





# Contents

<b>Introduction</b>	<b>2</b>	<b>Fair Treatment</b>	<b>31</b>	<b>Efficient Use of Resources</b>	<b>53</b>
Introduction of the report	3	Committed personnel	33	Energy-efficient business	55
Overview of themes	4	Equal treatment	35	Environmentally friendly logistics	58
Tokmanni in brief	5	Employee training and development	38	Minimizing waste and recycling	60
CEO's greetings	8	Occupational health and safety	40		
2015 Highlights	11			<b>Data</b>	<b>63</b>
<b>Business Integrity</b>	<b>12</b>	<b>Responsible Sourcing and Products</b>	<b>41</b>	Report overview	63
Strategy and operational environment	14	Responsible sourcing	43	Information used in calculations	64
Values and ethical guidelines	20	Responsibility for products	47	Data	67
Stakeholder engagement	23	Ethical marketing	51	<b>GRI Index</b>	<b>74</b>
Material aspects and corporate responsibility activities	25	Privacy protection	52		

# Welcome to Tokmanni's first corporate responsibility report

This report describes Tokmanni's responsibility work in 2015, as well as our targets for the future. The report comprises four sustainability themes, which reflect the different focus areas of Tokmanni's sustainability work in our value chain.

We want to act in an **honest** and responsible manner, responsibility is at the core of our business, from strategy to operations. We strive to be **fair** in our treatment of employees, customers, and all of those we cooperate with. Our goal is to ensure that all the products on our shelves are safe to consumers and employees. We are committed to **responsible** sourcing. In addition, it is of utmost importance that we **use our resources efficiently** to diminish our adverse impact on the environment.

Responsibility is a part of everything we do in the company. We believe that by acting in a responsible manner we are furthering our business and are able to cater to our stakeholders better than ever.

We want to communicate about our responsibility work transparently. The aim of this report is to offer versatile information to all of our readers. Enjoy!

**Outi Mikkonen**  
Head of Corporate Responsibility





# Overview of themes



## Business Integrity

Responsibility towards customers, employees and other stakeholders is at the core of Tokmanni's business operations. The Company observes the relevant legislative requirements and collective agreements and the principles of good governance in everything it does. The Company is also governed by its [Code of Conduct](#), which sets out ethical guidelines, and related principles, policies and instructions for the Company's operations. Tokmanni's aim is to be the best and biggest Finnish retailer providing everyday low prices. It offers customers an extensive range of quality products at affordable prices. Customers can be confident that the products they purchase are safe and have been manufactured responsibly.



## Fair Treatment

Tokmanni builds its enterprise value by utilising the diversity of its personnel, enhancing their expertise and engaging in responsible operations. An open and fair corporate culture that respects all personnel is essential for conducting successful and sustainable business activities. Through fair and effective personnel management Tokmanni is able to reduce its business risks, exploit business opportunities, increase its enterprise value and generate added value for its stakeholders. Tokmanni continuously monitors the standard of supervision, the implementation of good management practices, the quality of the working atmosphere and the observance of equal treatment.



## Responsible Sourcing and Products

Throughout its business operations, Tokmanni is committed to responsible sourcing, and this is evident at all stages of the Company's sourcing process. In keeping with the principle of due diligence in sourcing, Tokmanni aims to buy its products only from responsible suppliers and it requires that products offered to consumers are manufactured in production conditions that are ethically acceptable. Tokmanni accepts responsibility for ensuring that the products it imports, markets and sells are safe to consumers and employees. In addition, Tokmanni's marketing is based on good communication practices and it takes the protection of privacy seriously in all the systems and registers it manages.



## Efficient Use of Resources

Tokmanni has a range of measures for supporting efforts to mitigate climate change. Tokmanni is a participant in the Energy efficiency agreement scheme for the Finnish retail sector. The Company is constantly investigating new opportunities for using alternative forms of energy and energy-saving devices and equipment, and it strives to achieve a more environmentally friendly logistics operation. Tokmanni continuously monitors the volume of waste generated by its warehouse and stores and is actively improving its waste recycling.

# Tokmanni in brief

Tokmanni is a Finnish retailer providing everyday low prices with a nationwide store network. At the end of 2015 Tokmanni had 156 stores across the country. The Company's head office is in Mäntsälä. Besides its operations in Finland, Tokmanni also has a sourcing joint venture in Shanghai with the Norwegian company Europris AS. Tokmanni owns 50 per cent of the joint venture.

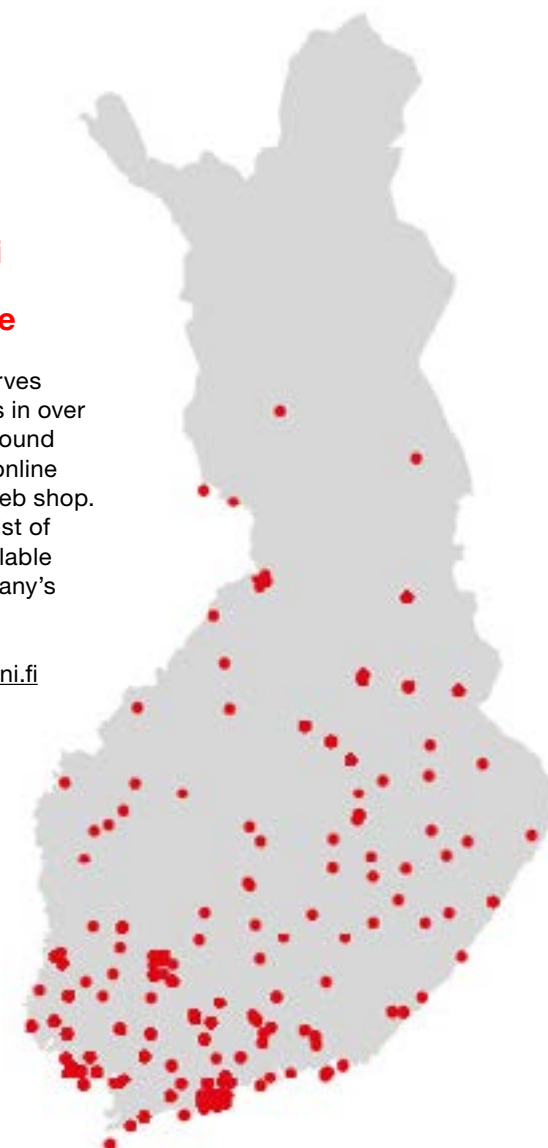
The Company offers its customers a wide and attractive assortment, affordable prices and a pleasant shopping experience. Tokmanni's product selection consists of leading international brands, the Company's own private label products, licensed brands and non-branded products. The selection consists of approximately 25,000 active titles, which are divided into six product groups: Home cleaning and personal care; Groceries; Clothing; Tools and electrical equipment; Home, decoration and garden; Leisure and home electronics.

KPI Numbers	2014	2015
<b>Net sales MEUR</b>	734.3	755.3
<b>Net profit MEUR</b>	43.0	39.1
<b>% from the net sales</b>	5.9	5.2
<b>Employment</b>		
All employment	3,119	3,293
Permanent employees	2,317	2,424
Full time employees	1,186	1,203
<b>Sourcing</b>		
Suppliers committed to BSCI Code of Conduct	n/a	81%
<b>Environment</b>		
Total energy consumption, TJ. The figures include both measured and estimated consumption.	669	625
Waste recycling, %	93	94

## Tokmanni – close to the people

Tokmanni serves its customers in over 150 stores around Finland and online through its web shop. An updated list of stores is available on the Company's website.

[www.tokmanni.fi](http://www.tokmanni.fi)



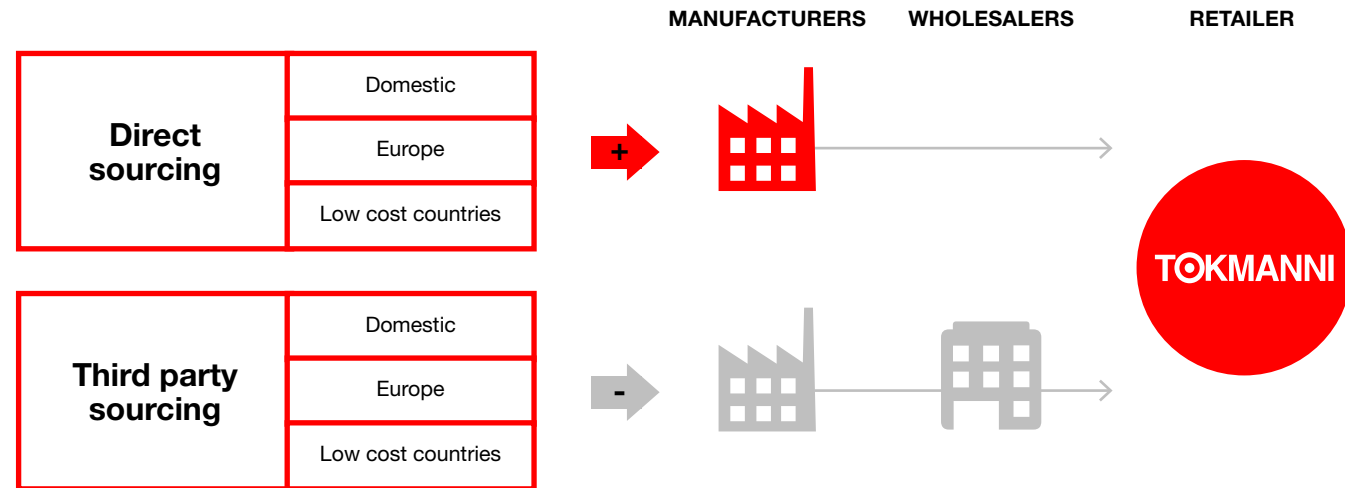


Tokmanni does not have its own production facilities but acquires its products directly from Finnish and international manufacturers, importers and agents. The Company buys about 70 per cent of its products from Finnish suppliers, 18 per cent from Asia and 12 per cent from Europe. Tokmanni's sourcing organisation is responsible for product purchases.

Throughout its business operations, Tokmanni is committed to responsible sourcing, and it seeks to buy products only from responsible suppliers. In 2015 products were supplied to Tokmanni directly from 37 countries, 11 of which are classified as risk countries by the Business Compliance Initiative (BCSI). These

## Tokmanni's sourcing

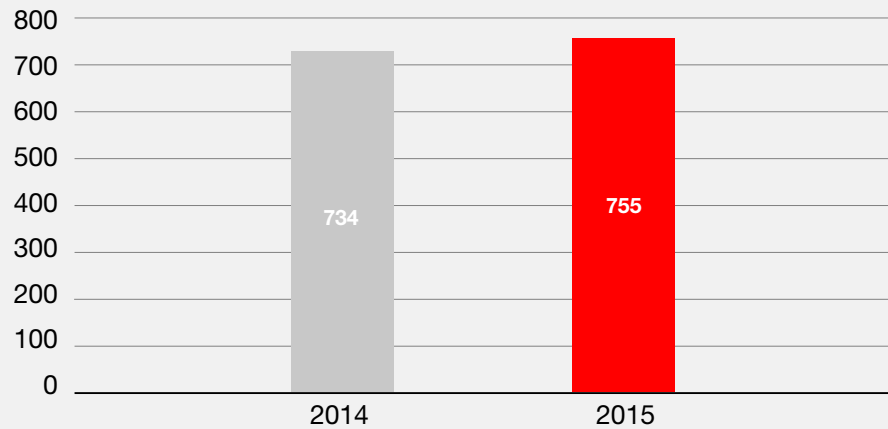
Tokmanni aims to increase the share of direct import in its procurement i.e. to buy more of its products directly from the producers.



## Tokmanni's private labels



## Tokmanni net sales, MEUR



are Bangladesh, Bulgaria, China, India, Indonesia, Myanmar, Pakistan, Romania, Thailand, Turkey and Vietnam.

Tokmanni is a private company and in 2015 the owners were funds managed by Nordic Capital (83% holding), Rockers Tukku Oy (11% holding) and the company's Board of Directors and management (6% holding). The Company employed 3,293 people at the end of the year.

# TOKMANNI

In 2015, Tokmanni finished the consolidation of all its store chains under one Tokmanni brand.

## TARJOUSTALO

*Pörssi* Säästö

**maxi** **makasiini**

**VAPAA** **VALINTA**

**Säästö**  
**ROBINHOOD**

**maxi**  
**kodintukku**



CEO's greetings

# Stable year in a challenging market

**Tokmanni is a Finnish retailer providing everyday low prices. Our aim is to continue growing faster than the market by maintaining a strong price image for customers that is better than that of our competitors, and providing customers with the best value for money, an attractive and wide assortment and a strong in-store customer experience.**

The year 2015 was a stable year for Tokmanni. Our sales grew by nearly three per cent and our profitability remained good despite substantial investments. Our sales have grown by an average of three per cent over the past four years, at a time when the Finnish retail market has actually shrunk. This success is a sign that the “smart shopping” trend prevailing internationally for so long has also arrived in Finland and has changed Finnish consumer habits.

In 2015 we developed our store concept further and opened eight new stores in completely new locations.

We also moved six existing stores to new, more convenient premises within the same area. One store was closed down. Our aim is to continue opening new stores and developing our store concept in the years to come.

In 2015 we completed the process of unifying our store chains under a single Tokmanni brand in accordance with our One Unified Tokmanni strategy. At the same time we discontinued the use of the store brands Tarjoustalo, Robinhood, Vapaa Valinta, Säästöporssi and Maxi-Makasiini. Since the start of November all our







# Responsibility is part of the daily work of every member of Tokmanni's personnel

stores have been operating under the same Tokmanni brand.

We are looking to create a strong Tokmanni brand image and to develop our marketing accordingly. From a responsibility perspective, the aim of Tokmanni's marketing is to increase the opportunities for consumers to make well-founded purchasing decisions. In doing this, Tokmanni will observe good marketing practices while also taking our various stakeholders into account.

## Responsibility is a strategic focus area for Tokmanni

Responsibility towards our customers, employees, owners and other stakeholders is a core principle in our business operations. Responsibility is part of the daily work of every member of Tokmanni's personnel. We observe the relevant legislative requirements and the principles of good governance in everything we do. Our operations accord with the provisions of the UN's International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. This helps us to minimise our business risks and increase our business

opportunities. Our operations are also governed by our ethical guidelines, which is made up of Tokmanni's Code of Conduct and the related principles, policies and instructions. We assess responsibility risks as part of the process of managing business risks.

The UN's Sustainable Development Goals (SDG) and the Paris Agreement on climate change, both adopted in 2015, represent a major boost to promoting responsibility and they pave the way for our corporate responsibility work. We are fully aware of the responsibility of businesses in supporting the efforts of governments to achieve the aims of both agreements.

At the end of 2015 we signed up to the UN Global Compact initiative, agreeing to act to further its ten principles within our company in the domains of human rights, labour rights, the environment and anti-corruption. We are already reporting on our Global Compact aims in this report, and in the future we will also report on the progress in achieving these aims.

## Responsible sourcing and products

Improving our sourcing operations is a key part of the Company's strate-

gy, and we shall be continuing to do this by, for example, increasing direct imports without compromising product safety, quality or responsibility. In 2013 we embarked on major changes in our sourcing, and this has also included more effective management of responsibility matters. In line with the principle of due diligence in sourcing, Tokmanni seeks to buy its products only from responsible suppliers. We also require that the products we offer to consumers have been produced in ethically acceptable production conditions.

We are a member of the Business Social Compliance Initiative (BSCI) and we require our suppliers to ensure that responsibility matters regarding their production are at the level of the BSCI requirements.

Product safety is one of the main aspects of responsible operations. By taking product safety responsibilities into account in all the products we sell, we aim to ensure that the products in our stores are safe to use. The Company ensures that corporate responsibility is properly reflected in its operations by verifying this through self-supervision and by carrying out product testing itself or commissioning this from third parties.



