



SUSTAINABILITY REPORT 2021



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FOREWORD, COMMITMENT, SUMMARY



Dear Reader,

FoxPost Zrt. has always paid priority attention to sustainability. This principle is also reflected at the level of strategic planning and implementation. Despite the difficult conditions we experienced in 2021, we have not changed in this regard. We have been more conscious in planning our social engagement and paying more attention to the 'well-being' of our employees.

Throughout the year, we have had to adapt our objectives more often than usual to the challenging conditions dictated by external circumstances. For us, professionalism also means standing our ground in times like these: we have achieved all our original objectives.

2021 was marked by challenges posed by global supply chains. These were challenges that were very difficult to react correctly, not only as an individual but also as a market player. In the last third of the year, it was already becoming apparent that there would be difficulties with vehicle replacements. The question was not how we would achieve green operation, but whether we could achieve the target figures we had planned. It's not a question of what kind of car we should have, but whether we will have a car to transport the millions of parcels.

Last year, one of our core principles – sustainability – became almost a luxury. It is our 'job' to bring the principle of sustainability closer to our customers in a customer-friendly, convenient and flexible manner – all the way to the parcel lockers.

In addition to the IT upgrades that started last year and will continue in 2022, our logistics have also been radically changed. We moved our warehouse to Maglód, to Hungary's first BREEAM certified warehouse base, where we can handle up to 100,000 parcels a day with our new automated sorting equipment. This is a major milestone in the company's life.

We are proud of the fact that, even in the face of challenging circumstances, we have always managed to turn the steering wheel in a direction that helps achieve our goals.

Best regards,
Ádám Bengyel
CEO, Co-founder

COMPANY DATA, CONTACT, IMPRINT

FoxPost Group

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Group's head office:

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www.foxpost.hu



1. COMPANY PROFILE

SERVICES

FoxPost Zrt., as a parcel logistics service provider, offers the following services:

FOR PRIVATE INDIVIDUALS

- parcel dispatch and parcel delivery at automatic parcel locker terminals
- parcel sending with home delivery
- Parcel pickup from business site
- Parcel dispatch from locker
- Parcel delivery with home delivery
- Parcel delivery to locker

FOR BUSINESS PARTNERS:



In terms of services, home delivery is available within as little as **2 working days**, as well as **next-day parcel collection from a parcel locker**.



Extra service fees: fragile goods handling, label printing



The home delivery service is provided by subcontractors who assist the Group in its work.

OUR LOGISTICS SYSTEM

The core activity of FoxPost Zrt. is other postal and courier activities (5320'08), providing parcel delivery services to private individuals and businesses nationwide, with a continuously expanding network of parcel lockers. FoxPost ended 2021 with 356 parcel lockers and 176 full-time employees. 109 people worked for us seasonally as temporary staff members.

In 2021, as a result of the pandemic and our expansion activities, our parcel volumes have increased and, accordingly, our team has expanded significantly and our logistics system has changed to meet growing customer demand.



WE MOVED TO A NEW WAREHOUSE, OUR AUTOMATED SORTING EQUIPMENT IS UP AND RUNNING

In 2021, our central warehouse relocated to the HelloParks building. The Maglód Logistics Park is located in the fastest growing industrial zone of the eastern agglomeration of Budapest, along the M0 Ring, close to the M4 and M5 motorways and Liszt Ferenc International Airport.

"The location of the facility is very advantageous, as the proximity of the airport opens up new business and development opportunities for us, and it is also within easy reach of both the capital and FoxPost's non-Budapest depots."

In addition to the location, the selection criteria for the new warehouse included energy efficiency and the potential for further emission reductions, given the modern building.

"The new warehouse is a huge step forward in FoxPost's development, making us owners of the third largest central warehouse in the domestic market, which will serve our entire national network of more than 1,000 parcel locker terminals by 2024. The change was necessary due to the dynamic growth of our turnover, which is expected to grow by more than 40 percent in 2021. With an investment of more than EUR 1.5 million, in the new warehouse we switched to a fully automated parcel sorting system, which has increased our capacity by almost tenfold, meaning we can handle up to 100,000 parcels a day. In the current labour shortage environment, it was important that we were able to turn on our automated sorter in time, otherwise we would not have been able to deliver the almost half a million parcels in December."



1. COMPANY PROFILE

INCREASING THE NUMBER OF PARCEL LOCKER TERMINALS, DEPOTS

We are constantly increasing the number of our parcel lockers and, as we expand our network, we are paying particular attention to quality locations when installing both indoor and outdoor parcel lockers.

