

# **Sustainability Report 2020**

## **Etraveli Group**



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## 1. A note from the CEO

In a very special year characterized by the COVID-19 pandemic the travel industry experiences significant disruptions and the company had to focus efforts on cash management and processing refunds to customers for cancelled flights. The ambition has however been continuously high in terms of developing the company to be well set for the future and in these efforts, sustainability has a continuous prominent place.

Etraveli Group aims to make travel accessible to everyone by providing leading flight technology that give consumer choice of cheap and relevant flight tickets. However, the impact of air travel on the climate is not negligible. This means everybody in the industry is now working to try and lessen this impact and contribute to the development of greener fuel as well as many other initiatives including new technologies. We do have to start somewhere and although we may be small in the grand scheme of things and cannot move the needle on our own, with more than 14 million customers per year in non-pandemic times, we're big enough to make just a tiny bit of difference.

New technologies will need time to replace today's environmentally unsound variants, and some of them are still in the early stages of development. That's why we've chosen to sponsor several initiatives that we believe will have a significant positive effect in the long run. All to ensure that in the future, travelers can continue to fly across the world to meet with family and friends, to do their jobs, or to enjoy the experience of exotic destinations.

Although being an intermediary rather than a producer, we recognize our position to influence airlines and airline manufacturers to produce more sustainable products as well as to convince consumers to make more sustainable choices. Our efforts therefore stretch from supporting production of biofuel to sort flight options based on carbon footprint for consumers.

Through the concept *Etraveli Cares* we continue to pursue a number of activities and frequently engage our employees to take part in our initiatives.

This text is written one year into the coronavirus crisis where other fundamental and urgent questions like health and job security are competing to be top of the agenda, but our commitment to the environment and be a good corporate citizen prevail.

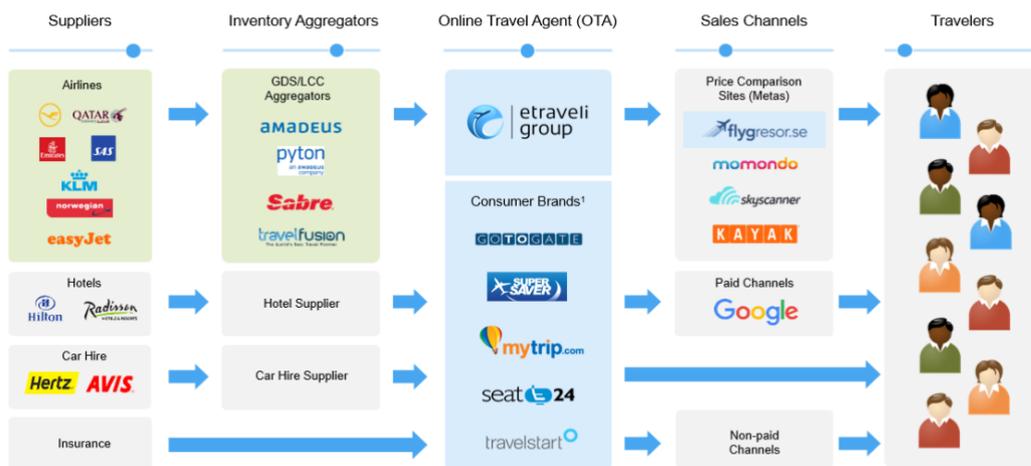
## 2. Sustainability report 2020

*This sustainability report covers Flugo Group Holdings AB (“Etraveli Group”, “Etraveli”, “the group” or “we”) and its subsidiaries. All information provided in the report concerns the financial year ending December 31, 2020, unless otherwise specified.*

Etraveli Group is the leading global technology provider for flights and one of the largest flight-centric online travel agencies. We position ourselves as a leading, innovative and modern company, built on a foundation of e-commerce expertise, knowledge about travel and technology, and the drive to be the best in our industry.

Our Value Chain connects countless people, families, communities, and businesses around the world – that is what it means to be part of the global economy.