In responsible sourcing we have already achieved a great deal, but there is still a lot of work to be done. Proof of the latter is set out in the freshly published Finnwatch report entitled 'On the Borderline of Responsibility'. In 2015 we drew up new responsible sourcing principles and operating guidelines, and we are providing training in these at the start of 2016.

### Fair treatment

Our aim is to build an operating culture that is fair, based on trust and supports the wellbeing of all employees. The Company aims to have a motivated and committed personnel who value the customer and who also value their own work and their employer and contribute responsibly to the company's performance. The aim is a diverse work community in which equal treatment is ensured for everyone from the recruitment phase onwards.

Our position as a growing company with new stores opening across the country means we have a significant role as an employer in Finland. We are constantly in need of skilled and capable employees, and we are known particularly as an employer of young

people. In 2015 Tokmanni employed hundreds of young people during the busy periods.

During the year we also strengthened our diversity work by joining corporate responsibility network FIBS Diversity Charter. This enables us to develop further our responsibility, fair management and customer service practices and thus also our competitiveness.

### Efficient resource use

One of the biggest achievements in 2015 in our responsibility work was the attainment, one year early, of our targeted 9 per cent energy saving set out in the Energy efficiency agreement scheme for the Finnish retail sector. We also switched over to using renewable energy certificates to cover in almost all our stores and in our logistics centre, and this allowed us to reduce our CO<sub>2</sub> emissions considerably.

We will continue our efforts to improve energy and resource efficiency by reducing energy consumption, CO<sub>2</sub> emissions and landfill waste, although this will become more challenging in the future and will require greater capital expenditure.

### Focus on responsibility will continue

In 2015 we launched a new Code of Conduct and provided training in this for the entire personnel. This is the ethical platform on which we have built our corporate responsibility. The implementation of this programme will continue in 2016. In line with the programme, we will be focusing on employee wellbeing, environmental impact reduction, responsible sourcing and development of product safety and corporate responsibility communications.

Our aim is to strengthen our positive human rights effects and minimise negative impacts. During 2016 we will be developing our human rights due diligence.

**Heikki Väänänen**  
CEO

**We attained,  
one year early,  
our targeted  
energy saving  
set out in the  
Energy efficiency  
agreement  
scheme  
for the Finnish  
retail sector**

# 2015 highlights

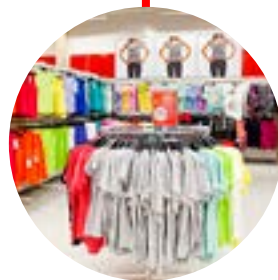
Launch and training for ethical operational guidelines



Joining the FIBS Diversity Charter



Launch of new principles and guidelines for responsible sourcing



Developing the supply chain comprehensively, all the way from supplier to shelf



Reaching the energy saving target of the Energy efficiency agreement scheme for the Finnish retail sector one year in advance



Joining the UN's Global Compact





# Business Integrity

## Our approach

Responsibility towards customers, employees and other stakeholders is a core principle in our business operations. We observe the relevant legislative requirements and the principles of good governance in everything we do. The Company's operations are also governed by its Code of Conduct, which sets out ethical guidelines and the related principles, policies and instructions. Tokmanni's aim is to be the best and biggest national retailer providing everyday low prices in Finland. We offer customers an extensive range of quality products at affordable prices. Customers can be confident that the products they purchase are safe and have been manufactured responsibly.

## Matters of great importance to us

- Profitable growth as a strategic objective
- Values and ethical guidelines as the foundation of business
- Responsibility work as a cornerstone of operations
- Stakeholder views



## Key targets

**Mitigate business risks,  
increase use of opportunities related to  
corporate responsibility and provide value  
added to our stakeholders**

**The Company's Code of Conduct  
will guide everyone at Tokmanni  
in their daily work**

**Tokmanni will not have  
any cases of corruption**



# Profitable growth as a strategic objective

**Tokmanni's strategic objective is to be a profitably growing, modern Finnish retailer providing everyday low prices with a strong price image, an attractive and wide assortment, and a good customer experience.**

Corporate responsibility is one of the Company's strategic focus areas. It supports Tokmanni's day-to-day business in all areas of operation. Its aim is to minimise business risks, make use of opportunities related to this and produce added value for stakeholders.

Tokmanni seeks growth by further leveraging its unified brand image and the company's enhanced store concept. Tokmanni markets its products in accordance with good practices, truthfully, in an easily understandable manner and in compliance with its [Code of Conduct](#). In accordance with the company's data protection principles, personal data provided by customers, employees, business partners and other parties are used only as provided by data protection legislation.

Tokmanni has improved its category management in recent years, making it more efficient. Combined with its attractive and wide assortment this will support the company's profitable growth in the future. More effective sourcing is an integral part of the Company's strategy, and the development of this will continue, for example by increasing direct importing without compromising product safety, quality and responsibility.

Product safety is vital for the company's success, and Tokmanni wants to ensure that the products it sells are safe to use. The Company takes product safety obligations into account in all the products it sells. The Company takes responsibility issues into account in its operations by, for

example, conducting self-supervision and carrying out product testing itself and commissioning this from third parties. It is also crucial that the assortment offered by Tokmanni is sourced responsibly and the production conditions are good. Making major changes in its sourcing methods, the company has substantially increased its investment in responsibility.

In accordance with its strategy, Tokmanni is seeking growth also through the expansion of its store network. The aim is to increase its store area by over 10,000 square metres per year. This will lead to increases in the Company's energy consumption and waste generation, and means that work to improve energy efficiency and material efficiency will continue in the future.

Tokmanni is a significant employer in Finland, and the expansion of the store network will also clearly have a positive impact on employment. Tokmanni's target is to have a motivated and committed personnel who value the customer, their work and their employer and contribute responsibly to the Company's performance.

In accordance with its strategy, Tokmanni's aim is to improve its profitability and working capital efficiency by increasing the efficiency of the processes and tools used in sourcing, the supply chain and category management. At the same time, the Company aims to ensure that responsibility perspectives and ethical guidelines are taken into account in all stages of the processes.





### Strategy in a nutshell

The Company aims to grow profitably and to act responsibly in all its business operations.

Profitable growth will be sought:

- by continuing to expand the store network by over 10,000 square metres annually,
- by further leveraging its unified brand image, enhanced store concept and category management, and
- increasing working capital management through improved processes and tools in sourcing, supply chain management and category management.

### Strategic responsibility perspectives in a nutshell

Responsible sourcing

Energy efficiency and efficient use of materials

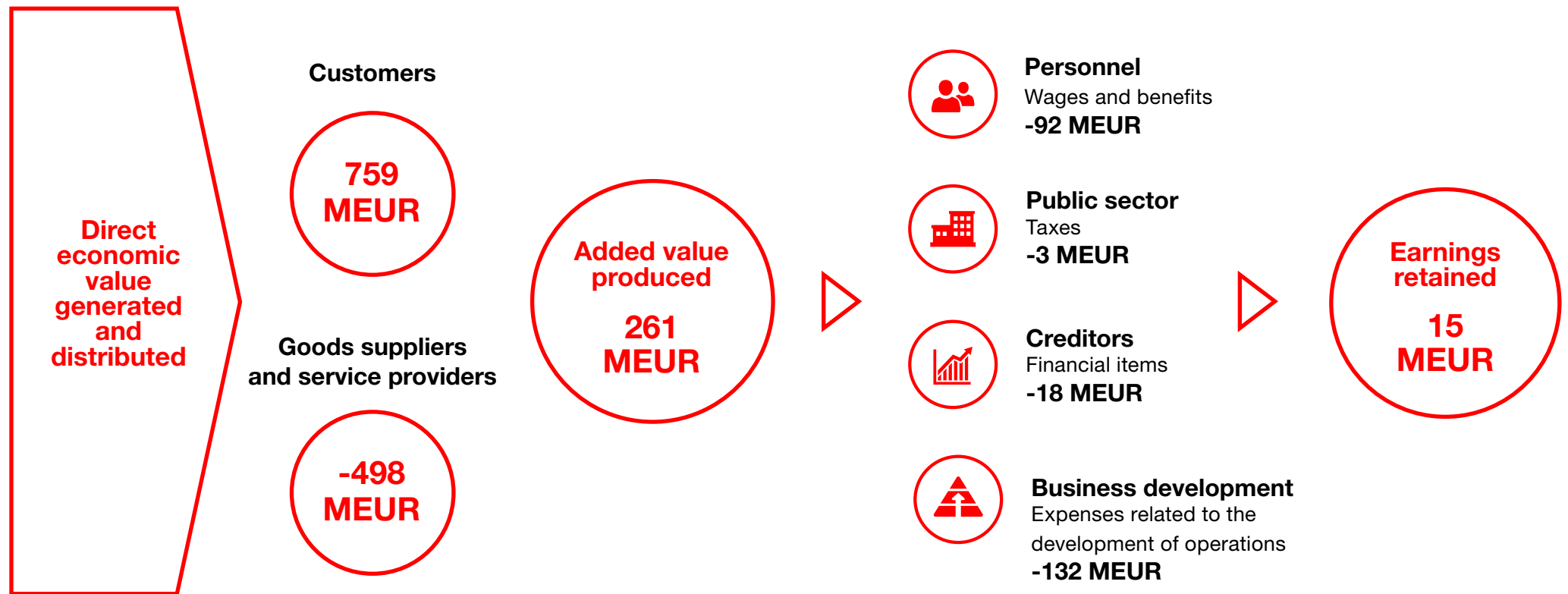
Providing employment and managing needs in the workplace

Responsible and safe products and packaging, appropriate markings on products

Responsible marketing and privacy protection

## Generating and distributing direct added financial value

Tokmanni is committed to profitable growth and developing competitiveness. The Company develops its business in a responsible manner, which supports its ability to care for its employees, assets and customers' needs responsibly. Tokmanni reports transparently on its business operations, financial development, and direct and indirect economic influencers. The graph below depicts the added financial value of the company to its stakeholders.





## Megatrends that affect Tokmanni's business

Tokmanni has identified several megatrends that affect the Company's business and its responsibility perspectives. The continued economic challenges, demographic changes such as the ageing population and the decline in family size, digitalisation, the limitation of resources, global warming, the increased importance of responsibility and customers' product awareness are trends that currently affect Tokmanni's day-to-day opera-

tions and will continue to do so in the future.

Megatrends and the opportunities and challenges presented by them are assessed every year as part of the Company's strategic planning. The Sustainable Development Goals approved by the UN in 2015, and their effects, create a basis for solving these challenges and also serve as guidelines for Tokmanni's responsibility work. Tokmanni assesses the responsibility risks as part of the general risk management process.

# Megatrends and the opportunities and challenges presented by them are assessed every year as part of the Company's strategic planning

## Megatrends affecting Tokmanni's business

Financial challenges continue	OPPORTUNITY FOR TOKMANNI	CHALLENGE FOR TOKMANNI	TOKMANNI'S RESPONSE
Challenging financial conditions and Finland's prolonged economic downturn have led to a change in Finnish consumer habits.	<ul style="list-style-type: none"> <li>Conservative spending attitudes and the aim of getting the best value for money have for some time created opportunities for retailers providing everyday low prices, which has now established a firm foothold in the market.</li> <li>Structural changes in the customer base have taken place as "smart shopping" has expanded this customer base.</li> <li>The smart shopping trend has made Finnish consumers more price aware, and active comparison of prices has become more common.</li> </ul>	<ul style="list-style-type: none"> <li>Consumers have become less loyal to stores and brands, which has created pressure on operators in the retail sector, and price competition in the market has tightened.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining a good price image</li> <li>Extensive and appealing product selection</li> <li>Offering a pleasant shopping experience</li> <li>Responsible products</li> <li>Efficient and ethical marketing</li> </ul>





<b>Demographic changes</b>  Urbanisation, ageing population, elderly people becoming a significant consumer group and decline in family size affect consumer habits and shopping experience requirements.	OPPORTUNITY FOR TOKMANNI	CHALLENGE FOR TOKMANNI	TOKMANNI'S RESPONSE
	<ul style="list-style-type: none"> <li>Urbanisation and busy consumers who want to minimise the time spent in shops, and at the same time want to purchase things from the minimum number of stores, has led to “one-stop shopping” and the increase in the importance of easily achievable and compact store formats.</li> <li>One-stop shopping reduces car use as unnecessary driving is avoided, and thus environmental impacts are also reduced.</li> <li>The emergence of a price aware elderly population as a substantial consumer company.</li> </ul>	<ul style="list-style-type: none"> <li>Urbanisation continues and the number of inhabitants in small locations decrease.</li> <li>The decline in family size and the ageing of the population affect product selections and product pack sizes.</li> </ul>	<ul style="list-style-type: none"> <li>Tokmanni's store concept, ease of moving in stores and accessibility</li> <li>Continuous development of the selection taking customers' needs into account</li> <li>The right products at the right price</li> <li>Optimisation of store locations</li> <li>Multi-channelling</li> </ul>
<b>Digitalisation</b>  Technology becoming more mobile, digitalisation and growth of online retailing. Purchasing behaviour that is independent of time and place.	OPPORTUNITY FOR TOKMANNI	CHALLENGE FOR TOKMANNI	TOKMANNI'S RESPONSE
	<ul style="list-style-type: none"> <li>Digital channels enable companies to distribute product and price information efficiently, regardless of time and place, supporting sales in both the online store and physical stores.</li> <li>Digital services enable people with reduced mobility to be reached.</li> </ul>	<ul style="list-style-type: none"> <li>The online store and digital channels have become more popular in consumers' purchasing behaviour, and at the same time they have broadened the competitive field of the retail sector.</li> <li>Digital services and the online store lead to broader and easier price comparison, which leads to tighter price competition and creates pressure on profitability.</li> <li>The growth of the online store has a limited impact on Tokmanni's competitiveness, as customers' average purchase is usually relatively small. Moreover, the product segments that are increasingly moving over to online sales are a relatively small part of the product selection offered by Tokmanni.</li> <li>Digital services increase data protection risks and the risk of breaches of privacy protection.</li> </ul>	<ul style="list-style-type: none"> <li>Multi-channelling strategy</li> <li>Development and optimisation of online store</li> <li>Continuous development of data protection and IT systems</li> </ul>

**Limitation of resources and global warming**

Focus on environmental impacts of whole production chain and product life cycle is increasing.

**Increase in importance of responsibility and customers' product awareness**

The origin of products and responsibility in the whole company's value chain are increasingly important selection criteria for consumers. The transparency requirements of selections, prices and product origins are growing alongside product safety.

**OPPORTUNITY FOR TOKMANNI**

- Developing an environmentally friendly product selection.
- Opportunities provided by the circular economy.

**CHALLENGE FOR TOKMANNI**

- Increased energy consumption caused by increased number of stores, also in logistics, growing waste volumes and related costs.
- Limited availability of raw materials for products affects the availability and price of Tokmanni's products.
- The operations of factories in coastal regions and on the emerging markets may be interrupted due to floods, storms or other natural phenomena.

**TOKMANNI'S RESPONSE**

- Reduction of energy consumption in all operations
- More efficient use of resources, reduction of waste, reuse and recycling
- Selection of suppliers

**OPPORTUNITY FOR TOKMANNI**

- Tokmanni's responsible and environmentally friendly operations strengthen the company's competitiveness.
- Careful management of product safety, quality control and a strong price-quality image enhance the company's competitive advantage.
- Responsibility communications support openness and transparency throughout the value chain.

**CHALLENGE FOR TOKMANNI**

- Shortcomings in the responsibility of the supply chain and partners.
- Deterioration of employer image and difficulty of obtaining a competent workforce due to loss of reputation.
- Shortcomings in product safety and quality control.