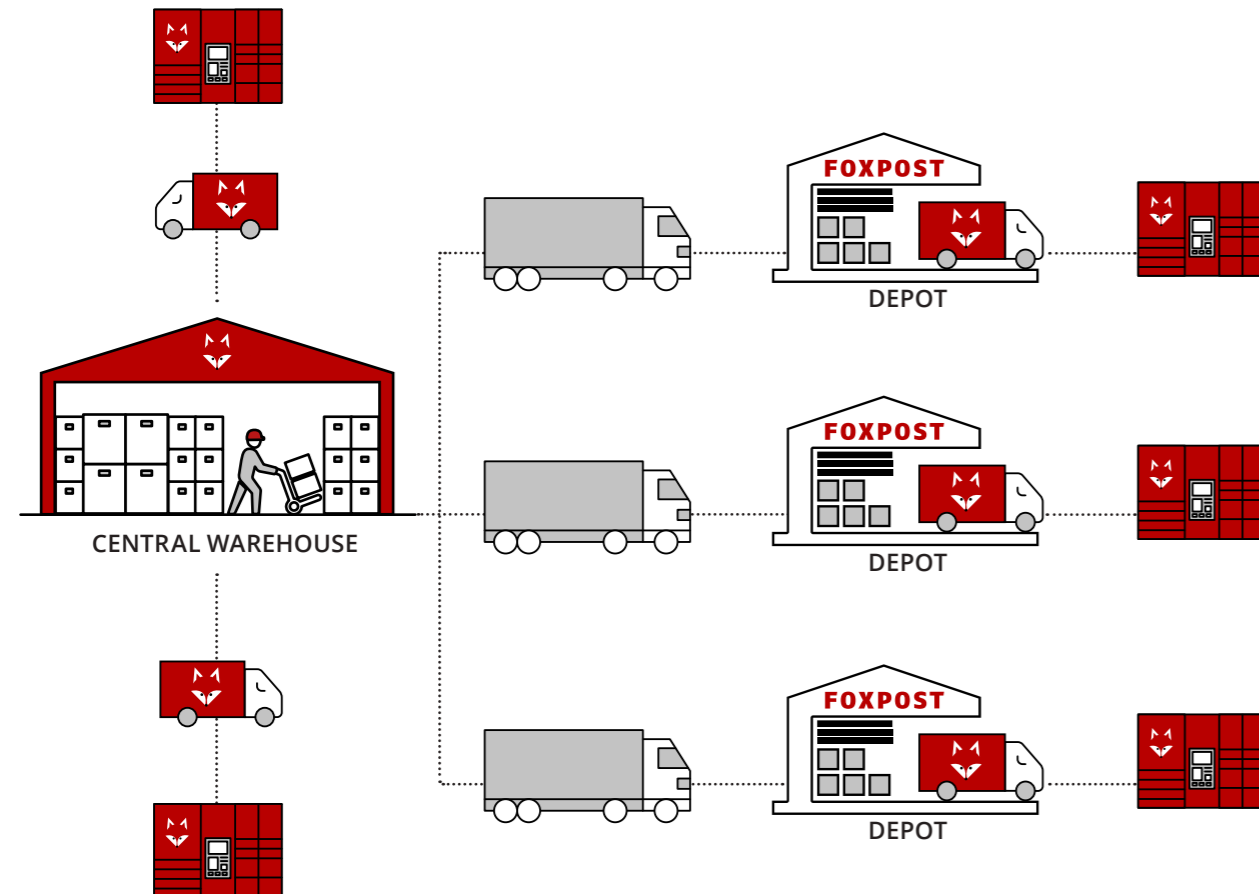
At the end of 2021, FoxPost had a network of 356 parcel locker terminals, primarily serving small businesses and private individuals in Hungary. The logistics solution providing a parcel pickup management service is based on the emptying of the parcel locker terminals, the delivery of the parcels to a central warehouse and their redistribution.

"The sustainability of our business model lies in efficiency: we aim to deliver as many parcels as possible with as few resources as possible. In 2021, we have delivered 3 million parcels with 30 couriers."

At the end of 2021, FoxPost operated with a central warehouse, 4 depots (Pécs, Szeged, Debrecen, Győr) and 48 company-owned vehicles, with subcontractors supporting our work on the so-called backbone routes.



Structure of the business model |

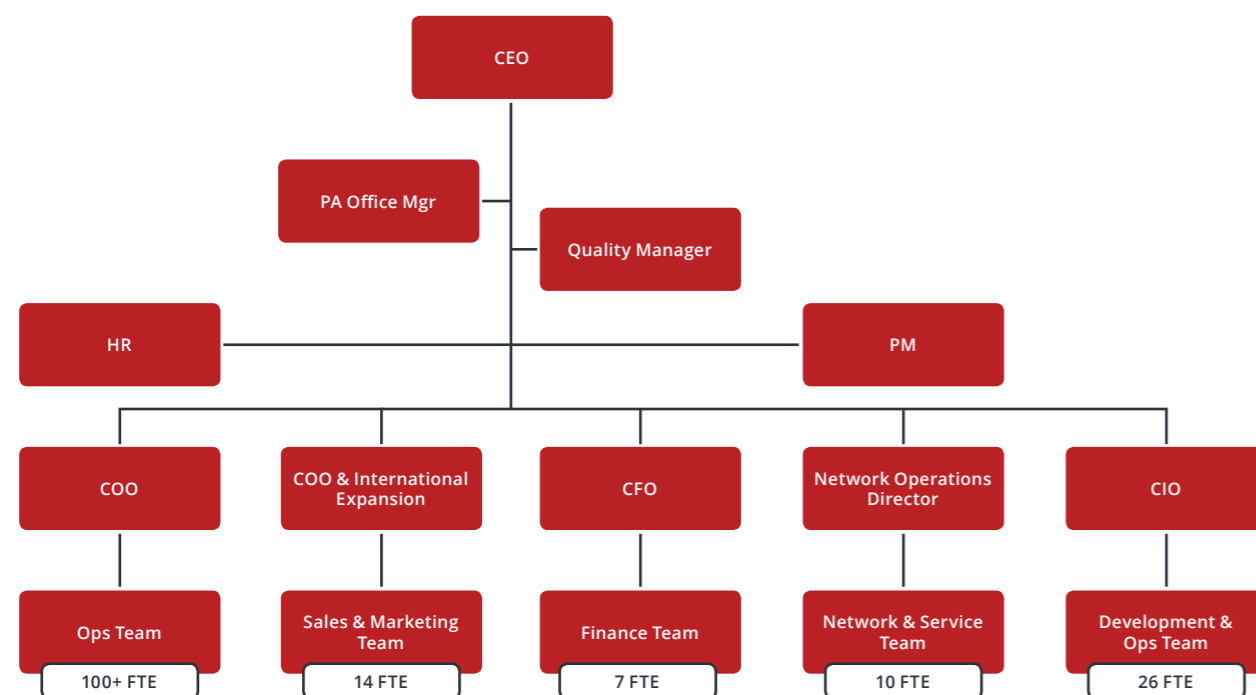


In 2021, we continued to expand our vehicle fleet, although the international situation has resulted in a number of challenges.

On a seasonal basis, subcontractors contribute to the provision of the home delivery service and the servicing of parcel locker terminals.