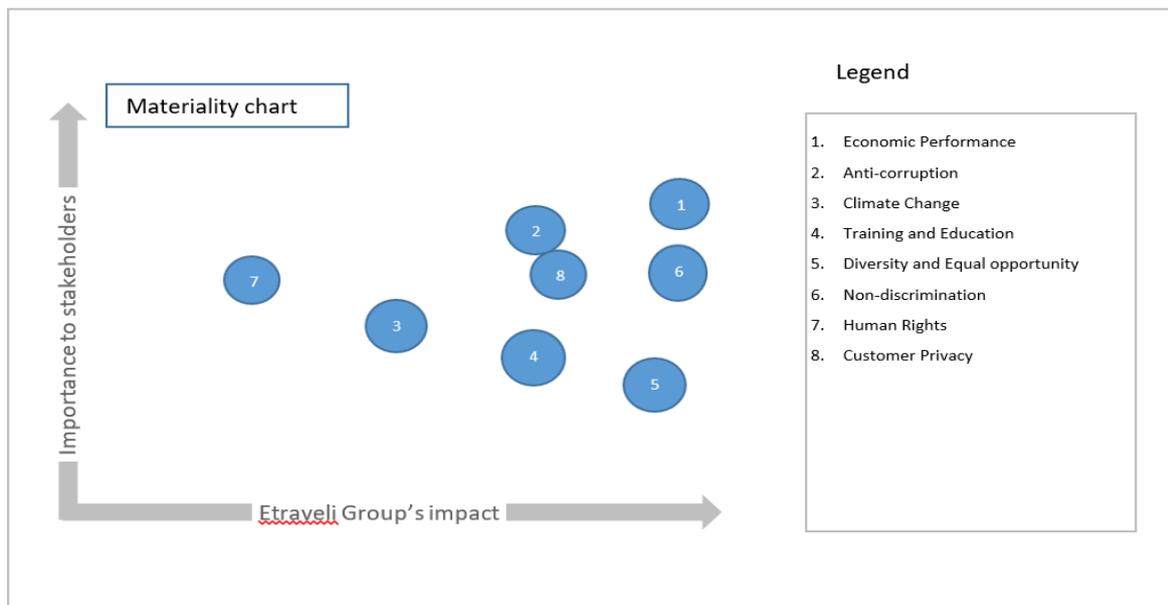
Step by step it consists of; **Suppliers**, mostly airlines, but also car rentals and hotels chains as well as insurance companies. **Inventory aggregators**, distributions systems for flights as well as aggregators of car hires and hotels. **Online travel agencies (OTAs)**, our own consumer brands for example Gotogate, Mytrip and Flight Network. **Sales Channels** for example Skyscanner and Google Flights. And last but not least the **Travelers** who buy our services and products.



Governance of sustainability issues and topics are an integral part of our business and are integrated in our day-to-day operations. The board together with the CEO has the overall responsibility for how we govern and manage sustainability. The board submits Etraveli Group Sustainability report 2020. Particular tasks and responsibilities related to different sustainability areas are today managed on an ad hoc basis by appropriate parts of the organization. Given the group’s high growth in recent years we have identified the need to formalize our governance structures and procedures throughout our business. During 2020 we therefore strengthened our internal control team with the new role, Internal audit Manager, that will be supporting the development of a more formal and structured governance model. During 2020, Internal Audit has worked based on the approved audit plan, the annual audit plan is approved by the Board of Directors. Projects to strengthen the internal control by formalizing steering documentation, policies and documenting processes in a management system has been initiated.

In Q4 2020 we performed a Corporate Social Responsibility (CSR) assessment with EcoVadis. EcoVadis is a global business partner conducting sustainability ratings. The result of the assessment will be incorporated in our sustainability work going forward.

During 2019 we performed a materiality assessment to define our material sustainability areas around which our efforts, initiatives and reporting will be concentrated in the coming years. The assessment was performed by an internal working group that initially selected eight relevant sustainability areas out of a broad universe of sustainability topics with inspiration from the Global Reporting Initiative (GRI) Standards, UN Global Compact and the Sustainable Development Goals (SDGs). Thereafter, each area was ranked based on its materiality considering the importance to stakeholders as well as Etraveli Group's ability to impact. Based on this assessment and requirements in the Swedish Annual Accounts Act, eight areas were considered material for inclusion in the group's continued sustainability efforts. For 2020 we have reviewed and assessed the material sustainability areas to ensure the data is still valid and our initiatives are correct.



The material areas range from diversity and equal opportunity and integrity to greenhouse gas emissions and anti-corruption - and are grouped into three sub-categories in this report to better align with the structure of the group's internal management of each area.

**Employment** – Includes talent, engagement, non-discrimination, diversity and equal opportunity within the Etraveli Group, as well as our response to the covid-19 epidemic.

**Environmental Impact** – Covers our environmental efforts and how we are addressing climate change.

**Responsible Business** – Includes our efforts within customer privacy and information security, anti-corruption, respect of human rights and community support.

Information on economic performance is covered by the group's financial statements whereas the remaining seven areas are included in the scope of this sustainability report.