**TOKMANNI'S RESPONSE**

- Further development of responsible sourcing
- Developing the responsibility of own operations and training the personnel in responsibility matters
- Self-supervision and continuous development of product safety
- Continuous development of responsibility communications



# Values and Code of Conduct as the foundation of responsibility work

The Tokmanni Company's core values define the value framework within which the Company operates and on which it bases its decision-making. The Company's operations are also governed by its Code of Conduct, which sets out ethical guidelines and the related principles, policies and instructions.

## Tokmanni's values



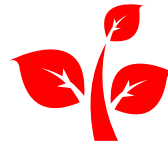
### CUSTOMER FOCUS

Customer focus is ensured by having a professional staff and by emphasising reliability, safety, taking responsibility and mutual respect.



### RESPECT

Respect is evident in the openness of the operating culture, in a willingness to help, support and encourage, in good team spirit and in long-term cooperation with various stakeholders.



### RENEWAL

Renewal means boldness, encouraging creativity processes, reciprocity of feedback and fast reaction to needs for change.



### PROFITABILITY

Profitability is sought through clear objectives, efficient and economical operating models and processes, and open and correctly timed communications.



### CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility at Tokmanni is based on fairness, respect for equality and concern for environmental values.





## Ethical guidelines

Tokmanni's business is based on complying with acts and decrees, the Corporate Governance arrangements determined by the Board of Directors, and the Code of Conduct, which is approved by Tokmanni's Executive Group and Board of Directors, and for which the CEO is responsible. All our operations accord with the provisions of the UN's International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Regarding human rights, Tokmanni's operations are also guided by the UN's Guiding Principles on Business and Human Rights. In accordance with the principle of due diligence, Tokmanni will assess and monitor the human rights effects of its operations, and will undertake corrective action if necessary. Tokmanni will provide information about this wherever possible, on the basis of its involvement, possibility and authority. Tokmanni exercises particular care when operating in or sourcing from conflict areas. Tok-

manni's partners are also expected to respect human rights in accordance with the company's requirements for suppliers.

Tokmanni's ethical guidance is built on three levels. The Code of Conduct guides everyone at Tokmanni in their daily work and decision-making. Under the key elements of the Code of Conduct are more detailed principles, which deal with topics such as prevention of corruption and human rights. In addition, Tokmanni has instructions for conducting everyday matters. These guidelines must be complied with in all operations. The guidelines are available in Finnish and English in Tokmanni's intranet. The Code of Conduct is also available on the external website, and as a printed version in Finnish for Tokmanni's employees.

Everyone at Tokmanni and the members of the Board of Directors have received training on Tokmanni's Code of Conduct and have undertaken to comply with it. New employees and those returning from longer periods of leave participate in the training as part of their own orientation programme. Everyone at Tokmanni is

obliged to observe the guidelines, ask questions and report violations of the guidelines. Everyone is also obliged to inform their supervisors or the Compliance unit of good practices. The Compliance unit can be informed via the 'whistleblowing channel', which is presented as part of the training on the Code of Conduct. The channel is continuously open for Tokmanni's stakeholders, too, and notifications can also be made anonymously. Notifications received in the channel are processed confidentially as required in data protection legislation.

## Compliance unit

The Compliance unit is responsible for Tokmanni's compliance function. The Compliance unit is headed by the Chief Compliance Officer (CCO), who reports directly to the Chief Executive Officer and also regularly to the Board of Directors. In addition to the Chief Compliance Officer, the Compliance unit includes three Compliance Officers (CO), each of whom has a specific area of responsibility. The Compliance Officers answer queries concerning their area of responsibility

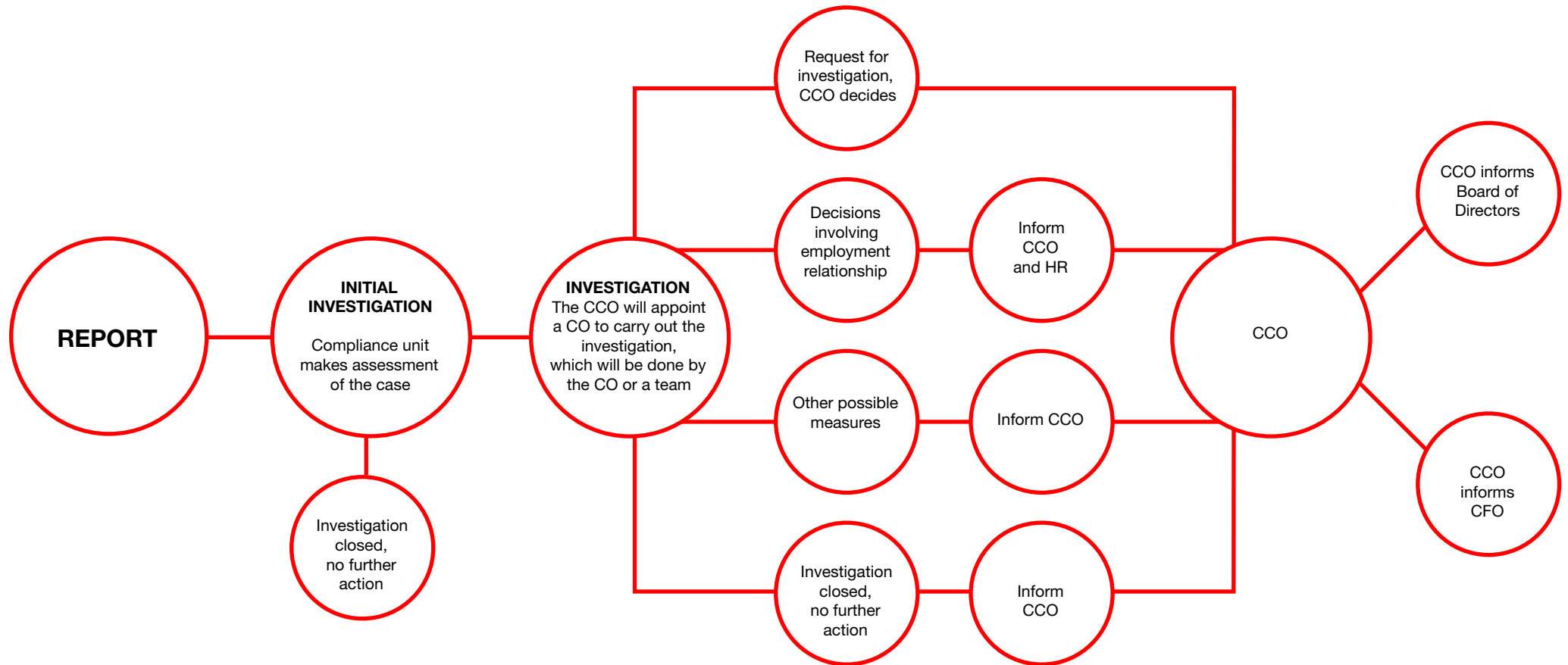
and update the principles and instructions that are their responsibility. The Compliance unit handles notifications concerning financial wrongdoings received via the whistleblowing channel or otherwise, and actions that violate Tokmanni's Code of Conduct. The Compliance unit convenes monthly but handles pressing matters immediately.

The whistleblowing channel was opened in September 2015, and by the end of the year there had not been any notifications. Users' satisfaction with it has not been studied yet.

Tokmanni did not have any cases of corruption in 2015.

The complaint handling process is described on the next page.

## The complaint handling process



CCO= Chief Compliance Officer  
CO=Compliance Officer



# Listening to stakeholders

**Tokmanni wishes to promote responsibility work together with other actors. Tokmanni's stakeholders are all the parties with which the company interacts. The Company's most important stakeholders are customers, personnel, owners and suppliers.**

The Company keeps in touch with the most important stakeholders daily through various channels, and with others when necessary. The table on the next page presents more detailed information about contacts with stakeholders.

## Active involvement in associations and initiatives

Tokmanni participates actively in the operations of various national organisations including the Federation of Finnish Commerce, the Finnish Grocery Trade Association (PTY), the

Finnish Cosmetic, Toiletry and Detergent Association and the Finnish Council of Shopping Centers. In the Federation of Finnish Commerce, Tokmanni is represented on the Board of Directors and the training committee. At PTY, Tokmanni's representatives participate in the Board of Directors, retail trade group, product safety group and self-supervision group.

The Company is also closely involved in many local communities at its store locations and in Mäntsälä where its head office is located. In Mäntsälä, Tokmanni has a representative at Mäntsälän Yrityskehitys Oy,

where local business operations are promoted. Tokmanni cooperates with local and national authorities from an early stage, during the development and planning stages of various projects.

In January 2012, Tokmanni joined the Energy efficiency agreement scheme for the Finnish retail sector, undertaking to reduce its energy consumption by 9 per cent between 2011 and 2016. Tokmanni is also a member of corporate responsibility network FIBS, and signed its Diversity Charter in April 2015. Participating in the operations of the Diversity Network

supports Tokmanni's aim of being an organisation that is pluralistic and supports diversity. At the end of 2015, Tokmanni started supporting the UN Global Compact.

Tokmanni's approach to implementing corporate social responsibility also includes supporting various charitable organisations. In 2015, Veikko and Lahja Hursti's Laupeudentyö ry was one of the organisations supported by Tokmanni.



## Stakeholder cooperation

Stakeholder	Contact channel	Main concerns	Tokmanni's answer
<b>Customers</b>	Stores, Tarjoussanomat advertorial, websites, customer service, social media, media, customer surveys, materiality survey.	Product selection, availability and price of products, product safety and quality, responsibility of sourcing	Diversity of affordable products, ensuring quality and safety independently and using external help; membership of BSCI and requirements for suppliers, internal audits, communications
<b>Personnel</b>	Personal appraisals, intranet, e-mail, social media, Tokmanni news, meetings, events, training, notice boards, personnel surveys, materiality survey	Labour rights, training programmes	Compliance with laws and regulations; Code of Conduct; labour policies, principles and instructions; training and communications
<b>Owners</b>	Negotiations, meetings of the Board of Directors, websites, reports, materiality survey	Financial performance, responsible operations	Vision and strategy and acting in accordance with these, Code of Conduct, communications
<b>Suppliers</b>	Negotiations, meetings, audits, websites, materiality survey	Matters related to purchases, fair treatment, requirements for suppliers	Agreements, BSCI requirements, communications
<b>Authorities</b>	Meetings, websites, materiality survey	Compliance with regulations	Compliance with laws and regulations, Code of Conduct, communications
<b>Decision makers</b>	Meetings, websites, materiality survey	Obtaining information, opportunities to influence matters	Websites, discussions, communications
<b>Industrial associations</b>	Working groups's, websites, materiality survey	Active participation in operations, distribution of information	Tokmanni employees in different working company's, communications
<b>Educational establishments</b>	Cooperation projects, meetings, websites	Cooperation, obtaining information	Joint projects, reporting, lectures, communications
<b>Non-governmental organisations</b>	Websites, meetings, e-mail, materiality survey	Responsibility in the entire value chain, transparency, distribution of information	Code of Conduct; BSCI membership and requirements for suppliers; audits; meetings; replies to questionnaires; communications
<b>Media</b>	Websites, meetings, e-mail	Active offering of information, answering queries quickly and honestly	Websites, social media, other communications





# Responsibility work as a cornerstone of operations

Corporate responsibility is an integral part of Tokmanni's day-to-day business. The Company aims to minimise business risks, make use of the opportunities associated with this, and produce added value for stakeholders. The materiality analysis has allowed Tokmanni to identify the responsibility work themes most relevant to its operations.

## Starting points for responsibility work

Compliance with legislative requirements and the principles of good governance are the starting point for all of Tokmanni's corporate responsibility work. The company's operations accord with the provisions of the UN's International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

The basis of corporate responsibility work at Tokmanni is composed of

the company's values and its Code of Conduct, including the complementary principles, policies and instructions. Tokmanni's Code of Conduct and related principles are approved by the Board of Directors. The policies and instructions are approved by the Executive Group and the heads of department, respectively.

## UN's 17 Sustainable Development Goals

In September 2015 the UN published new Sustainable Development Goals (SDG), which will guide its member

states' operations until 2030. The aim is to achieve global sustainability, and the task of companies is to support states in reaching the goals. Tokmanni has also taken the goals into account in its own operations. Companies can have an impact on all the goals at least indirectly. Tokmanni takes into consideration the following goals, which are the most relevant goals for Tokmanni:

- **Goal 4:** Ensure inclusive and quality education for all and promote life-long learning
- **Goal 5:** Achieve gender equality and empower all women and girls

- **Goal 8:** Promote inclusive and sustainable economic growth, employment, and decent work for all
- **Goal 10:** Reduce inequality within and among countries
- **Goal 12:** Ensure sustainable consumption and production patterns
- **Goal 13:** Combat climate change and its impacts
- **Goal 14:** Conserve and sustainably use the oceans, seas and marine resources
- **Goal 15:** Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss



Tokmanni contributes towards the fulfilment of goals 4, 5, 8 and 10 with its Code of Conduct and its aims and measures concerning personnel. Goal 13 is supported especially by the aims concerning environmental matters. Goals 10, 12, 14 and 15 are contributed to through the requirements for suppliers.

### Material issues

In Tokmanni's responsibility work, material aspects are themes that are important for stakeholders' decision making and for the business. These include business integrity, fair treatment, responsible sourcing and products, and efficient use of resources. The themes have arisen from Tokmanni's materiality analysis and their selection is based on the instructions in the GRI G4 guidelines on defining material aspects.

The materiality analysis was carried out in spring 2015 using telephone interviews and an online survey, to which there were 565 responses. The respondents to the questionnaire represented suppliers, personnel, consumers, authorities and decision makers, industrial organisations, investors and non-governmental organisations. The majority of respondents belonged to the personnel, consumers or suppliers groups. Tokmanni's top management answered the questionnaire from the point of view of effects on business.

The results were discussed and confirmed in the company's Executive Group. The criteria used were financial impacts including risks and opportunities, environmental impacts and effects on people. The final results concerning these material matters are represented on the next page.

The basis of corporate responsibility work at Tokmanni is composed of the Company's values and its Code of Conduct, including the complementary principles, policies and instructions



# Material sustainability themes



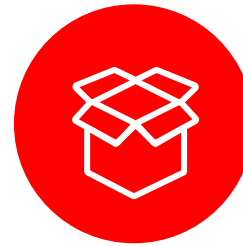
## Business Integrity

Economic  
performance  
Employment  
Anti-corruption



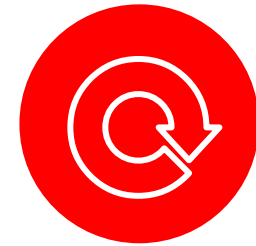
## Fair Treatment

Occupational  
health and safety  
Employee training  
and development  
Equality in work  
and remuneration  
Non-discrimination



## Responsible Sourcing and Products

Responsible sourcing  
Responsible products  
and packaging  
Product safety  
Appropriate markings  
on products  
Responsible marketing  
Privacy protection



## Efficient Use of Resources

Efficient use  
of materials  
Energy efficiency  
Efficient logistics  
Efficient  
waste recycling



## Goals are set for material aspects and measures to reach these goals have been defined

### Management approach to the responsibility work at Tokmanni

Corporate responsibility is an integral part of Tokmanni's day-to-day business. The Company's aim is to minimise business risks, make use of the opportunities associated with these, and produce added value for stakeholders.

Compliance with legislative requirements and the principles of good governance is a minimum requirement for all of Tokmanni's responsibility work. The operations accord with the provisions of the UN's International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

The basis of corporate responsibility work at Tokmanni is the Company's values and Code of Conduct, including the complementary principles, policies and instructions. Tokmanni's Code of Conduct and related principles have been approved by the Board of Directors. The policies and instructions have been approved by the Executive Group and the heads of department, respectively.