ORGANISATIONAL STRUCTURE

FoxPost Group previously consisted of FoxPost Zrt. and BIP Logistics Zrt. After the merger in 2021, it has continued to operate as FoxPost Zrt. The work of FoxPost is supported by the Managing Director, an office manager, a quality manager, an HR manager and a project manager. The teams are headed by directors responsible for commerce, operations, finance, network development, sales, marketing and IT. As a result of the company's growth process, the organisational structure is changing, with the figure below showing the structural characteristics of 2021. The CEO and the Board of Directors are responsible for formulating the Group's long-term strategy, setting objectives and defining the corporate values.



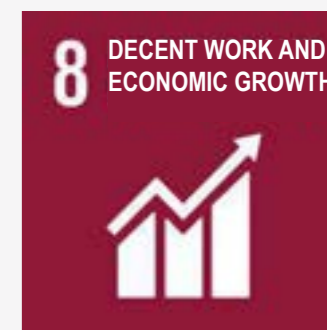
OUR SOCIAL, ECONOMIC, ENVIRONMENTAL IMPACT

The following section presents the impacts of the operation of FoxPost Group and the **UN Sustainable Development Goals** to which we have contributed through our sustainability efforts in 2021.

Environmental impacts: Parcel logistics services generate significant environmental pressures, especially in terms of urban air pollution and emissions. Sustainable operations have been at the heart of our business model since its inception, and we believe that the use of parcel lockers provides an efficient, environmentally-friendly solution to the growing e-commerce demand in the long term. Our aim is to continuously monitor and reduce our emissions.

Economic impacts: we operate in a highly competitive environment, and we support our partners with digitalisation improvements, contactless service, helpful customer service and parcel tracking. This continuously competitive environment is both an opportunity and a challenge, encouraging us to operate more efficiently and sustainably. Our goals are to operate efficiently and sustainably, to provide outstanding services and to be a trusted partner to our customers. Our business ethics are characterised by our belief in the weight of the word and fair play.

Social impacts: As a parcel logistics service provider, FoxPost contributes to customer well-being and comfort by serving the movement of a large volume of goods generated by online purchases. We also create jobs, and provide our employees with highly predictable, stable income and excellent working conditions.



"People are starting to realise that as volumes increase, it becomes more difficult to align personal schedules with courier deliveries, and therefore the demand for parcel lockers will continue to rise. Of course, in the words of Marek Różycki, managing partner of Last Mile Experts, these should be placed at arm's length from homes and workplaces to maintain comfort."

1. COMPANY PROFILE

STAKEHOLDERS

FoxPost Zrt.'s stakeholders are companies and groups of individuals who are affected by FoxPost's operations and services and whose activities may influence FoxPost in the achievement of its business objectives.

We consider maintaining contact with our stakeholders a priority. By preparing our Sustainability Report, we aim to make our work and operations more transparent for all stakeholders and to demonstrate that our continuous improvements help us move towards a common, sustainable future.

FoxPost's stakeholders have been divided into four groups according to their level of influence and interest.

1.

Level of interest: high

Degree of influence: high

We consider these stakeholder groups to be our key stakeholders. They have a strong influence on the company's operations and a strong stake in its success. Our goal is to maintain a continuous relationship with them and to retain their support. They are part of our decision-making processes.

2.

Level of interest: low

Degree of influence: high

These stakeholders have a great influence on the life of the company, but their interest is not significant and they are not actively involved in our life. We take their goals into account, their satisfaction is important to us. Their potential dissatisfaction poses a risk for us. We measure our customers' satisfaction after each package and provide a monthly summary. We measure our brand awareness through a representative survey of internet users. We measure the satisfaction of our business customers on a monthly basis. When asked "Would you recommend our service to others?", our customers gave a score above 9 in each case in the second half of the year.

We consider maintaining contact with our stakeholders a priority.



3.

Level of interest: low

Degree of influence: low

These groups of stakeholders have little influence on the life of the company and their interest in its activities is minimal. We monitor their activities, as their position and importance may change over time. We keep them informed about our operation, and we try to attract their interest.

4.