## 3. Employment

### 3.1 Covid-19 response

The main factor impacting 2020 was, of course, the covid-19 epidemic. During the epidemic, we saw all employers around the world revisit their priorities like few crises before it. As a responsible employer, we have had to do the same. Employee health and safety remains a top priority, especially in situations where it is at an increased risk.

We issued our first corporate guidance to all group staff already in February, when the epidemic started to impact countries outside of China, following a WHO template. This has meant that when one of our employees was one of the first covid-19 patients in Sweden in early March, he was already self-isolating at home after a personal trip to Northern Italy, therefore causing no concern to other staff working at the office at the time. We are still, to this date, keeping this document, as well as our local policies guiding how employees and consultants act, up-to-date with the regulations in each local geography. As the country responses to the epidemic, in the geographies we operate have been different, we have from day 1 elected to closely follow the local guidance and regulations with regards to covid-19, and have kept this as our minimum standard throughout 2020 and beyond. In many of the countries we operate in, where providing work-from-home alternatives to staff was strongly advised or mandated by local authorities, we were one of the first employers in each country to proactively ensure this transition happens quickly, and that our IT infrastructure was able to secure this in a way that ensures business continuity.

As demand for our main product -flight tickets- was severely impacted, we recognized that this would result in feelings of uncertainty, fear of job loss, causing an impact on staff engagement. We adopted an open line of communication from very early on, sharing transparently our status and response to the epidemic with all staff. Since early March our CEO has been communicating with staff on a weekly basis, updating everyone on current developments and providing the opportunity to share feedback and questions. This initiative continues with no interruption to the day of writing this report (January 2021) and has been very well received by our staff.

As our industry was and continues to be severely hit by the epidemic, we have had to reduce costs significantly, including cutting some jobs during 2020. However, unlike other players in the industry that reduced jobs by 25 or even 50%, our response during 2020 can be summarized as follows:

- we severely scrutinized hiring and instead reallocated and reskilled over 75 staff from areas where work was reduced (e.g. sales) to areas where work was surging (e.g. customer refunds)
- we implemented temporary work reduction schemes in Sweden and Greece, where governmental subsidies ensured less than 10% impact on staff income, in cases where work was reduced by 60%. In Greece we went beyond what the state provided and we gave staff the “10% or less reduction in pay” guarantee, with own funds, despite work time being reduced by 60%
- we insourced part of our outsource work in the Operations Department
- we placed on furlough less than 2% of staff

- our effective workforce reduction was less than 4%<sup>1</sup>

### 3.2 Other Employment Areas

We value our employees as our greatest contributors to our long-term success – and we are always striving to improve our work environment and the wellbeing of our people. In the competitive landscape we are operating in, our people help us deliver on our goal to become the most attractive flight centric search, booking and fulfilment company.

Our role and foremost responsibility as an employer is to provide a safe and healthy workplace where every employee is treated fair and equitable. Etraveli Group has zero tolerance against any act or threat of violence, regardless of it being serious or not, direct or indirect. We are committed to creating an environment in which all members of staff can work productively and flourish without fear of harassment or discrimination. Our ambition, responsibilities and expectations are expressed in our Code of Conduct, which is a non-negotiable document signifying how we act and do business in an ethically, socially and environmentally sound way. We encourage our people to speak up and we thoroughly follow up and investigate all potential breaches of our policies and corporate values. Further information on the Code of Conduct can be found under [section 5](#) of the present report.

As an equal opportunity employer, we seek to prevent any acts of discrimination. All our employees and prospective employees shall have equal opportunities and employment free from any form of discrimination based on gender identity or expression, ethnicity, religious, political or other belief, sexual orientation, disability or age. As an Equal Opportunity Employer, this zero tolerance to discrimination is stated both in the Code of Conduct as well as in the Group Hiring Policy, which was launched during 2020. Our people are mastering over 20 languages and we have websites translated into more than 30 languages. At year-end 2020 gender representation of the group's total workforce was 54,8% (vs 55<sup>2</sup>) percent female and 45,2% (45%) male. Our top management team is formed by seven (eight) individuals with gender representation corresponding to 14,3% (12,5%) female and 85,7% (87,5%) male. The focus has been to put together an internationally diverse management team that currently includes four nationalities. Amongst our middle and senior management teams, reporting directly to top management, female and male representation is 41,2% (40%) and 58,8 (60%) percent respectively.

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<sup>1</sup> At the time of issuing this report, some of the jobs included in the 4% are still in the formal consultation process, as required by Swedish labor law.

<sup>2</sup> Figures in brackets indicate the respective figure in the 2019 report.