The CEO is ultimately responsible for Tokmanni's corporate responsibility matters. He reports these to the Board of Directors regularly. The Board of Directors deals with corporate responsibility matters if necessary, and the presentations and information produced by Tokmanni's responsibility experts serve as support for the decision making. Responsibility for the operational management of the work

lies with the Company's CFO and Deputy CEO, who is a member of the Executive Group. The Head of Corporate Responsibility reports to the CFO and Deputy CEO. The Head of Corporate Responsibility leads the working group that consists of representatives of departments and the personnel, whose duty is to be responsible for reaching the Company's corporate responsibility targets in the departments. It is the responsibility of everyone at Tokmanni to comply with the Company's ethical guidance and to minimise negative impacts on the environment and society in their own work.

In Tokmanni's responsibility work, material matters are themes that are important for stakeholders' decision making and business performance. These themes are business integrity, fair treatment, responsible sourcing

and products, and efficient use of resources. Operational work is carried out in the company's various departments, for which goals have been set in the material aspects for responsibility and measures to reach these goals have been defined. The results concerning these goals will then be reported once a year and the operational indicators are monitored quarterly in the meetings of the steering group. Targets are reported separately for each material area in this report.

The description of governance contains additional information on Tokmanni's corporate governance. Corporate responsibility risk management is part of the Company's risk management process. Management is constantly assessed at Tokmanni, and targets, resourcing and business practices are modified if necessary.





## Managing material aspects

Material aspect	Main steering principles and policies	Targets 2016
<b>Economic performance</b> G4-EC1	Accounting principles International Financial Reporting Standards (IFRS), Principles of corporate governance	<u>Financial targets</u>
<b>Employment</b> G4-LA1, G4-LA2	Personnel policy	<u>Targets of Fair treatment</u>
<b>Anti-corruption</b> G4-SO4, G4-SO5	<u>Code of Conduct</u> , Anti-bribery principles, Governance	<u>Targets of Business integrity</u>
<b>Privacy protection</b> G4-PR8	<u>Code of Conduct</u> , Data protection principles	<u>Targets of Business integrity</u>
<b>Occupational health and safety</b> G4-LA5	<u>Code of Conduct</u> , Personnel policy, Operating plan for occupational health care cooperation	<u>Targets of Fair treatment</u>
<b>Employee training and development</b> G4-LA11	Training plan	<u>Targets of Fair treatment</u>
<b>Equality in work and remuneration</b> G4-LA4, G4-LA13	<u>Code of Conduct</u> , Personnel plan, Personnel policy, Equality plan	<u>Targets of Fair treatment</u>
<b>Non-discrimination</b> G4-LA12, G4-HR3	<u>Code of Conduct</u> , Equality plan	<u>Targets of Fair treatment</u>
<b>Efficient use of materials</b> G4-EN1	<u>Code of Conduct</u> , Environmental policy	<u>Targets of Efficient use of resources</u>
<b>Energy efficiency and emissions</b> G4-EN3, G4-EN5, G4-EN15–G4-EN18	<u>Code of Conduct</u> , Environmental policy	<u>Targets of Efficient use of resources</u>



Material aspect	Main steering principles and policies	Targets 2016
<b>Efficient waste recycling</b> G4-EN23	<u>Code of Conduct</u> , Environmental policy	<u>Targets of Efficient use of resources</u>
<b>Efficient logistics</b> G4-EN30	<u>Code of Conduct</u> , Environmental policy	<u>Targets of Efficient use of resources</u>
<b>Responsible sourcing</b> G4-LA14–G4-LA15, G4-HR11, G4-SO9	<u>Code of Conduct</u> , <u>BSCI's Code of Conduct</u> , Principles of responsible sourcing, Guidelines for responsible sourcing	<u>Targets of Responsible sourcing</u>
<b>Product safety</b> G4-PR1–G4-PR2	Instructions of quality and packaging	<u>Targets of Responsible products</u>
<b>Appropriate labeling on products</b> G4-PR3, G4-PR9	Instructions of quality and packaging	<u>Targets of Responsible products</u>
<b>Responsible marketing</b> G4-PR7	<u>Code of Conduct</u>	<u>Targets of Responsible products</u>



# Fair Treatment

## Our approach

Tokmanni generates enterprise value by utilising the diversity of its personnel, enhancing their expertise and engaging in responsible operations. An open and fair corporate culture that respects all personnel is essential for conducting successful and sustainable business activities. With fair and effective personnel management Tokmanni is able to reduce its business risks, exploit business opportunities, increase its enterprise value and generate added value for its stakeholders. The Company continuously monitors the standard of supervision, the implementation of good management practices and the quality of working atmosphere and equal treatment.

## Matters of great importance to us

- Committed personnel
- Equal treatment
- Employee training and development
- Occupational health and safety



## Key targets

**Tokmanni builds an operating culture that is fair, supports the wellbeing of all employees, and is based on trust**

**Tokmanni has a motivated and committed personnel that values the customer, is goal oriented and also value their own work and their employer**

**Tokmanni is a diverse company in which equal treatment is ensured for everyone from the recruitment phase onwards**

**Tokmanni's supervisors are trained in a long-term coaching programme that incorporates tools and practices for fair management and leadership**





# Committed personnel

**Tokmanni employs 3,293 people across Finland. The personnel is motivated and committed and forms the basis of Tokmanni's business.**

## Long employments

At the end of 2015 Tokmanni had a total of 3,293 employees, which was 204 more than a year earlier. The increase in personnel was mainly due to the establishment of new stores. The average number of Tokmanni personnel in 2015 was 3,197. The figure reported includes those who were on periods of absence from the workplace (e.g. on maternity, paternity, parental, childcare, study and job alternation leave). On average, the number of people on periods of absence at any one time was 180.

At the end of 2015, 74 per cent of Tokmanni's total workforce were in permanent employment and 26 per cent in fixed-term employment. Full-time employees accounted for 37 per cent, and part-time employees for 63

per cent, of all personnel. Due to the requirements of the busiest periods in the retail sector, the majority of the part-time employees are cashiers.

During 2015 Tokmanni had 2,425 permanent employees. The number of permanent employees starting at Tokmanni was 278, and the number of permanent employees departing the Company during the year was 137. The turnover of permanent employee arrivals during the reporting period was 11 per cent, and the corresponding departure turnover was 6 per cent. The turnover figures do not include employees leaving because of retirement.

## Minor use of agency workers

Tokmanni's use of agency workers is minor. Extra work is always offered first to the Company's own part-time

employees. In 2015 Tokmanni completed its extensive brand changes, transferring 42 stores that had previously operated under other company names under the Tokmanni brand. During the exceptional period of brand changes, the use of agency workers increased. The costs of using agency workers accounted for 4 per cent of all wages and salaries paid in 2015. The numbers of agency workers used are not reported. Each year, Tokmanni also employs about 1,000 fixed-term seasonal helpers for the needs of the store network during the summer and Christmas periods.

## Collective agreements

Tokmanni observes all the provisions of the codetermination legislation (the Act on Co-operation within Undertak-

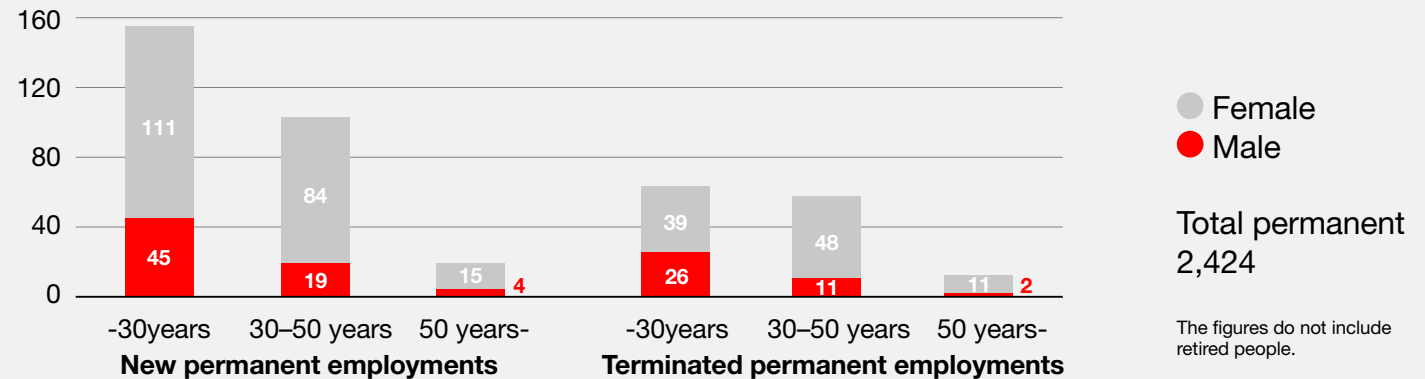
**3,293**  
employees  
**156**  
stores



ings) and those set out in collective agreements (the Finnish retail sector collective agreement), including the legal provisions and notification times concerning reorganisations.

All personnel groups except for the management and senior salaried employees are covered by the Finnish retail sector collective agreement. Tokmanni's management and senior salaried employees accounted for 1.5 per cent of the Company's personnel at the end of 2015. These two personnel groups normally also follow the terms of the retail sector collective agreement.

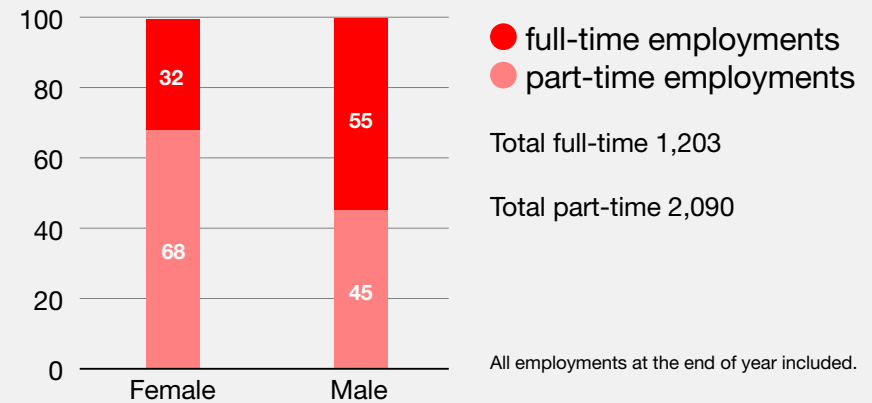
### New permanent employments and terminated permanent employments, persons



### Permanent and fixed-term employments, %



### Full-time and part-time employees by gender, %





# Equal treatment at work

**Tokmanni aims to ensure equal treatment in all tasks and remuneration, and to guarantee non-discrimination in all of the Company's workplaces.**

## Equitable benefits

Tokmanni's personnel enjoy extensive personnel benefits, and the same benefits apply to both permanent and fixed-term employees, regardless of the nature of the employment relationship and the hours contracted. The Executive Group determines the personnel benefits each year.

In addition to the statutory benefits, other benefits include a diversity of purchasing benefits, funding for Christmas parties and recreational activities, and fitness and culture vouchers partially paid by the employer. Tokmanni also gives its staff gifts at Christmas and on significant birthdays (50th and 60th), rewards for long service (10, 20 and 30 years of service) and a thank-you for those retiring. The

occupational health service provided to staff is also more extensive than the statutory minimum, as it includes a general practitioner service.

## Incentives for work

Tokmanni operates an incentive pay scheme for all personnel, with the exception of the warehouse, where a productivity bonus system is applied. The incentive pay scheme consists of two parts, an incentive bonus and an incentive cash reward.

The incentive bonus is given if there is an improvement in Tokmanni's EBITDA, the amount being in proportion to the improvement. The bonus is determined on the basis of the net result and the organisational or personal indicators that have been established.

The payment is made in proportion to the personal salaries of the scheme members. The review and payment are made every six months.

The incentive cash reward is paid on the basis of outstanding team or personal performance.

The reward is judged against the company's quantitative and qualitative indicators. The amount paid in incentive cash rewards for 2015 was EUR 0.5 million.

Supervisors inform their own teams about the remuneration principles, and the incentive pay scheme is described in full on the Company's intranet.

The warehouse uses its own productivity bonus system. The amount of the productivity bonus paid is determined by the productivity of the warehouse and by personal perfor-

Three out of four Tokmanni employees are satisfied with their job



mance. The productivity bonus is paid monthly, and the total paid for 2015 was EUR 280,000.

Besides the benefits applying to all personnel, Tokmanni's management and senior salaried personnel have also had the opportunity to purchase company shares during share issues. A few members of the aforementioned group of personnel also have employer-paid voluntary insurance arrangements, most of which have been transferred to Tokmanni in association with the corporate acquisitions made.

## Diversity and equal opportunity

Tokmanni aims to establish operating practices and conditions in which all employees see that they are in an equal and comparable position in relation to colleagues.

Tokmanni's personnel groups are as follows:

- **Management:** members of the Executive Group
- **Senior salaried personnel:** experts separately designated in the organisation chart
- **Office personnel:** head office staff and store managers

- **Employees:** store and warehouse employees

The average age of the Company's personnel at the end of 2015 was 37 years. The Board of Directors had 6 members in 2015, all of whom were men. No changes occurred in these numbers during the reporting period. The number of members of the Executive Group in 2015 was nine, one of whom was a woman. One member change was made in the Executive Group, in 2015. Tokmanni is not reporting minority groups or other diversity factors (e.g. origin, ethnic background, religion).

The majority, about 85 per cent, of Tokmanni's personnel are directly covered by the pay schedule of the Finnish retail sector collective agreement, which has equality-based pay schedules. The basic pay and other remuneration of the management and senior salaried personnel are determined by the post and the nature of the work, and also on the basis of experience, skills and performance. Differences in the pay and other remuneration received by women and by men cannot be compared because of the extent of the tasks, the different demands and the diversity of tasks.

## Improving job satisfaction

Job satisfaction among Tokmanni's personnel is surveyed annually. The survey focuses on factors such as equality, working atmosphere, supervision and development of fair management. Areas for improvement are selected each year in the different parts of the Company, and these are monitored on a regular basis.

The personnel survey conducted in 2015 revealed that more than 60 per cent of the respondents felt that things had moved in a positive direction, and three in four were satisfied with their own job overall.

## Discrimination prohibited

Tokmanni's aim is a diverse work community in which equal treatment is ensured for everyone from the recruitment phase onwards. The Company has established procedures for handling cases of inappropriate treatment and for preventing such occurrences. The guidelines state that intervention must be made immediately in cases of inappropriate treatment.