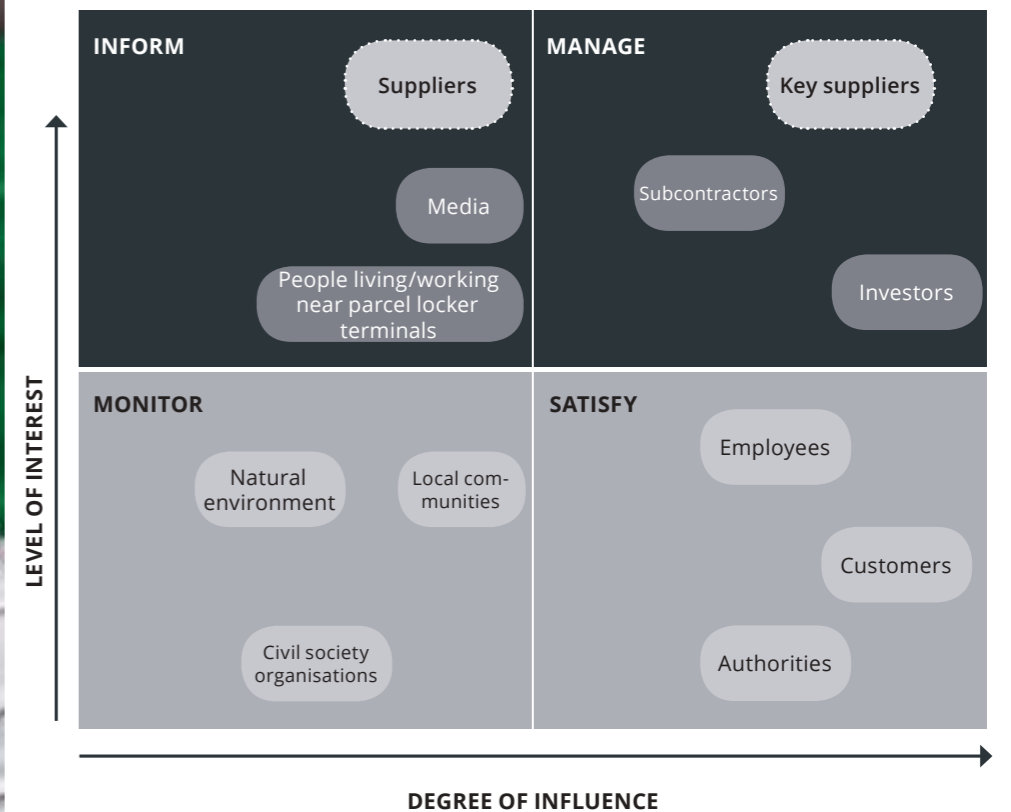
Level of interest: high

Degree of influence: low

This category includes stakeholders who have a high level of interest in FoxPost's operations, but do not have a significant influence on the life of the company. We take their needs into account and keep them informed about our activities in order to maintain their support. We constantly monitor their interests and use the information to improve our business.

We review the performance of our suppliers, strive to build long-term partnerships, focus on business processes, and engage in continuous two-way communication.

FoxPost's stakeholder map



1. COMPANY PROFILE

OUR CUSTOMERS

Our customers' expectations include the need for more lockers and easier access to the service.

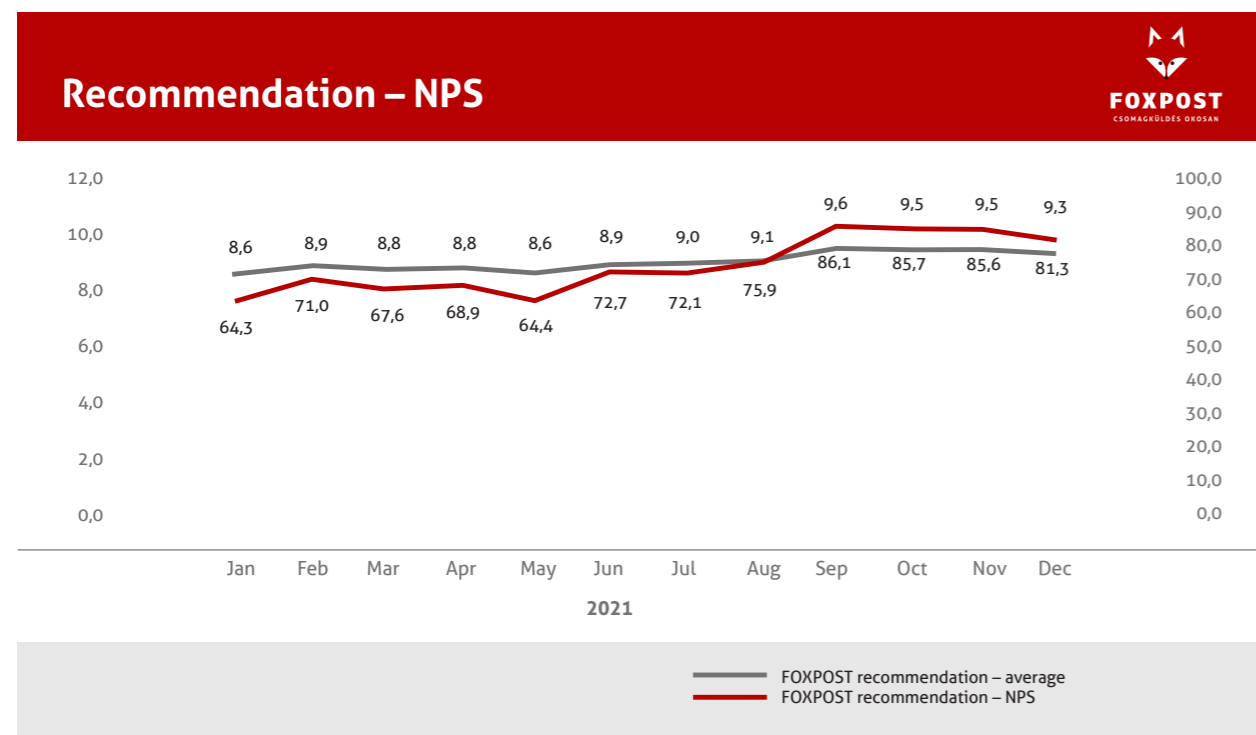
We are constantly working on this and are striving to do so through our sustainability efforts, ahead of their expectations.

We measure our customers' satisfaction after each package and provide a monthly summary. We measure our brand awareness through an ongoing representative survey of internet users. We measure the satisfaction of our business customers annually.

A special feature of the last year was that we became one of the suppliers of the Spain-based Inditex Group, and from January our services have been available in the online shops of Zara, Bershka, Massimo Dutti, Pull and Bear, Zara Home, Stradivarius, Oysho, Uterqüe, for both home and parcel locker delivery. As a small Hungarian company, we consider it a great achievement that we were able to reach an agreement with one of the biggest fast fashion companies in the world.

Protecting our customers' data is a priority for us, which is why we have put in place an information security system. The system has an ISO 27000 framework, which automatically extends protection to both own and partner data, as well as hardware and software systems. Maintaining the information security system requires continuous operation and compliance monitoring, taking into account all applicable legislation.

User satisfaction index based on the answers to the question "Would you recommend FoxPost to others?"



We were selected as one of the country's most outstanding brands by the Superbrands Hungary Expert Committee and we also won the Business Superbrands award.

For FOXPOSTS these prestigious awards mean a recognition coming from the profession and, at the same time, a confirmation that we are on the right track and that we are, indeed, building the logistics of the future. And for our Business Partners and customers, these accolades guarantee the quality of our services.