Attracting and retaining qualified talent is essential for our success and continued growth. Failure to do so poses a risk to the future development of the organization. Therefore, this is considered a challenging and prioritized task for Etraveli Group. To integrate and educate new talent, all new hires within customer support participate in an onboarding program. The duration of the program is between 5 and 7 weeks depending on experience. During this time, theoretical education is mixed with on-the-job-training including introduction to internal systems, processes and general tasks within our operations. At the same time, the Group has supported professional development of our staff using specialized external providers in several domains. During 2020 a total of 7819 hours of training were delivered. 7729 hours of training were delivered in our onboarding program in Operations and approx. 90 hours of training were delivered to 24 people outside of Operations.

During 2020 we initiated the systematic monitoring of employee engagement. As we have doubled the geographies we operate from, and especially in the remote working situation due to the covid-19 epidemic, we launched a systematic process of monitoring employee engagement through quarterly surveys and shorter regular pulse checks. In these surveys, overall staff engagement has ranged from 8 to 9 on a scale from 1 to 10.<sup>3</sup>

#### 4. Environmental Impact

Our overall ambition, stated in our group wide Code of Conduct, is to minimize the impact of our business on the environment – While still making travel accessible to everyone. We want to give travelers the chance to experience all the wonderful destinations of the world by making flight tickets as affordable as possible.

At the same time, we do acknowledge that air travel today is not sustainable and has an impact on our climate. Environmental issues pose risks to our business and therefore constitute important aspects of our risk management. With increasing environmental awareness, especially regarding

<sup>3</sup> Average answer to the question “Overall, I feel engaged with my work at Etraveli Group” in all surveys conducted during 2020.

climate change, in society and among our consumers, we need to work proactively to ensure continued demand for our services in the future. Therefore, we are constantly working hard trying to lessen the impact of our business. Our efforts are concentrated around the following three pillars:

- Support technological development of sustainable fuel
- Enable customers to climate compensate and help spread awareness
- Climate compensate internal business travel

By supporting the development of sustainable fuel, new technologies and making it possible for our travelers to offset their emissions, we support the transition towards a sustainable aviation industry and the industry goal of a 50 % reduction in greenhouse gas emissions by 2050 compared to 2005 levels.

New technologies will need time to replace the current environmentally unsound variants. However, industry sustainability can be more easily achieved if all industry stakeholders work together toward this common objective. That is why we have chosen to partner and sponsor several initiatives that we believe will have a significant positive effect in the long run. One of these is our 5-year partnership with SkyNRG's Board Now program, initiated in late 2019 and officially communicated in early 2020, to support the development of Sustainable Aviation Fuel (SAF) made from renewable biomass. Our partnership with SkyNRG is twofold as we also compensate for all our internal business travel through financially supporting the development of SAF. Due to the break-out of Covid-19 the program has been moved forward and is now planned to start in the second half of 2021. We will report annually on our contribution and the implication this initiative has to our environmental footprint.

Our belief is that supporting the development of new technologies will enable travelers to continue to explore our planet while protecting it for future generations. Since airplanes are not able to switch to alternative energy sources such as hydrogen or electricity immediately, fuel made from biomass offers a possibility to significantly reduce carbon emissions from the industry while reducing the dependency on fossil kerosene. Through the development of SAF, emission abatement is possible in the short run while providing support to the sustainable growth of air travel.

We are, since mid-2019, offering our customers the possibility to offset carbon emissions associated with their travel through our partners MyClimate and GoClimateNeutral. We also offer users of our meta Flygresor.se a feature that enables filtering results by climate compensated flights or associated carbon emissions and offer travelers the option to offset their emissions in retrospect to ticket purchase. We are aiming on introducing these features on all our meta platforms over the coming years.

Even though the environmental impact of our business mainly originates from the service we provide, we also try to limit the impact from our own daily operations. For powering, heating and cooling our locations we try to only select providers offering these services from renewable sources. Out of our seven offices, three are powered by renewable sources. For the remaining four offices Etraveli is not the contract holder for these services. Instead they are included in the lease agreements. We seek to eliminate the use of products and consumables from non-regenerative natural resources, reduce waste as far as possible, maximize reuse and recycling and we are considering environmental criteria in our procurement and sourcing practices.

## 5. Responsible Business

### 5.1 Business ethics and anti-corruption

Close and consistent relationships with a variety of stakeholders are fundamental to the success of the Etraveli Group. We strive to maintain professionalism and good business ethics throughout all operations. We take an active stance against all forms of corruption, fraud, bribery and anti-competitive behavior.