Tokmanni has also set up a sepa-

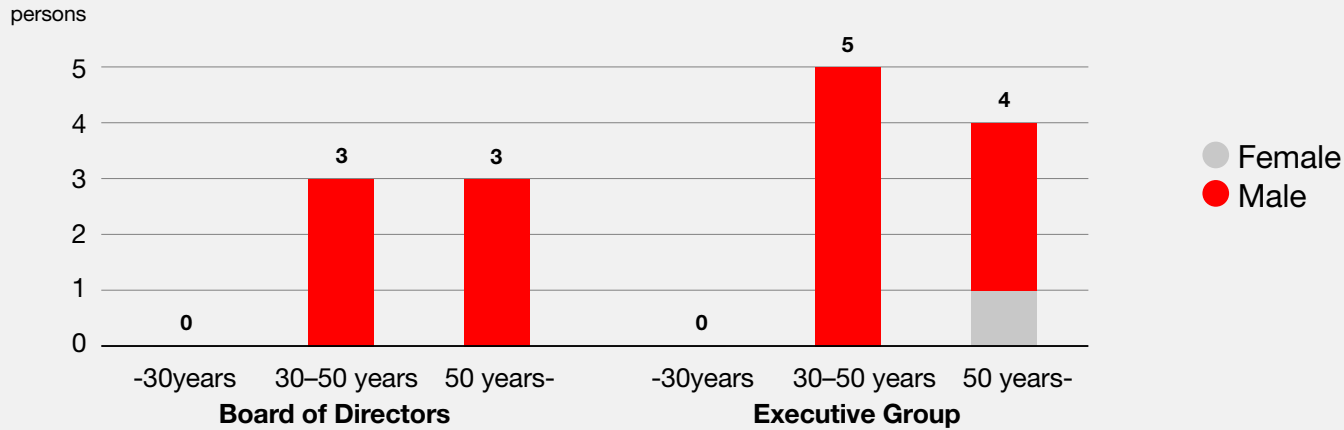
**Tokmanni's aim is a diverse work community in which equal treatment is ensured for everyone from the recruitment phase onwards**

rate Compliance unit. When employees are unsure of how to interpret Tokmanni's Code of Conduct or about personnel matters, they can contact the Compliance unit. In 2015 the Compliance unit received no notifications of discrimination.

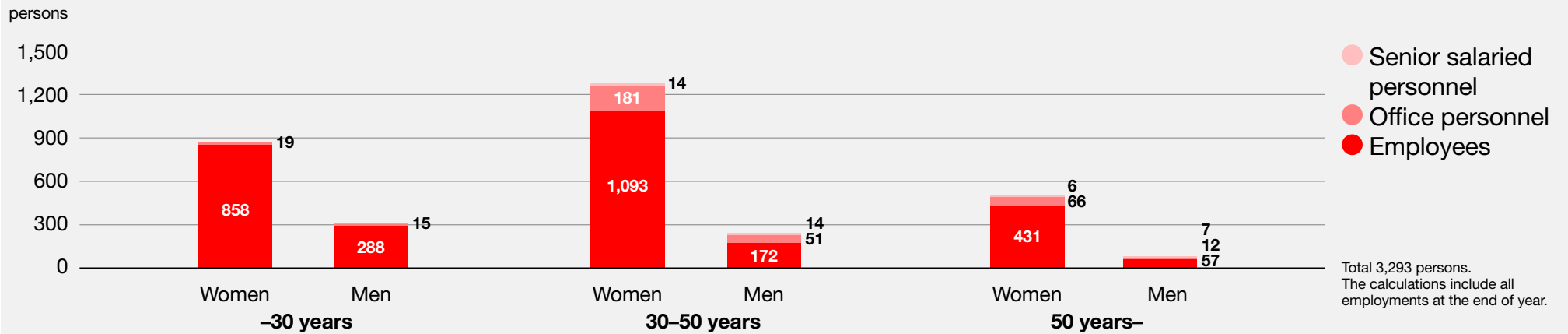




## Age and gender distribution, Board of Directors and Executive Group



## Age and gender distribution, employees





# Employee training and development

**Tokmanni has a motivated and committed personnel that values the customer, is target oriented and also value their own work and their employer.**

## Constant development of expertise

Tokmanni focuses strongly on developing the expertise of its personnel. Training is offered to all members of the Company's personnel. Tokmanni's in-house experts are also involved in training development and improving personnel skills in collaboration with external training partners. The Company has invested in improving the expertise of its employees, for example by expanding the use of online learning.

The aim of improving skills is to ensure that personnel's expertise is up-to-date in relation to the Compa-

ny's strategic goals. The professional expertise of Tokmanni's personnel is developed through conventional and online training and in-service training, in all tasks.

In recent years, attention has been given to developing coaching skills among supervisors. All supervisors have been trained in a long-term training program that incorporates tools and practices for fair management of employees. The management model emphasises the supervisor's role in producing results, building cooperation and managing change. The expertise of supervisors in employment matters is ensured by offering regular

training in employment legislation and collective agreement matters.

In 2015, the trainings in sales focused especially on customer service, store concept and sales growth. All personnel in supervisory positions are provided training and coaching to enhance supervisory skills, focusing on coaching-based management, principles of supervision, employment contract matters and managing working capacity. New supervisors were also given small group training to support their skills in the supervisory role. The Company's Executive Group was also given training in the principles of coaching-based management.

At Tokmanni, training leading to a vocational qualification is a popular way to develop expertise in the retail and logistics fields. Development of vocational skills is constantly supported at Tokmanni with the aid of various apprenticeship training programmes. Every year, dozens of Tokmanni's employees study for vocational qualifications in sales, logistics or management.

Safety training and Tokmanni's online Code of Conduct course are compulsory for all of the Company's personnel. Safety training is organised regularly throughout the year, and the online Code of Conduct course is taken at the start of employment.



## Personal appraisals and performance assessments

All employees receive a personal appraisal. The personal appraisal focuses on the employee's work performance over the preceding period and sets goals for the coming period. It also includes a personal skills development plan and an assessment of supervision and team working.

The personal appraisals are held once a year. In fixed term contracts of less than 12 months, there is not always time to perform a personal appraisal, in which case the feedback discussion at the job orientation phase can be useful. The personnel survey conducted in 2015 revealed that 84 per cent of the respondents were satisfied with their personal appraisal.

## New models for ensuring good service were created by the Customer Service Experts in Tokmanni's customer service development project

CASE



### CUSTOMER SERVICE EXPERTS

New models for ensuring good service were created in Tokmanni's customer service development project in 2014–2015. A group of 30 employees were selected as Customer Service Experts from Tokmanni's store personnel in an open application process and this group then contributed to renewing the rules for customer service. The Customer Service Experts received coaching in trainer skills, after which they undertook customer-service training in all Tokmanni

stores. Following the training, customer service development was incorporated as part of the store management model and the orientation programme for new staff. In 2015 customer service development was also supported through supervisor coaching and communications. By utilising the expertise of the personnel and with a strong commitment from the Customer Service Experts, significant progress was made in moving the project goals forward.



# Management of occupational health and safety

**Tokmanni meets its responsibilities for employee wellbeing and for supporting working capacity. The aim of comprehensively managing working capacity is to ensure the working capacity and skills of the personnel for the full life cycle of their employment.**

Development of health and safety in the working environment is carried out in collaboration with the personnel, the occupational health service and the occupational safety organisation. The aim is to build an operating culture that is fair, based on trust and supports the wellbeing of all employees. The Company invests extensively in working capacity management, workload management and risk monitoring. Tokmanni was the first com-

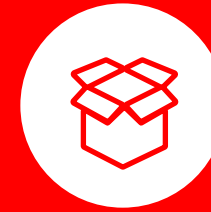
pany in Finland to receive a 'Leader in working capacity management' certificate from the pension insurance company Varma.

Industrial safety at Tokmanni is organised in compliance with the legislation. All of Tokmanni's personnel groups (employees, office personnel, senior salaried personnel and management) are represented on its industrial safety committee.

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**Our aim: a healthy, safe and inclusive working environment**





# Responsible Sourcing and Products

## Our approach

Tokmanni is committed to responsible sourcing throughout its business operations, and this is evident at all stages of the Company's sourcing. In line with the principle of due diligence in sourcing, Tokmanni aims to buy its products only from responsible suppliers and it requires that products offered to consumers are manufactured in production conditions that are ethically acceptable. Tokmanni is responsible for ensuring that the products it imports, markets and sells are safe to consumers and to the Company's employees. In addition, Tokmanni's marketing is based on good communication practices and it takes the protection of privacy seriously in all the systems and registers it manages.

## Matters of great importance to us

- Responsible sourcing
- Responsibility for products
- Ethical marketing
- Privacy protection





## Key targets

**Tokmanni aims to purchase products only from responsible suppliers, and in its sourcing agreements it will require the supply chain to be committed to responsible operations**

**All products sold by Tokmanni will be safe to use**

**All products in Tokmanni's selection, and the labelling of these products, will meet the legal requirements**

**Tokmanni supports consumers' opportunities to make informed purchases**

**The Company's aim is that its systems and registers have no actual or suspected cases of infringement of privacy protection**



# Responsible sourcing

**Responsible sourcing ensures that employees' basic rights are respected. These rights are based on, for example, the UN's International Bill of Human Rights and Convention on the Rights of the Child, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.**

## Responsible supply chain

Tokmanni has drawn up a set of principles for responsible sourcing as an aid to developing its responsibility work, and these principles are accompanied by the Company's guidelines for responsible sourcing, which set the framework for the sourcing process.

As a member of the Business Social Compliance Initiative (BSCI), Tokmanni is committed to complying with the BSCI Code of Conduct. The Company also requires that its suppliers are committed to operating in accordance with the BSCI Code of Conduct, and

these suppliers must also demand the same from their own suppliers and manufacturers. The aim of responsible sourcing is to ensure that the following principles are in place in Tokmanni's sourcing chain:

- The rights of freedom of association and collective bargaining
- No discrimination
- Fair remuneration
- Decent working hours
- Occupational health and safety
- No child labour
- Special protection for young workers
- No precarious employment
- No bonded labour

- Protection of the environment
- Ethical business behaviour  
e.g. no bribery

In 2015 the aim of Tokmanni's responsible sourcing was to increase purchases from suppliers that were or have joined the BSCI initiative in risk countries. The aim was to direct at least two thirds of all purchases to suppliers that were committed to the BSCI and were operating in accordance with the BSCI requirements. A further aim was to obtain a written undertaking from all continuing suppliers operating in risk countries stating that they will operate in compliance with

the BSCI Code of Conduct. Good results were obtained in achieving both aims. The proportion of risk country purchases from suppliers complying with the BSCI grew by 44 percentage points during the year, with altogether 85 per cent of the year's purchases being from such suppliers. In all, 81 per cent of the continuing suppliers from risk countries returned the written undertaking that they are in compliance with the BSCI Code of Conduct. Work to obtain undertakings from the other suppliers will continue in 2016. The number of supplier audits carried out by Tokmanni increased by 69 per cent from previous year.



## Ethical principles and audits are cornerstones of responsible sourcing

Responsible sourcing is a key element of the sourcing process and an integral part of the daily work of purchasers. The assessment of responsibility begins at the supplier tendering stage, as responsibility issues are taken into account in the comparison of tenders received.

Tokmanni requires that suppliers are committed to operating in accordance with the BSCI Code of Conduct. The monitoring of responsible sourcing focuses especially on countries in which the risk of infringements of employee and human rights is greatest, based on the World Bank's classification of risk countries. The primary focus is on suppliers within Tokmanni's more immediate sphere of influence, i.e. private label and licensed brands suppliers. In its sourcing agreements, Tokmanni also requires that brand suppliers give an undertaking that responsibility issues in their production accord with the BSCI requirements.

Suppliers are required to confirm that manufacturers in a risk country that are producing Tokmanni private label products or products in the

standard selection imported by Tokmanni are BSCI members or are to become so within a reasonable time frame. The supplier must provide the purchaser with accurate information about the manufacturer, and must always notify the purchaser of any changes in production. The monitoring and development of production responsibility issues is made with the aid of BSCI audits and Tokmanni's own audits. Tokmanni also accepts SA8000 certification as proof of responsible production.

The Company's own audits are carried out particularly on the production facilities of potential new suppliers in order to assess the level of responsibility, and on any problem locations that may have emerged in BSCI audits, for the purpose of rectifying defects. Suppliers must themselves require any subcontractors of theirs to comply with Tokmanni's ethical principles, and in its purchase agreements Tokmanni retains the right to examine a supplier's entire subcontracting chain if necessary.

Tokmanni cooperates with various stakeholders in promoting responsible sourcing. Tokmanni seeks to develop its own operations by learning and adopting the sector's best practices.

## Audits in risk countries

Tokmanni has various private label or licensed brand products manufactured in regions classified as risk countries by the BSCI. It also operates as an importer for various brands that are manufactured in regions classified as risk countries by the BSCI. In these countries, there is a significant risk that Tokmanni's responsible sourcing principles will be violated in regard to human rights and working conditions.

Tokmanni is actively developing its operations to ensure that responsible sourcing principles are observed, and it has set a goal of sourcing products only from responsible suppliers. The primary tool used by Tokmanni in assessing suppliers is the BSCI Code of Conduct, and the Company gauges suppliers' operations against audits undertaken in accordance with the BSCI's operating principles. Tokmanni receives third party audit reports that are discussed between a person in charge of responsible sourcing and a buyer or purchasing manager. If the audit results are "improvement needed" or "not compliant", Tokmanni approaches the respective supplier/

# Ethical principles and audits are cornerstones of responsible sourcing



producer and asks them to make corrections required in the audit report. Some of the suppliers in the BSCI data base are under Tokmanni's responsibility (Tokmanni is a RSP, i.e. responsible company), and in that case, Tokmanni requires also a concrete correction plan including schedules for the corrections.

In 2015, products were supplied to Tokmanni directly from the following countries classified as risk countries by the BSCI:

- Bangladesh
- Bulgaria
- China
- India
- Indonesia
- Myanmar
- Pakistan
- Romania
- Thailand
- Turkey
- Vietnam

### Tokmanni's own audits in 2015

In addition to BSCI audits, Tokmanni conducts its own audits covering product safety, human rights, working conditions and social impact.

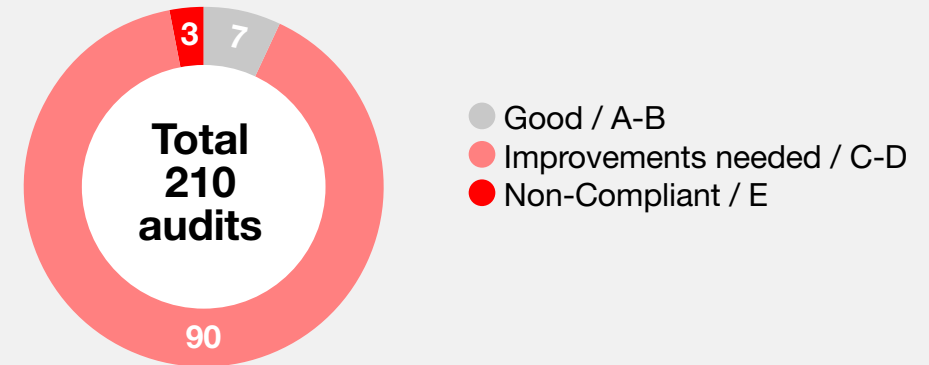
Tokmanni's operating models and responsibilities in drafting sourcing agreements were revised in 2015 and the monitoring of operations reorganised and resourced anew. The sourcing office has been asked to always verify the factory operating models and quality level it uses before signing an agreement and beginning production or during production in the case of certain types of product.

In 2015 Tokmanni undertook factory audits in Bangladesh, China, Myanmar, Thailand and Vietnam. In total, Tokmanni undertook 141 audits itself in 2015 on existing or potential new suppliers. The greatest adverse outcomes regarding working conditions concerned hours of work, employee register data and occupational health and safety deficiencies. A lack of hearing protection in noisy areas was a major problem in many factories.

### BSCI audits in 2015

In 2015, 210 suppliers were audited, in addition to which Tokmanni used 12 suppliers with SA8000 certification.

### BSCI-audit results 2015, %





## CASE

**FINNWATCH REPORT 'ON THE BORDERLINE OF RESPONSIBILITY'**

In December 2015 Finnwatch published a report entitled 'On the Borderline of Responsibility', which deals with the conditions of migrant workers at two factories in Thailand. Tokmanni made purchases of ATA mango slices and childcare supplies from two European importers who in turn acquired these products from the factories in question. These were one-off purchases and Tokmanni does not intend to continue sourcing from these factories. The purchases had already been discontinued for business reasons before publication of the report.