Ranking of surveyed service providers by domestic volume

BY VOLUME LINKED TO DOMESTIC B2C E-COMMERCE IN 2021

Total	
1.	GLS
2.	Magyar Posta
3.	DPD
4.	Express One
5.	Sprinter
6.	FOXPOST
7.	Packeta

Home delivery	
1.	GLS
2.	Magyar Posta
3.	DPD
4.	Express One
5.	Sprinter
6.	FOXPOST
7.	Packeta

To parcel pickup point & parcel locker terminal	
1.	Magyar Posta
2.	GLS
3.	FOXPOST
4.	Pick Pack Point
5.	Packeta
6.	DPD
7.	Express One



1. COMPANY PROFILE

OUR EMPLOYEES

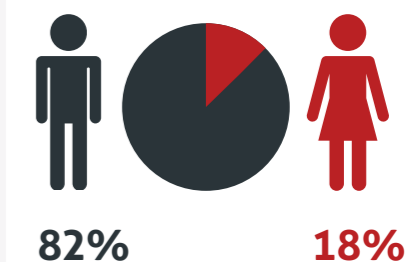
We are improving our internal processes in line with the growth of our workforce. We are increasingly focusing on training new recruits and introducing them to our processes. At FoxPost, we care as much about our staff as we do about our customers. The employee satisfaction questionnaire shows that it is good to work here. In 2021, the increase in employee headcount required elevating HR processes to a higher level.

Our employees are very important to us, we keep in touch with everyone and give them feedback on their work.

Thanks to the development and standardisation of onboarding processes, new employees can participate effectively in the life of the company from day one. Every three months, we dedicate a full day (orientation day) to give new colleagues joining us at that time a detailed overview of FoxPost in all areas.

The exponential increase in employee headcount creates a number of legal obligations. In addition to full compliance, we continue to place a high priority on maintaining personal contact with our employees.

We provide a working environment and workwear that is outstanding in our industry, and we also fully comply with our legal obligations in the areas of health and safety and training. We have training plans for the logistics operation, we provide training for new hires and we try to reduce staff turnover. There is a higher workforce migration in the warehouse due to night work and monotonous work, and while this is lower for drivers, it still a persisting problem. We have not observed turnover for customer service and management, and our team is growing constantly.



In line with industry data, the ratio of women to men in the workforce is estimated at around 18-82%, representing an increase of 3% compared to 2020.

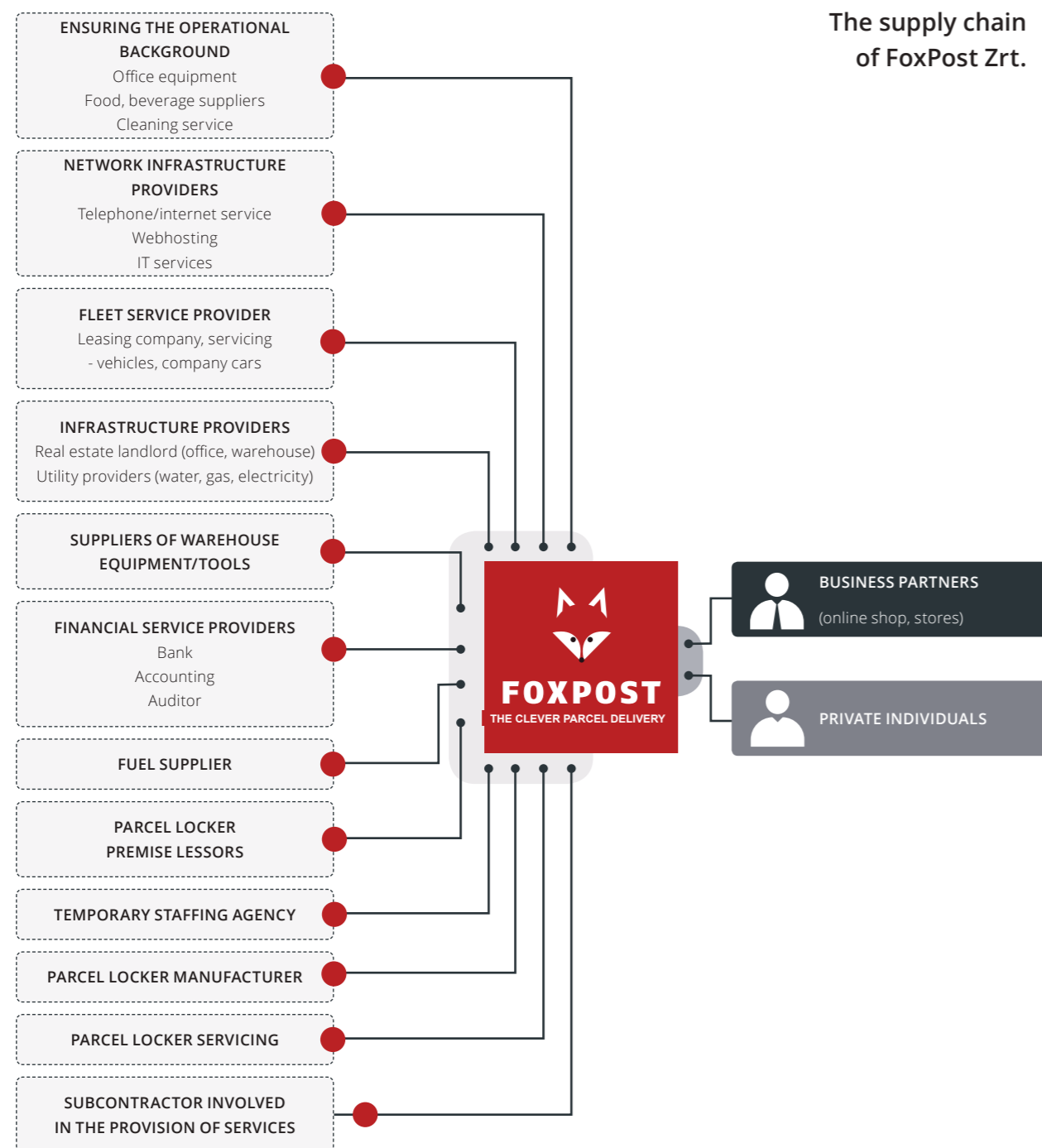
We are experiencing labour shortages in a number of ways. For example, the relocation to the new warehouse caused a structural recruitment problem, as we moved from a former warehouse easily accessible by public transport to Maglód. We organised buses, but we still had to find workers in the area.