Our Code of Conduct, which also applies to our consultants and their subcontractors, is our leading and guiding document for what is expected from our employees and partners regarding business ethics. The code is reviewed on an annual basis and emphasizes especially legal and regulatory compliance, the condemnation of any use of child or forced labor and stresses the importance to not conduct in any corruption, fraud or bribery practices. Further, the Etraveli Group prohibits any form of harassment, discrimination and violence in the workplace. Employees have the possibility to voice their concerns by using the group's "Ethics Line". The Ethics Line serves as an alternative way for personnel to ask for guidance or voice concerns in a confidential manner. All employees are educated on the code and need to certify adherence to the code on an annual basis. The board has the overall responsibility for the code and making sure that it is being followed throughout our operations.

The group continues its global expansion and entry to new developing markets in 2020 (e.g. Latin America and the Middle East). We realize such expansions pose increased risks related to business ethics, specifically concerning corruption and human rights issues, and manage these by consulting with third party experts in risk assessment and mitigating procedures.

During 2020 no incidents related to corruption or non-ethical business practices have been reported and confirmed.

### 5.2 Customer integrity

Being an online travel platform company, we continuously process personal data in our daily operations. Consequently, the business is exposed to risks for incidents related to cybersecurity and data breaches. For us it is of greatest importance that we ensure processing of personal data is in accordance with the General Data Protection Regulation (GDPR) with respect to the personal integrity of the registered individuals. Processes to protect our customers' integrities in compliance with legal obligations, such as GDPR, are primarily guided and supported by the following policies and documents:

- *IT & Information Security Policy* – A guideline regarding IT related questions and clarification of employee responsibilities.
- *Personal Data Privacy Policy* – Sets out general requirements on processing of personal data within the group in compliance with legal obligations.
- *Data Breach Policy* – Provides instructions on how to act in the event of a data breach.

All employees must be aware and adhere to these policies. At least four times a year our legal department informs and educates all our employees on the practical implications of these policies

and how we as a company need to act to protect our customers' integrity – making sure we comply with applicable laws and regulations.

In addition to our legal department, we also have a designated Privacy Manager that together with the former, are responsible for management, development and promotion of personal data protection standards within the group. Further, this team is also responsible for monitoring and analyzing performance and any new developments in the field.

No significant breaches related to loss of personal data have been identified during 2020.

### 5.3 Community support

Our philosophy of citizenship through sponsorship is twofold. We seek to contribute internationally; where our product touches the world, and locally; in the communities that house our main offices. Our engagement with key international and local partners not mentioned elsewhere in this report are presented below. Due to the outbreak of Covid-19 our community support was carried out to a limited extent in 2020 and will be reassessed in the first half of 2021.

#### *Uppsala Stadsmission*

As the head office of Etraveli Group is located in Uppsala, we support Uppsala Stadsmission in their work to create a more humane society through social care, integration and education. Their mission is to promote social responsibility and encourage a sense of belonging, regardless of economic or social situation.

#### *Lighthouse Relief*

Our dual way of contributing also applies to our operations in Greece. Etraveli Group supports Lighthouse Relief through regular donations, but also by giving our employees the chance to serve as ambassadors or to participate in their volunteer program. Lighthouse Relief was formed as the refugee crisis reached the shores of Greece in the fall of 2015. They remain committed to advancing dignified and empowering humanitarian emergency response operations for as long as it is needed.

#### *ECPAT*

ECPAT fights the battle against child exploitation to prevent and stop child abuse and trafficking, including the blocking of websites containing child pornographic content. This effort cannot take place in one country alone but needs a global organization that reaches as many countries as possible. For this reason, Etraveli Group has been collaborating with ECPAT over the past 4 years.

#### *The Swedish Childhood Cancer Fund*

The Swedish Childhood Cancer Fund was founded in 1979, with the aim of creating a more hopeful future for children and teens diagnosed with cancer and to ensure that they and their families receive the needed care and support. In the 1970s, a minority of children diagnosed with cancer survived. Today, almost 40 years later, the Swedish Childhood Cancer Foundation is the largest financier of childhood cancer research in Sweden and more than 85 percent of the affected children survive. The vision of the Swedish Childhood Cancer Fund is to eradicate childhood cancer. Our meta Flygresor.se supports the Swedish Childhood Cancer Fund through a charity cycling event across Europe with Rynkeby and associated financial donations based on the distance.



This is a literal translation of the Swedish original report

## Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Flugo Group Holdings AB, corporate identity number 559113-9570.

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### **Engagement and responsibility**

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

### **The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### **Opinion**

A statutory sustainability report has been prepared.

Uppsala 2021-04-28

Öhrlings PricewaterhouseCoopers AB

Leonard Daun  
Authorised Public Accountant