Responsibility is a strategic focus area for Tokmanni, and the company's aim is to act responsibly and respect human rights. Tokmanni has made major changes to its sourcing operations, and in 2013 it embarked on an extensive transformation of its sourcing practices, including more effective management

of responsibility matters. In line with the principle of due diligence in sourcing, Tokmanni aims to buy its products only from responsible suppliers, and it requires that products offered to consumers are manufactured in production conditions that are ethically acceptable. The changes being made will take time to implement fully.

The solution to the challenges associated with migrant workers in risk countries requires measures to be taken by companies but also by migrant workers themselves, by the companies that employ them and by the Thai government. Regarding Thailand, Tokmanni is continuing discussions with parties supplying goods to the Company from Thailand, the aim being to work in collaboration with other parties concerned to promote respect for the human rights of migrant workers in the production chain.





# Responsibility for products

**Product safety is one of the main themes of responsible operations. By taking product safety responsibilities into account in all the products it sells, Tokmanni aims to ensure that the products sold in its stores are safe to use. The Company ensures that corporate responsibility is properly reflected in its operations by conducting self-supervision and by carrying out product testing itself or commissioning this from third parties. A basic aim of the product safety legislation that Tokmanni complies with is observance of the principle of precautionary approach.**

## **Tokmanni is responsible for the safety and quality of products it sells**

From the viewpoint of product safety, Tokmanni not only sells products but is also a product distributor, importer and manufacturer. Tokmanni acts in the capacity of manufacturer for products placed on the market under its private labels, even though the products may be manufactured by other parties. The company is responsible for the regulatory compli-

ance, documentation and labelling of its private label products. Alongside quality control of the manufacturing site, private label products and the different production batches are monitored by means of a consign-ment inspection prior to delivery, and through self-supervision inspections in Finland.

Besides its private label products, Tokmanni imports various goods and brand products from manufacturers outside the EU. For these products Tokmanni bears the importer's re-

sponsibilities, which include various requirements that are comparable to the manufacturer's obligations. Tokmanni demands a high standard of product safety from all the products it imports, and it ensures the fulfilment of its obligations by, for example, contractual means and product and documentation inspections.

Tokmanni also requires that all imported products include accurate and appropriate product labelling for the products to be placed on the market.

Tokmanni acts as distributor for

a large number of products. These products include all consumer goods imported from the EU, except for Tokmanni's private label products and products purchased in Finland. Tokmanni must comply with the relevant due diligence principle and be able to identify the different product group requirements in regard to product labelling, for example. Correspondingly, Tokmanni imposes requirements on its suppliers concerning the need for a high standard of product safety, and through contractual means and



random self-supervision inspections the company ensures that it fulfils its obligations.

The aim in 2015 was to improve the product safety of private label products, brands licensed by Tokmanni and products imported by the Company. The indicator used in this assessment is the number of instances of non-compliance for these product categories. The number of non-compliances fell from 56 (in 2014) to 18 in 2015. The most significant cases in 2015 were due to the quality of the product in use deviating from the product specification.

### Inspected, controlled and safe products

In regard to product liability, Tokmanni acts as retailer, importer and manufacturer for its private label products. Products are subject of risk-based self-supervision in the stores and at the Logistics Centre. The risk classification of self-supervision is based on products or product type risk assessment.

Imported products and private label products are put through technical product inspections, consignment inspections and separate

self-supervision inspections. These tests and measures are aimed at ensuring consumer safety and identifying non-conformities at the earliest possible stage.

In the case of private label products and products imported by Tokmanni, the product is first subject to a product quality and documentation inspection before it is established as a new product and added to the selection. This seeks to ensure the product's legal compliance, the correctness of its package labelling and its appropriateness for the Finnish market.

In 2015 Tokmanni imposed a prohibition on the sale of one of its private label products. Some units of this product were found to contain a transformer with a structure different from the FI-certified structure. The product was not recalled from consumers because no direct danger was posed to the life, health or property of the consumer.

Tokmanni also made one product recall in 2015 on account of a high concentration of restricted chemicals in the product. The party that placed the product on the market was not a Finnish company, and so Tokmanni, as the retailer, performed the product return procedure nationally.

During 2015 Tokmanni reviewed or renewed the labelling of 917 private label products. In all, 658 products were inspected in self-supervision. The number of titles at Tokmanni subject to a prohibition on sale or a recall in 2015 was 74. In 15 of these cases, the sales prohibition or recall was due to defective package labelling. One of these fifteen was a Tokmanni private label product.

No financial penalties were imposed on Tokmanni in 2015 for violations of legislation and regulations concerning products and services.

### Legislative amendments improve product safety

In package labelling, the biggest change in 2015 consisted of the revised regulations on food package labelling, and the implementation of these will continue into 2016. There was also a major legislative change affecting the labelling of consumer chemicals. For products manufactured after June 1, 2015, labelling under the chemicals legislation will have to conform with the labelling requirements of the new EU chemicals regulation (the CLP Regulation). Work to apply the new regulation to the

## Products for sale are subject of risk-based self-supervision



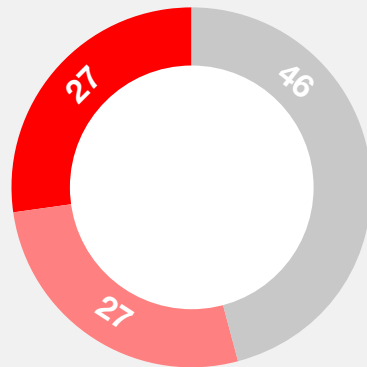
labelling of Tokmanni's private label products was begun in 2013. In 2015 the focus was especially on monitoring and guidance for the labelling of imported chemicals and chemicals that Tokmanni places on the market in its retailer capacity.

Tokmanni is constantly monitoring the changing legislation to ensure product safety. In addition, its quality assurance routines include keeping up-to-date with information in the national Market Surveillance Register

(Marek) and in the EU's RAPEX rapid alert system for product defect notifications, and where non-conformities are revealed in these, checking the Company's product selection accordingly. Tokmanni also takes product group characteristics into account in its self-supervision risk-based monitoring.

During 2015, Tokmanni has not been fined for breaking any laws or regulations related to products and services.

### Purchases by risk level (received purchases in 2015), %



- High risk
- Medium risk
- Low risk

The risk rating of Tokmanni's self control is done by risk evaluation of every product or product type. Risk evaluation of a certain product or a product type is based on the amount of special demands, special legal requirements, safety standards, packaging label requirements and product safety exceptions found to this product from registers of domestic or international market surveillance.



CASE



## PRODUCTS WITH CE MARKING ARE IN COMPLIANCE WITH EU LEGISLATION

CE marking is the manufacturer's declaration that the product meets the requirements of EU legislation. The purpose of the marking is to facilitate the free movement of goods within the EU's internal market. EU legislation specifies which products need the CE marking. These include toys, electrical equipment and machinery.

Liability for product safety and conformity rests with the product manufacturer and importer. The manufacturer or its authorised representative attach the CE marking to the product after ascertaining that the product meets the essential requirements for it.

Some products are required to undergo a type-examination before they can be given a CE marking. Such products include household gas appliances and certain items of personal protective equipment (e.g. bicycle helmets). The manufacturer must attach the CE marking such that it is clearly visible

and remains permanently in place. If the marking cannot be attached to the product itself, it may be given on the packaging or in the documentation.

CE marking is required for products such as the following:

- Toys
- Machinery (e.g. lawnmowers)
- Electrical equipment (e.g. coffee makers and battery chargers)
- Personal protective equipment (e.g. hearing protectors and sunglasses)
- Building products (e.g. windows)
- Gas appliances (e.g. gas refrigerators)
- Pressure equipment (e.g. breathing apparatus cylinders and portable fire extinguishers)
- Radio and telecommunications terminal devices (e.g. mobile phones and modems)
- Healthcare equipment and supplies (e.g. plasters)



# Ethical marketing

The aim of Tokmanni's marketing is to increase the opportunities for consumers to make well-founded purchasing decisions. To ensure responsible marketing, we observe good communications practices and take our various target groups into consideration.

## Truthful and environmentally efficient marketing

Tokmanni aims to provide customers with truthful and easily understood information and to present its sales and unit prices in a clear, unambiguous manner that is easy for consumers to understand and notice.

Compliance with laws and regulations is the minimum requirement in Tokmanni's marketing and advertising. In responsibility matters connected with marketing, the key issues for Tokmanni are ethical marketing and the cost-effective and energy-efficient use of marketing materials.

Tokmanni complies with the legislation, ethical guidelines and official

regulations on marketing communications and also monitors these closely. Where changes are made, the personnel are given information and guidance through training, for example. Tokmanni has also sought to ensure that the Company's marketing messages are presented using ethically acceptable marketing tools.

The Company seeks to reduce the use of print materials and to increase marketing in digital channels. In its different marketing materials, for instance in printed advertisements, Tokmanni aims to investigate the possibilities of environmentally labelled materials and to use these where possible. The extent to which the aims are achieved is monitored on a regular basis.

During 2015, Tokmanni received 25 complaints from Regional State Administrative Agencies, 23 of which concerned price labelling and 2 scales taring. No submissions at all were made to the Council of Ethics in Advertising in 2015 concerning Tokmanni's advertising.

The aim of Tokmanni's marketing is to increase the opportunities for consumers to make well-founded purchasing decisions





# Privacy protection

**The Company's aim is that its systems and registers have no actual or suspected cases of infringement of privacy protection.**

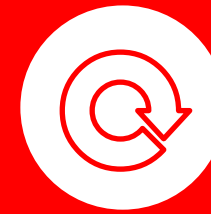
## Comprehensive privacy protection

Tokmanni complies with all laws and regulations related to privacy protection. In order to ensure, its systems and registers have no actual or suspected cases of infringement of privacy protection, compliance with data protection principles is monitored at Tokmanni, and technical systems are kept up to date. The personnel are also informed about and trained in information security matters.

Tokmanni meets the requirements of the International Payment Card Industry Data Security Standard and is a PCI DSS audited company. PCI DSS applies to all people who process payment card data. As a result of the audit, Tokmanni has received a Report on Compliance and an Attestation of Compliance.

Tokmanni did not receive any complaints about breaches of privacy protection or of lost customer data in 2015.

**Tokmanni complies with all laws and regulations related to privacy protection**



# Efficient Use of Resources

## Our approach

Tokmanni will put a range of measures into effect to support efforts to mitigate climate change and to promote more resource-efficient business. Tokmanni has joined the Energy efficiency agreement scheme for the Finnish retail sector. The Company is constantly examining new opportunities to make use of alternative energy forms and energy-saving equipment, and it aims to have a logistics system that is more environmentally sound. The Company also continuously monitors the amount of waste generated at its warehouse and in its stores and is actively improving its waste recycling.

## Matters of great importance to us

- Energy-efficient business
- Logistics system that is more environmentally sound
- Resource efficiency



## Key targets

**Tokmanni will strive  
for optimum energy and  
materials efficiency**

**Tokmanni will increase its  
use of renewable energy**

**Tokmanni will reduce  
its landfill waste**



# Resource efficiency is one of Tokmanni's key targets

**Tokmanni will reduce the climate impact of its operations by reducing energy use and by increasing use of renewable energy.**

## Targets achieved for energy consumption and emissions

In January 2011, the Company joined the Energy efficiency agreement scheme for the Finnish retail sector, undertaking to reduce its energy consumption by the end of 2016 by 9 per cent from the level of 2011. At the end of 2015, Tokmanni's energy consumption had been reduced by 9.4 per cent, marking the achievement of the target well before time. The company aims to further reduce energy consumption by the end of 2020, by two per cent from the 2015 level.

Electricity consumption and heating are Tokmanni's main climate impact factors. Thus the Company's

measures taken to curb energy consumption focus particularly on real estate that the Company has control over. The Company controls about 47 per cent of its store properties and about 71 per cent of all energy consumption in the store network. In the other stores, Tokmanni is a tenant and has no direct influence over energy solutions. Lessors are nevertheless required to meet Tokmanni's environmental specifications. The energy solutions at the logistics centre are under Tokmanni's control.

The Company's direct greenhouse gas emissions form their own sub-area of the emissions from heating production, and in this case they include emissions from energy production

using gas and oil. Indirect greenhouse gas emissions are from the consumption of purchased electricity and purchased heating.

## Fewer emissions with renewable energy

Energy consumption within Tokmanni comprises purchased energy (electricity and district heating) and the fuels (gas and oil) used in its own heating plant.

In 2015 the amount of purchased electricity was 56,042 MWh, all of which was electricity purchased from the Nord Pool power market. Besides reducing energy consumption, CO<sub>2</sub> emissions are reduced through the

**26%**  
reduction in  
CO<sub>2</sub>-emissions



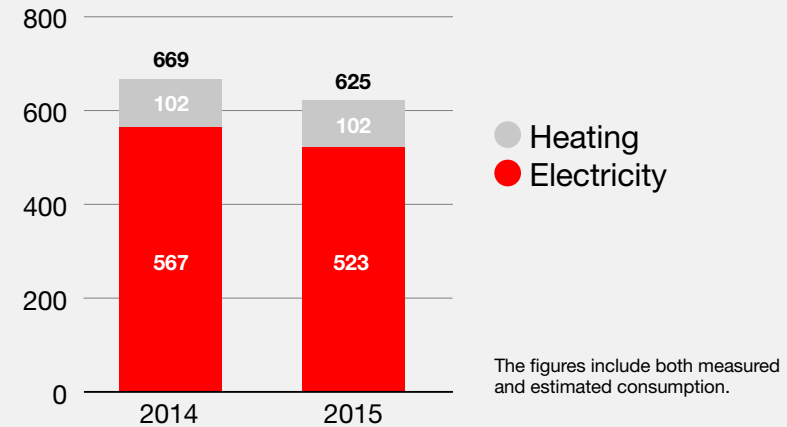


use of renewable energy certificates. In 2015, 19,647 MWh of renewable energy was used at Tokmanni, which was 26 per cent of the company's total energy consumption. Power consumption at the Mäntsälä logistics centre amounted to 5,333 MWh, all of which was covered by renewable energy certificates as was the power consumed by the stores that were using electricity purchased by Tokmanni in the final quarter of 2015. The aim is to raise the proportion of renewable energy certificates to cover 100 per cent by 2020, in so far as this

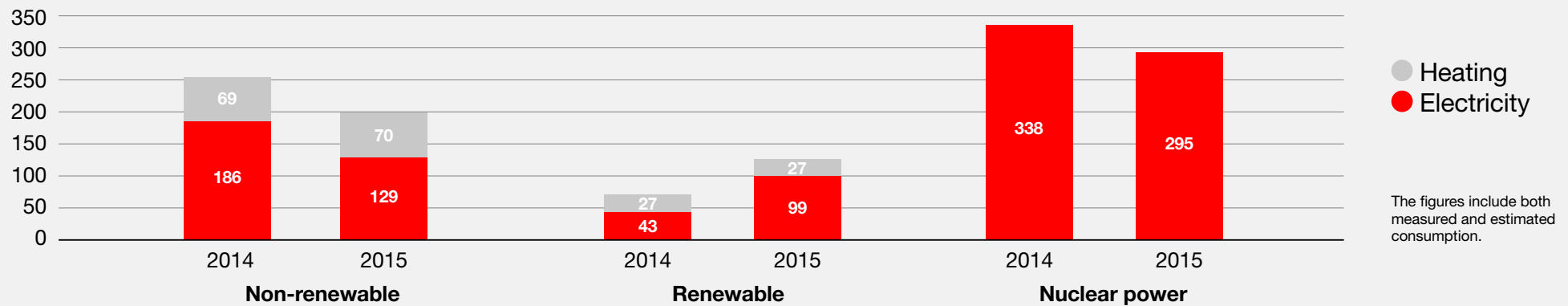
consumption is within the Company's decision-making power.

