Goals and targets p.14 Our operations are driven by the health and well-being of our customers p. 30	
Own indicator	Clinical quality	Goals and targets p.14 Our operations are driven by the health and well-being of our customers p. 30	

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