Looking back on 2021, overall it seems that we had to pay up to 20% more in wages than we had planned, and wages at the company have roughly doubled since our start in 2015.

Our couriers earn a net wage of around HUF 300,000. We employ domestic staff in both logistics operations and management.



PARTNERS, SUPPLY CHAIN



FoxPost is served by a relatively short supply network established for the provision of its services, as illustrated in the following figure. There were no significant changes in 2021 in terms of partners, with the number of supplier partners increasing in most cases. From the service provision aspect, the parcel locker terminal suppliers, logistics providers, vehicle leasing companies, building/parcel locker premise lessors and IT service providers can be regarded as most significant. We review the performance of our suppliers, strive to build long-term partnerships, focus on business processes, and engage in continuous two-way communication.

In 2021, we encountered some surprising problems on the supplier side. For example, unfortunately we had to diversify our fleet and sometimes we are not using the most ideal cars for our activities, because the main criteria are availability and reasonable delivery times of six months to three quarters of a year at the most, which only Renault and Opel have been able to meet as our suppliers.

Due to a massive semiconductor shortage, our parcel lockers were delivered late. There were parts missing that had never been a problem before, while the impact of inflation on purchase prices was also felt.

We are seeking to diversify our supplier base to ensure security of supply. Like almost every company, we also have foreign suppliers, but it is very important for us to strengthen the Hungarian economy while minimising our risks. We remain the only company with a domestic background in the parcel logistics market.

In the past, we always purchased from Estonia and Austria, but in 2021 we worked hard to find suitable Hungarian suppliers. We managed to find the partner that can deliver high quality parcel locker terminals, so in 2021 we could finally start production in Hungary. The investment amount allocated for parcel lockers is spent in Hungary.

In **90%** of cases we work with Hungarian suppliers to ensure our day-to-day operations.

2. ECONOMIC INFORMATION

ECONOMIC PERFORMANCE

Overall, we had 100 terminals in 2019, 160 in 2020 and 356 by the end of 2021. We have made significant investments to increase our parcel volume and market share. Overall, it is these developments that have brought us growth, not the pandemic. We made a conscious investment: we bought parcel locker terminals for EUR 3 million and spent EUR 1.5 million on the automated sorting system in the central warehouse. Last year, we transformed our logistics system, opening four non-Budapest depots where parcels are distributed.

Our turnover increased by 88 percent in December 2021 year-on-year.

In 2021, our Group realised a turnover of HUF 2,396,197,000.

We fully comply with our tax and legal obligations. We did not use any state subsidies.

*We are growing dynamically
and our employees are
benefiting from this growth.*

Our annual report and other economic data are available here:
<https://e-beszamolo.im.gov.hu/oldal/kezdolap>



3. ENVIRONMENTAL INFORMATION

EMISSIONS

CIRCULARITY

The largest part of our environmental impact – given our activity – comes from the emissions generated during the transport of goods, but we also value the principle of circular economy and strive to minimise the amount of waste generated in our work.

We use special crates to transport parcels so that even unprofessionally packaged items arrive undamaged, and we strive to ensure efficient parcel handling. We extend the life of our crates through repairs (354 crates).

Our discarded crates (111) are returned to the manufacturer for recycling.

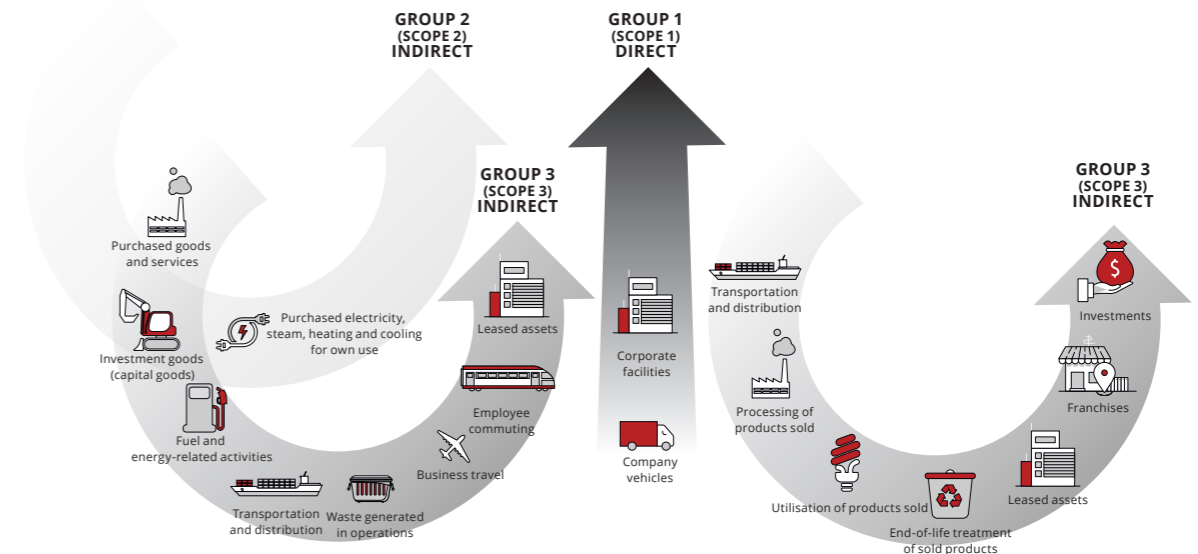
From September 2021, our parcel lockers no longer issue paper receipts for parcels dispatched by registered private individuals, significantly reducing the amount of waste generated by our operations.

We continued to collect our waste selectively in 2021 and have entered into a contract with a specialised processing company for recycling.



In 2021, our emissions measurement system covered the emissions from our own fleet needed to provide the parcel locker terminal service. With the introduction of the backbone routes in October 2021, our logistics system has changed, and we obtained the estimated emissions data for the backbone routes from our subcontractor. We aim to extend the measurement system to our subcontractors in the coming years.