Electricity consumption within Tokmanni's entire property portfolio (78 % of all properties) was 59,525 MWh, and district heating energy consumption 10,613 MWh (19% of all properties). In addition, a number of Tokmanni locations have their own heating plant, using oil or gas, which in 2015 consumed 9,630 litres of oil and 162,330 m<sup>3</sup> of gas. The total consumption of heating in the reporting year was 12,333 MWh (22% of all properties).

### Total energy consumption, TJ



### Consumption of purchased energy, TJ







## Electricity consumption reduced by monitoring and remote management

The biggest consumers of electricity in the Company's properties are lighting, ventilation and cooling. Measures taken to reduce energy consumption and the associated emissions focus particularly on remote management of automation systems in properties, control of optimum use, and monitoring arrangements.

The Company also constantly monitors developments in various areas, such as the cost and energy efficiency of LED technology and other new

technologies. In the longer term these new technologies may even result in major reductions in electricity consumption. The renewal of refrigeration equipment and updating of remote management systems will continue to reduce electricity consumption, although the rate of reduction will fall once the main improvements have been made.

## More energy efficient solutions for hardware environment

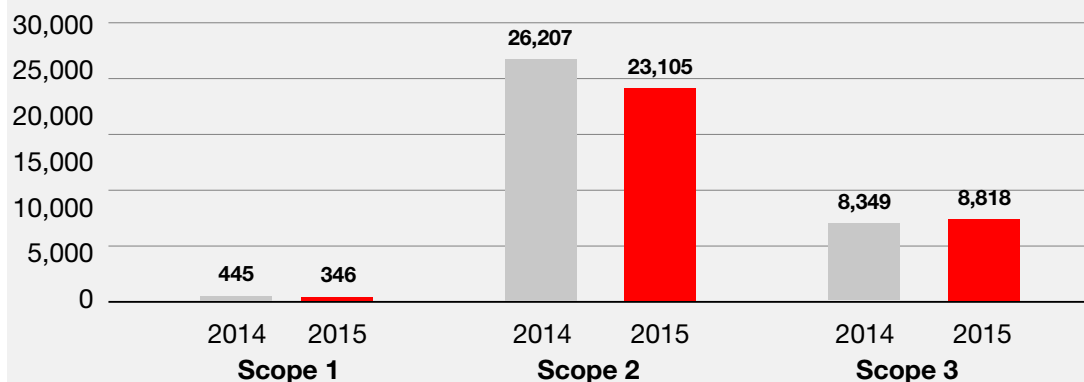
Tokmanni's entire IT hardware environment is constantly updated with

more environmentally effective solutions. The Company's thin-client workstations, centralised IT control and application virtualisation all benefit from having a centralised, energy-efficient IT centre. In its IT hardware management, Tokmanni uses the 3 Step IT life cycle management model to seek to extend the life cycle of computers and thus reduce energy consumption, emissions and waste.

The energy consumption of the thin-client solution is only a fraction of that of a conventional PC and it generates hardly any waste heat. The centralised management of the IT environment and minimal need for IT

support staff to visit the stores reduces travelling, which further reduces the company's carbon footprint. Modern point-of-sale systems and the versatile use of hand terminals, a virtualised workstation solution and portable computers in the office mean that Tokmanni's system reduces power consumption by more than 30 per cent compared with a conventional PC environment.

## Carbon footprint, ton CO<sub>2</sub>-eq



**Scope 1:** Direct greenhouse gas (GHG) emissions

**Scope 2:** Indirect greenhouse gas (GHG) emissions

**Scope 3:** Other indirect greenhouse gas (GHG) emissions

Scope 2 includes location based greenhouse gas emissions

Scope 3 includes domestic and international transportation of goods and air travel.



# Logistics system that is more environmentally sound

Although Tokmanni is growing and its store network expanding, the Company aims to keep its greenhouse gas emissions from transport unchanged in relation to the value of purchases. To achieve this aim the transport unit and load capacity utilisation rates are monitored and improved on a continuous basis.

## More efficient transport through concentration

To respond to the growing amount of import consignments and the associated environmental effects, Tokmanni took the decision in 2015 to concentrate its foreign transport arrangements with just a small number of operators. In selecting transport companies, environmental efficiency and fleet age and type were key criteria. Import consignments from Europe are now transported by lorry or by containers that can travel by rail for

some of the journey. Consignments from outside Europe travel only by containers.

The increase in Tokmanni's import consignments poses challenges for achieving the transport emissions goals. Concentration provides a better opportunity to combine consignments and optimise transport routes to reduce the environment impact of transport. By switching from road to rail and short sea shipping, Tokmanni is playing a part in the reduction of harmful emissions, especially the greenhouse gas CO<sub>2</sub>. Shipping com-

panies renew their vessels all the time, and the latest ships are larger and more efficient, helping to reduce the emissions per transport unit.

Stricter regulations concerning sulphur oxide emissions from shipping were introduced at the start of 2015. Since the start of 2015, the sulphur content of fuel has fallen by 0.1 per cent by weight in the sulphur oxide emission control areas of the Baltic Sea, the North Sea and the designated coastal areas off the North American continent. Ships can meet the new requirements by using low

Concentration reduces environmental impact of transportation



sulphur fuels, fitting sulphur scrubbers or switching to the use of alternative fuels, such as liquefied natural gas (LNG). The aim of the new regulations is to improve air quality, especially in coastal regions, and the state of the marine environment.

In 2016 the frequency of distribution to stores will be optimised by creating an annual plan based on delivery peaks which regulates the amount of delivery days at different times on a store-specific basis. Since some of the stores are close to residential buildings, the noise cre-

ated by distribution deliveries made mainly at night may disturb residents for short periods. Tokmanni takes this into consideration wherever possible in the planning of distribution schedules.

Through its own agreements, the Company manages 35 per cent of the transport consignments of its purchases. Its reporting covers 99 per cent of the import consignments transported under its own agreements. The reporting covers 100 per cent from the logistics centre to the stores transportation.

## CASE



## NEW SOLUTIONS FOR ENVIRONMENTALLY FRIENDLY TRANSPORT

In 2008 Tokmanni centralised operations in a single logistics centre, which improved the environmental efficiency of the Company and especially its transport operations.

Tokmanni also selected a partner to provide almost all of the transport services it needs in Finland. This brings considerable benefits in terms of environmental matters, because Tokmanni's transport partner also has the goal of reducing CO<sub>2</sub> emissions. Furthermore, the transport partner has an ISO 9001

quality management system certificate and an ISO 14001 environmental management system certificate. The operating principles also include having a fairly new vehicle fleet and incorporating new transport technology when new vehicles are acquired. Drivers are also trained in economical driving.

In its transport operation, Tokmanni also takes advantage of its partner's terminal network, which enables it to send loads which are as full as possible.



# Resource efficiency at the core of operations

**The company seeks to reduce the amount of waste and to reuse and recycle waste. This will minimise waste transferred to landfills and later to incineration plants.**

## Excellent results in waste recovery

Tokmanni recycles waste very efficiently. In 2015 the waste recovery rate was 94 per cent for the Company as a whole, and at the Mäntsälä logistics centre it reached 100 per cent. The aim had been to raise the Company's waste recovery rate to 88 per cent by the end of 2015, and so the aim was generously exceeded. The landfills are to be closed from 2016, and so Tokmanni will employ various logistical arrangements to deliver waste to incinerator plants. The aim is that after 2020 there will be no more waste to be transported to the incinerators.

Waste recovery can still be improved

somewhat by more careful sorting in the stores, at the logistics centre and in the offices, and by monitoring the use of waste components and providing guidance for employees. The amount of food waste in the stores can be reduced especially by issuing instructions and monitoring results, and through retail sector campaigns and by donating unsold food to charity.

## Recycling packaging materials

Tokmanni actively monitors the volume of waste generated in its warehouse and stores and is continuously improving its waste recycling. The company is responsible for the recycling

and other waste management of electronic devices and packaging it places on the market. Tokmanni fulfils its producer responsibility through various producer communities and by actively developing with them ways to ensure sustainable development. Most of Tokmanni's waste consists of packaging materials.

As Tokmanni does not itself manufacture any of its products it is not possible to report on the materials used in products. The company nevertheless endeavours to reduce the amount of packaging materials and to recycle packaging.

In the recycling of packaging, Tokmanni notifies Finnish Packaging Recycling Rinki Ltd of the overall quantities

of packaging materials imported. The materials are paper fibre, plastic, glass, metal and wood. The non-renewables among these are plastic, glass and metal, but these can be recycled efficiently. All the materials mentioned are included in the revised Waste Act and will be in the national recycling scheme in 2016. The plan is to begin reporting packaging materials in the 2016 corporate responsibility report.

Tokmanni collaborates with Rinki Ltd and others in striving to increase the recovery rate for packaging. Tokmanni engages in electrical and electronic equipment recycling via SELT Association and Stena Oy. For portable batteries and storage batteries Tokmanni has an agreement with Recser Ltd and



Akkukierrätys Pb Oy. Recser has a nationwide collection network for portable batteries and storage batteries, and Akkukierrätys Pb is a producer organisation that specialises in recycling lead-based batteries. Tokmanni has also signed a cooperation agreement with Finnish Tyre Recycling Ltd for collecting and recovering tyres.

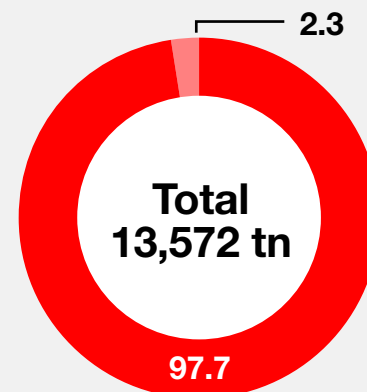
### Digital advertising channels reduce paper waste

Tokmanni's marketing is known for its focus on attractive special offers. The Company's main marketing tool is its weekly printed Tarjoussanomat, which is direct delivery advertising material. This is distributed to approximately 2.42 million households. In addition, the Company publishes direct delivery advertisements for distribution in the local areas of Tokmanni stores that sell fresh foods, and it also markets its brands and products in newspapers, on the television and radio, online and in social media.

Tokmanni's direct delivery advertising consumes a considerable amount of paper. For example, Tarjoussanomat requires about 45,000–75,000 kilos of paper each week, depending on the number of pages in the week's edition. This naturally has an impact on energy consumption and raw material usage.

To reduce these and to improve cost-efficiency and reach customers more effectively, Tokmanni is aiming to cut the amount of direct delivery advertisements and to increase marketing in digital channels. The Company will also be looking at different environmentally labelled marketing materials and plans to use more of these where possible. The paper used in Tokmanni's direct delivery advertisements is PEFC certified. Most of the paper used in the marketing materials in the Company's stores is FSC-labelled paper.

### Total weight of waste by type, %

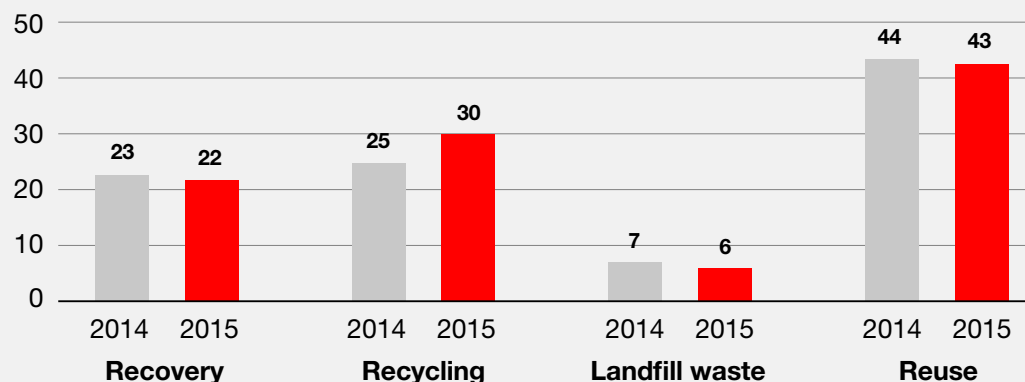


- Other waste (99.4)
- Hazardous waste (0.6)

2014 figures in brackets.

The data has been obtained from the service providers, and it covers stores and logistics centre.

### Total weight of waste by disposal method, %



Total 2014: 13,708 tn  
Total 2015: 13,572 tn

Recovery consists of the energy from incineration and reuse consists of reused pallets at the logistic centre. The data has been obtained from the service providers.





## CASE



## EFFECTIVE PREVENTION OF FOOD WASTE

The amount of food waste in the food products chain as a whole, including households, is approximately 400 million kilos annually, which equates to 10–15 per cent of all the food fit for consumption.

For the retail sector, expired food is always a loss. As a responsible operator, Tokmanni aims to achieve a 15 per cent reduction in expired food waste by 2020. Food waste has been one of the key indicators in the sales organisation since the start of 2015, and the Company has actively sought to reduce it. The tools for achieving this are the new management system and more diligent food waste monitoring in every store. The most important way of reducing the loss from expired food waste is to ensure the basic operation of the stores is as it should be.

The right selection of food products, appropriate order and delivery quantities and dates, store-specific monitoring of demand, and reduced prices for products near their expiry date are all effective ways of preventing food waste at the stores. Measures have been taken at all stores to prevent and reduce food waste. In addition, 30 stores with the greatest challenges in terms of expired food waste have been included in a special monitoring process as part of a wastage prevention project. A store-specific

ic action plan has been drawn up for these stores in conjunction with process advisers and others, and their food waste is monitored weekly by the regional organisation.

With the measures taken in 2015, Tokmanni has already succeeded in reducing expired food waste in the stores by 6.7 per cent from the 2014 level, and active monitoring and prevention of food waste are again in the sales organisation's action plan for 2016.

Although expired food waste has been reduced, stores will inevitably always have a certain amount of unsold food that is still fit for use. Tokmanni began, in October 2015, to give away for charitable purposes food products whose best before date has expired. This is always done locally through agreement between the store and a local charity organisation. The agreement states the purpose for which the food will be used and the handling arrangements, so as to make sure the products are for charitable purposes and safe for the eventual consumers of the food. This work has begun in several stores already, but since the scheme is still new, we are not yet reporting the extent of it. The idea is that in the future Tokmanni will be able to give away all unsold food products from stores to local operators for their use.



# Description of Report

Tokmanni's first corporate responsibility report concentrates on matters that are completely within the control of Tokmanni, though the report also examines transport and sourcing. In the area of sourcing and product responsibility, the Shanghai office is included in the reporting, while for transport the emissions figures are for transport services suppliers.

The Shanghai sourcing office is a joint venture in which Tokmanni and the Norwegian company Europris AS each have a fifty per cent holding. With the exception of responsible sourcing and product safety, the joint venture's impact on corporate responsibility matters is marginal, because its personnel amount to less than one per cent of Tokmanni's total workforce and its environmental impact is generated only by the office and staff travel.

The information in the report is for 2015, although some indicators also present historical data where this is avail-

able. Tokmanni plans to publish corporate responsibility information annually, either in a separate corporate responsibility report or as part of the annual report. The information in this report has not been assured externally.

The reporting complies with the core option of the GRI G4 guidelines, which means that at least one indicator is reported for every material aspect. The indicators have been selected so as to form as comprehensive a picture of Tokmanni's corporate responsibility matters as possible. At the same time it was necessary to assess the readiness to report each indicator.