In 2021, we continued to use the Greenhouse Gas Protocol (GHG Protocol) Corporate Standard guidelines to record our greenhouse gas emissions. The GHG Protocol aims to help companies and other organisations to record their actual greenhouse gas emissions in a way that is transparent and comparable with other organisations. Furthermore, it is used to contribute to effective and successful emission reduction projects based on these records.



The corresponding scopes under the GHG Protocol for FoxPost are the following:

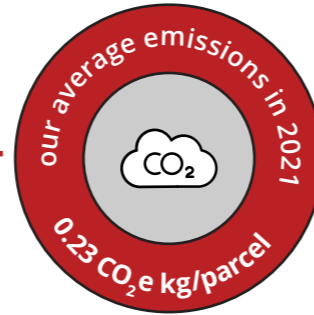
<p>Scope 1: direct emissions – e.g. fuel consumption, offices, warehouse consumption and emissions, parcel lockers' consumption, company cars' consumption</p>	<p>Scope 2: indirect emissions – e.g. purchased electricity, natural gas consumption</p>	<p>Scope 3: includes emissions outside of the previous two scopes – e.g. emissions from purchased services, employee commuting, emissions by subcontractors</p>
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The first step in measuring FoxPost emissions is to record own fleet emissions from Scope 1 and warehouse energy (electricity and natural gas) from Scope 2. We started 2021 with 35 3.5-tonne vans, and by the end of the year this number had increased to 48.



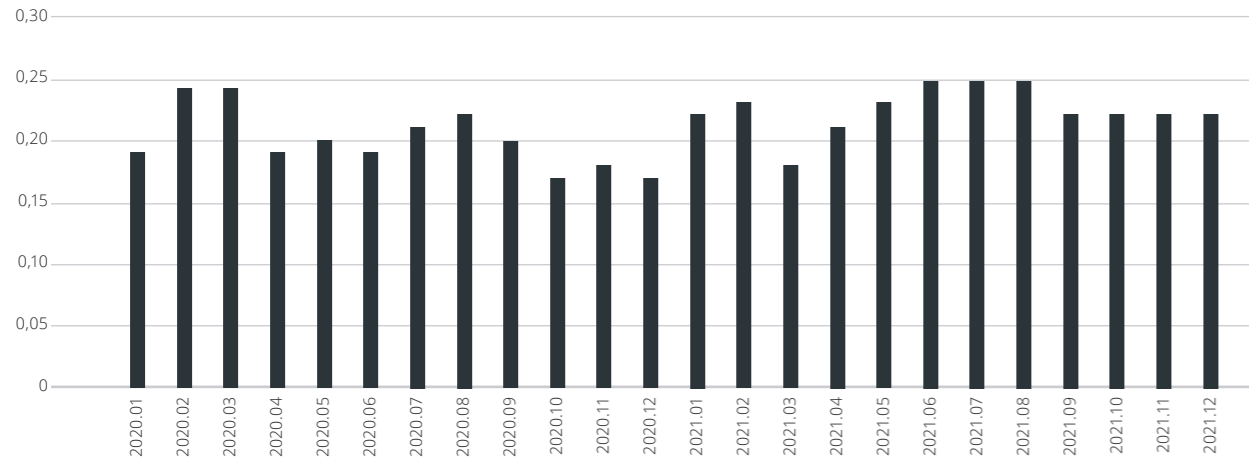
3. ENVIRONMENTAL INFORMATION

The first step to reducing our emissions is accurate measurement. At the same time, we are reducing our emissions per parcel by increasing our operational efficiency.

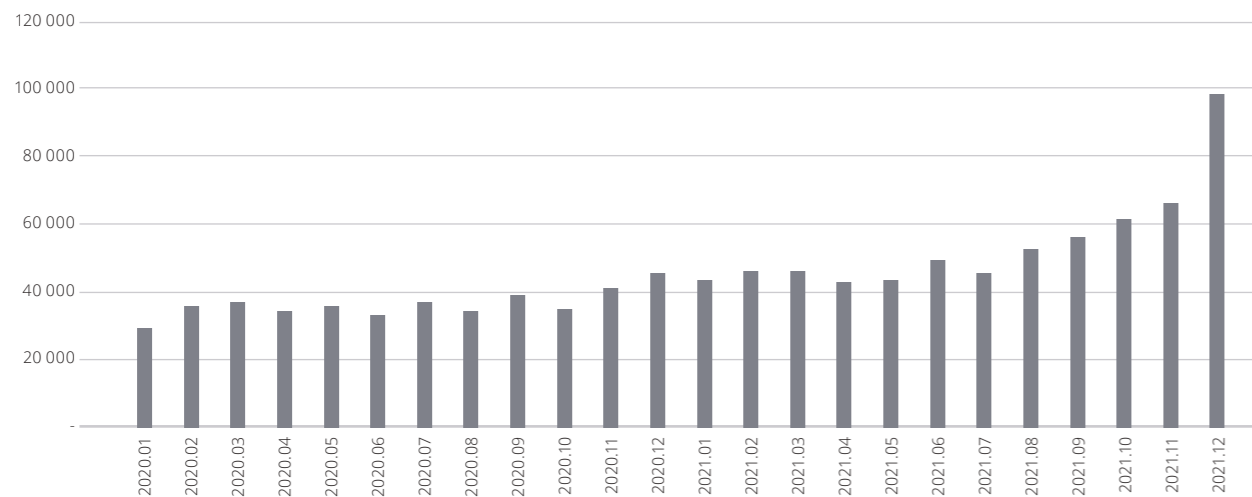


Climate footprint for the vehicle fleet involved in the parcel delivery activity and the warehouse

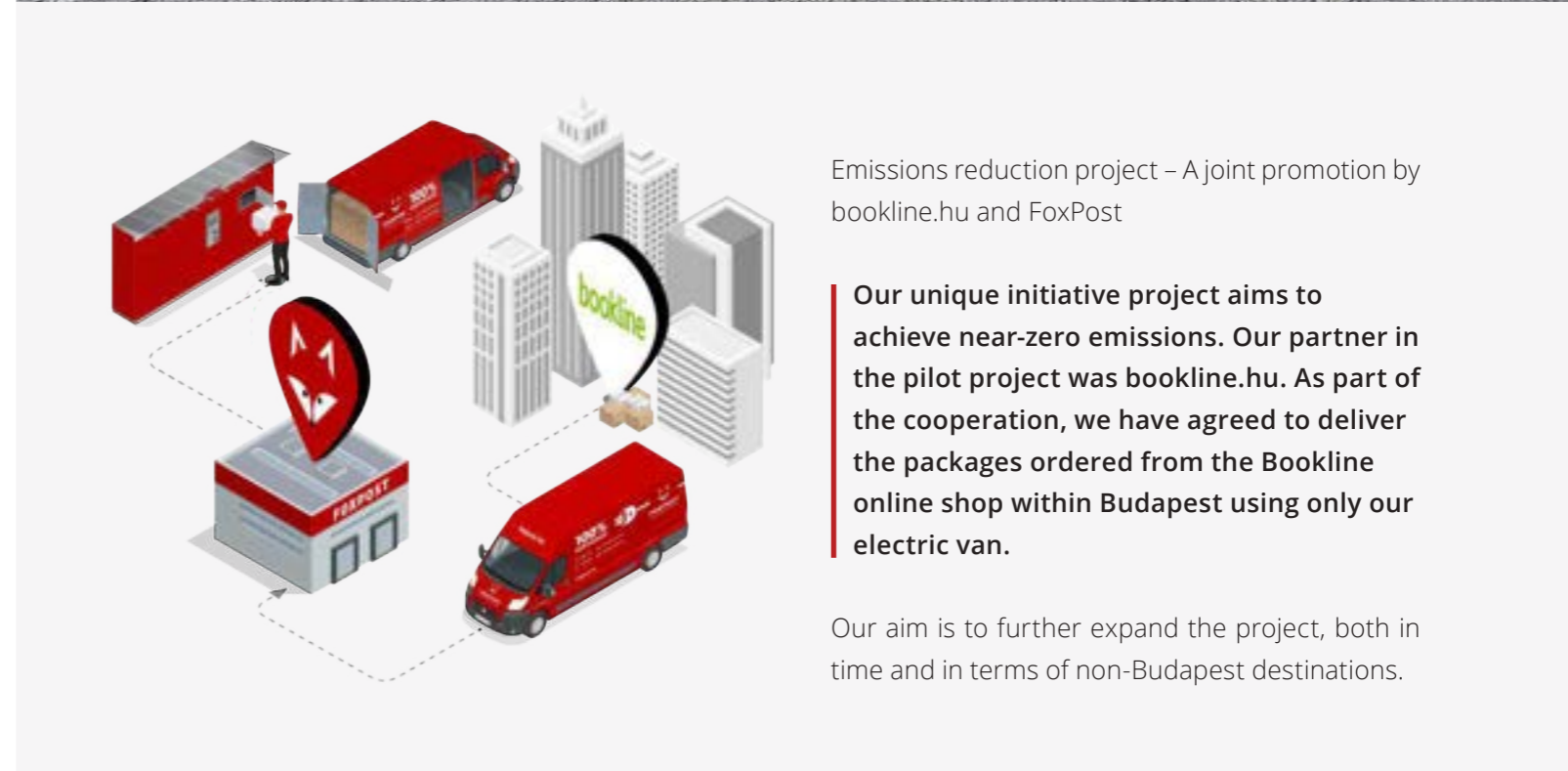
Monthly CO₂e emissions: kg/parcel



Total monthly CO₂e emissions (kg)



To reduce local air pollution, we continued testing and using our electric delivery vehicle in 2021. We are constantly monitoring the development of electric vehicles, keeping an eye on the emergence of innovative technologies, so that we can increase the use of alternative fuel vehicles when the technology is sufficiently advanced.



Emissions reduction project – A joint promotion by bookline.hu and FoxPost

Our unique initiative project aims to achieve near-zero emissions. Our partner in the pilot project was bookline.hu. As part of the cooperation, we have agreed to deliver the packages ordered from the Bookline online shop within Budapest using only our electric van.

Our aim is to further expand the project, both in time and in terms of non-Budapest destinations.

4. SOCIAL RESPONSIBILITY

LOCAL COMMUNITIES

We will continue to give priority to supporting local communities and future generations.

In May, we participated in the Good Deed charity parcel drive organised by Jófogás and the TündérPakk Charitable Foundation. We have helped hundreds of single-parent families with more than 1,600 packages.

As part of the Glamour Wardrobe Update in November, we raised a total of HUF 691,730, which will enable the EMMA Association's helpline to run for a year, helping women facing difficulties in motherhood.

In 2021, we again supported the Amigos for Children Foundation. During the Christmas charity campaign, the LEGO Group's gifts were donated to sick children in long-term hospital care. More than 5,000 gift packs were delivered to 43 hospitals across the country.

Our cooperation with the Bátor Tábor (Camp of Courage) Foundation is ongoing. We have helped with the delivery of around 500 parcels, helping to keep in touch with volunteers, move equipment and supplies, and manage the holiday gifting process, even during the tightest of lockdowns and restrictions.



DESCRIPTION OF THE REPORT

Our Sustainability Report has been prepared in accordance with the Core version of the Global Reporting Initiative (GRI) standard, taking into account the corporate boundaries of FoxPost, and supplemented with the requirements of the GRI 200, 300, 400 standard categories. Our first Sustainability Report was published in 2020, and we aim to report regularly on the environmental, social and economic aspects of our operations in the years to come. We publish our sustainability report in the first quarter of each year.

The list of the standards used is shown in Annex 1.

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Please send your questions and comments on the Sustainability Report to the following email address:

info@foxpost.hu

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FOXPOST

THE CLEVER PARCEL DELIVERY

foxpost.hu