**Further information from:**

[corporateresponsibility@tokmanni.fi](mailto:corporateresponsibility@tokmanni.fi)  
[www.tokmanni.fi](http://www.tokmanni.fi)



# Information used in calculations

The Company's calculation of the environmental profile of the electricity it consumes is based on the following:

- The electricity consumed is from the power market. The environmental profile of the residual mix calculation that is used for the 2014 and 2015 consumption of purchased and other electricity is the latest published information from the Energy Authority, which is for 2014<sup>1</sup>. In the 2014 residual mix, fossil energy sources and peat account for 44.2 per cent, renewable energy sources for 9.4 per cent and nuclear power

for 46.4 per cent. Average specific emissions of carbon dioxide from power production are 286.14 g/kWh, and the amount of nuclear fuel used is 1.27 mg/kWh.

- In 2014 Tokmanni obtained certificates for renewable energy (19,647 MWh). This covered the power consumption emissions of the logistics centre and the stores that use electricity purchased by Tokmanni in the final quarter of 2015.
- The primary energy coefficients used in the calculations are: renewable fuels 1, non-renewable fuels 1.75 and nuclear power 3.03<sup>2</sup>.

The Company's calculation of the environmental profile of the district heating it consumes is based on the following:

- The market-based CO<sub>2</sub> emissions coefficient for district heating calculated for the Tokmanni sites is 173 g/kWh. The location-based emissions coefficient used is the average CO<sub>2</sub> coefficient of 186 g/kWh calculated using the benefit sharing method for Finnish district heating CHP areas<sup>3</sup>.
- The primary energy coefficient is 0.9<sup>4</sup>.
- The 2015 emissions coefficients for Statistics Finland's fuel classification<sup>5</sup>.

## Calculation basis and accuracy of data

The recorded consumption data obtained in consumption monitoring is the primary information used for ascertaining the consumption of power and heating by Tokmanni's logistics centre and its stores. However, such data is not available for all stores, and so the consumption by active stores outside the monitoring system is estimated on the basis of the consumption by stores that are covered by the consumption monitoring. In other words, specific consumption (kWh/m<sup>2</sup>

1) Energiavirasto. 2015. Jäännösjakauma vuoden 2014 osalta. [https://www.energiavirasto.fi/documents/10179/0/Jaannosjakauma\\_2014+\\_2362015.pdf/cb63b5f0-985c-4c30-96b4-084f20f0e537](https://www.energiavirasto.fi/documents/10179/0/Jaannosjakauma_2014+_2362015.pdf/cb63b5f0-985c-4c30-96b4-084f20f0e537)

2) Keto, Matias. 2010. Energiamuotojen kerroin. Raportti ympäristöministeriölle. <http://www.ym.fi/download/noname/%7BA6ABCFF7-55FA-412C-A0C7-FEE5CC0A2F24%7D/30744>

3) Motiva. 2015. CO<sub>2</sub>-päästökertoimet. [http://www.motiva.fi/taustatietoa/energian kaytto\\_suomessa/co2-laskentaohje\\_energian kulutuksen\\_hiilidioksidipaastojen\\_laskentaan/co2-paastokertoimet](http://www.motiva.fi/taustatietoa/energian kaytto_suomessa/co2-laskentaohje_energian kulutuksen_hiilidioksidipaastojen_laskentaan/co2-paastokertoimet)

4) Keto, Matias. 2010. Energiamuotojen kerroin. Raportti ympäristöministeriölle. <http://www.ym.fi/download/noname/%7BA6ABCFF7-55FA-412C-A0C7-FEE5CC0A2F24%7D/30744>

5) Tilastokeskus. 2015. Polttoaineluokitus. [http://www.stat.fi/tup/khkinv/khkaasut\\_polttoaineluokitus.html](http://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html)



gross floor area) has been calculated for the stores covered by consumption monitoring. The specific consumption figure obtained is assumed to equate to the average consumption level of the stores and has been used to calculate the total consumption for the stores not covered by the monitoring. The specific consumption figures used as the basis of the calculation are presented in Table 1. The active stores are reviewed at the end of the year and are assumed to have been in normal use during the entire reporting year.

If the property's heating method is not known, it is assumed to be district heating. This is because most sites whose heating consumption is not measured are located in shopping centres, the majority of which are included in local district heating networks.

The 2015 update of the GHG Proto-

col advises that emissions from purchased electricity and heating should be reported in accordance with both market-based and location-based coefficients. The location-based emissions coefficient used for electricity is the information given in the residual mix calculation, and the coefficient used for heating is the average CO<sub>2</sub> coefficient calculated using the benefit sharing method for Finnish district heating CHP areas.

The electricity suppliers' recommendation regarding calendar year notifications concerns only the production methods of the power sold, the carbon dioxide emissions generated in production, and the amount of nuclear fuel used. Examination of the environmental impact therefore focuses only on CO<sub>2</sub> emissions in energy production and on the amount of nuclear fuel used. The calculations are based on the latest notified information per store.

## Examining the information used in the calculations

In cases where origin data for the calculation year was not available in the previous year's calculation, the data has been recalculated for this report using the origin data notified for the year in question. The reported emissions data for the previous year may therefore differ from the information notified in the previous emissions report due to such a recalculation.

Calculation of the market-based environmental effects of district heating takes into account the following factors. For sites where district heating consumption is recorded, the heating production emissions coefficient (combined or separate production) used is that reported by Motiva for the locality concerned<sup>6</sup>. Using this information the weighted average has

been calculated for the emissions coefficients, which indicates the average CO<sub>2</sub> coefficient for the Tokmanni sites.

The total greenhouse gas emissions for the Company's own heating production are estimated on the basis of the fuel emissions coefficients published by Statistics Finland<sup>7</sup>.

The base year for the reporting is 2014 when the gathering of comparable data began.

Emissions data for transport movements in Finland has been obtained from the service provider. The emissions calculations have used averages for actual transport movements and emissions values. The calculations use an average consignment size (based on the number and weight of consignments), distance travelled by consignments (invoiced kilometres, as opposed to actual kilometres), and average consumption and average

6) Motiva. 2015. CO<sub>2</sub>-päästökertoimet. [http://www.motiva.fi/taustatietoa/energiankaytto\\_suomessa/co2-laskentaohje\\_energiankulutuksen\\_hiilidioksidipaastojen\\_laskentaan/co2-paastokertoimet](http://www.motiva.fi/taustatietoa/energiankaytto_suomessa/co2-laskentaohje_energiankulutuksen_hiilidioksidipaastojen_laskentaan/co2-paastokertoimet)

7) Tilastokeskus. 2015. Polttoaineluokitus. [http://www.stat.fi/tup/khkinv/khkaasut\\_polttoaineluokitus.html](http://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html)





emissions values per vehicle type as compiled by the transport operators. The year used for comparison is 2014.

Tokmanni has collected information about the emissions of transport movements outside Finland from various operators. The emissions calculation basis and the energy consumption of the transport operation are not known. The year used for comparison is 2014.

An emissions report for air transport has been obtained from the service provider. Energy consumption is not known. The year used for comparison is 2014.

The waste data is mainly from the statistics compiled by Paperinkeräys Oy, but the data on electrical and electronic waste was obtained from figures gathered by Stena Oy.

## Examining energy consumption information

At the end of 2015 Tokmanni had about 156 active stores (149 in 2014) and one logistics centre. Active stores are those which are in normal use. Active stores do not include new stores that are not yet in operation, or stores that have been discontinued by the month in question.

Among the active stores, 67 per cent (in terms of total surface area) were covered by electricity consumption monitoring at the end of 2015 (79% in 2014), and 29 per cent (36% in 2014) by heating consumption monitoring (district heating, gas and oil). If the logistics centre is also taken into account in the consumption monitoring, 81 per cent (82% in 2014) of the total surface area is covered by electricity consumption monitoring and 43 per cent (45% in 2014) by heating consumption monitoring. Consumption by the properties not included in the monitoring has been estimated on the basis of the specific consumption of those properties in the monitoring.





# Data

## G4-EN3 Energy consumption within the organization

### A. Total energy consumption, MWh

	2014	2015
Electricity, total	72,409	75,083
District heat, total	29,506	30,236
Gas	1,637	1,623
Oil	461	96
Heating, total	31,605	31,956

Energy consumption of the organization includes purchased energy (electricity and district heating) and own heat production fuels (gas and oil). In 2015, 81% (82% in 2014) (from stores and logistics centre area) electricity consumption has been measured, and the rest is estimated based on the specific consumption. In 2015, 43% (45% in 2014) (from stores and logistics centre area) of heat consumption is measured, the rest is estimated based on the specific consumption.

### B. Consumption of purchased energy

	Unit	2014			2015			Change %		
		Electricity	Heat	Total	Electricity	Heat	Total	Electricity	Heat	Total
Purchased energy	GWh	72	30	102	75	30	105	4	1.2	3
Primary energy	TJ	567	97	662	523	97	620	-8	0.1	-6
Non-renewable	TJ	186	69	255	129	70	198	-31	1.2	-22
Renewable	TJ	43	27	70	99	27	127	132	1.1	82
Nuclear power	TJ	338	-	338	295	-	295	-13	-	-13

### C. Consumption of own energy production, TJ

	2014	2015	Change %
Primary energy	6.7	5.5	-18
Non-renewable (oil)	1.5	0.3	-79
Non-renewable (gas)	5.2	5.2	0



## G4-EN5 Energy intensity

### G4-EN5 Energy intensity by energy type

Stores	2014			2015			Intensity change %	Consumption change %
	Consumption MWh	Total area m <sup>2</sup>	KWh/m <sup>2</sup>	Consumption MWh	Total area m <sup>2</sup>	KWh/m <sup>2</sup>		
Electricity	58,538	432,967	135	59,525	444,287	134	-1	2
District heating	11,191	214,354	52	10,613	214,283	50	-5	-5
Gas	1,637	18,927	87	1,623	18,927	86	-1	-1
Oil	461	5,807	79	96	1,551	62	-22	-79

The data covers own energy consumption. Increased property area, longer opening hours, unloading during night and brand changes have increased energy consumption.

## G4-EN15 Direct greenhouse gas (GHG) emissions (scope 1)

### Consumption of own energy production and CO<sub>2</sub>-emissions

	Unit	2014	2015	Change %
Primary energy	TJ	6.7	5.5	-17.9
Non-renewable (oil)	TJ	1.5	0.3	-79.4
Non-renewable (gas)	TJ	5.2	5.2	-0.1
Greenhouse gas emissions	ton CO <sub>2</sub> -eq	445	346	-22.3

Direct greenhouse gas emissions include own heat production's emissions (in Tokmanni heat is produced by gas and oil).



## G4-EN16 Indirect greenhouse gas (GHG) emissions (scope 2)

### Consumption of purchased energy and CO<sub>2</sub>-emissions

	Unit	2014			2015			Change %		
		Electricity	Heat	Total	Electricity	Heat	Total	Electricity	Heat	Total
<b>Purchased energy (G4-EN3: Purchases)</b>	GWh	72	30	<b>102</b>	75	30	<b>105</b>	4	1	<b>3</b>
<b>Primary energy</b>	TJ	557	96	<b>662</b>	523	97	<b>620</b>	-6	1	<b>-6</b>
<b>Non-renewable</b>	TJ	186	69	<b>255</b>	129	70	<b>198</b>	-31	1	<b>-22</b>
<b>Renewable</b>	TJ	43	27	<b>70</b>	99	27	<b>127</b>	132	1	<b>82</b>
<b>Nuclear power</b>	TJ	338	-	<b>338</b>	295	-	<b>295</b>	-13	-	<b>-13</b>
<b>Environmental impacts</b>										
<b>Greenhouse gas emissions (market based)</b>	ton CO <sub>2</sub> -eq	19,101	5,107	<b>24,209</b>	13,309	5,165	<b>18,474</b>	-0.3	0	<b>-0.2</b>
<b>Greenhouse gas emissions (location based)</b>	ton CO <sub>2</sub> -eq	20,719	5,488	<b>26,207</b>	17,553	5,553	<b>23,105</b>	-0.2	0	<b>-0.1</b>
<b>Radioactive waste</b>	ton	0.1	-	<b>0.1</b>	0.1	-	<b>0.1</b>	0	-	<b>0</b>

Indirect greenhouse gas emissions include purchased electricity and heating. Increased property area, longer opening hours, unloading during night and brand changes have increased energy consumption.

G4-EN17 Other indirect greenhouse gas (GHG) emissions (scope 3)

CO<sub>2</sub>-emissions of transportations and air travel, ton CO<sub>2</sub>-eq

	2014	2015	Change %
Transportation	8,177	8,702	6
Air travel	172	116	-33
Greenhouse gas emissions	8,349	8,818	5

G4-EN17 includes inbound and outbound logistics (to and from the logistic center) and air travel. The data is from service providers. In inbound logistics, 2015 data covers 99% of service providers (93% in 2014) proportioned to freight value. The increase in greenhouse gas emissions is because of increased volumes in imports and more accurate data.

G4-EN18 Greenhouse gas (GHG) emissions intensity

Greenhouse gas emission intensity in proportion to net sales and number on employees

	Unit	2014	2015	Change %
Greenhouse gas emisssions (Scope 1 and 2)	ton CO <sub>2</sub> -eq	24,654	18,820	-24
Net sales	M€	734	755	
Greenhouse gas emissions intensity	ton CO <sub>2</sub> -eq/M€	34	25	-26
Employees	Empl	3,119	3,293	
Greenhouse gas emissions intensity	ton CO <sub>2</sub> -eq/empl	8	6	-25

Greenhouse gas intensity has been calculated by proportioning scope 1 and 2 emissions (market based) to Tokmanni's netsales and number of employees.



## G4-EN23 Total weight of waste by type

### A. Waste by waste type, t

Waste type	2014	2014 (%)	2015	2015 (%)	Change %
Hazardous waste	84	0.6	318	2.3	277
Other waste	13,624	99.4	13,254	97.7	-2.7
<b>Total</b>	<b>13,708</b>	<b>100</b>	<b>13,572</b>	<b>100</b>	<b>-1</b>

The data has been obtained from the service providers, and it covers stores and logistics centre.

### B. Waste by disposal method, t

Method	2014	2014 (%)	2015	2015 (%)	Change %
Recovery	3,146	23	2,958	22	-6
Recycling	3,467	25	4,014	30	16
Landfill waste	1,023	7	833	6	-19
Reuse	6,072	44	5,766	43	-5
<b>Total</b>	<b>13,708</b>	<b>100</b>	<b>13,572</b>	<b>100</b>	<b>-1</b>

Recovery consists of the energy from incineration and reuse consists of reused pallets at the logistic centre.

The data has been obtained from the service providers.





## G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

### A. New permanent employments in 2015

	Under 30 years		30–50 years		Over 50 years		Total	
	employees	%	employees	%	employees	%	employees	%
Women	111	40	84	30	15	5	210	76
Men	45	16	19	7	4	1	68	24
Total	156	56	103	37	19	7	278	100

Percentage has been calculated from new permanent employments.

### B. Terminated permanent employments in 2015

	–30 years		30–50 years		50 years–		Total	
	employees	%	employees	%	employees	%	employees	%
Women	39	40	48	49	11	11	98	72
Men	26	67	11	8	2	5	39	28
Total	65	47	59	43	13	9	137	100

Turnover rate has been calculated at the end of year from permanent employments.

G4-LA12 Total number and rates of new employee hires and employee turnover by age group, gender and region

Age and gender distribution by employee category at the end of year

	Under 30 years		30–50 years		Over 50 years		Total	
	empl	%	empl	%	empl	%	empl	%
Management, female	0	0	0	0	1	11	1	11
Management, male	0	0	5	56	3	33	8	89
Senior salaried personnel, female	0	0	14	34	6	15	20	49
Senior salaried personnel, male	0	0	14	34	7	17	21	51
Office personnel, female	19	6	181	53	66	19	266	77
Office personnel, male	15	4	51	15	12	3	78	23
Employees, female	858	30	1,093	38	431	15	2,382	82
Employees, male	288	10	172	6	57	2	517	18
Total	1,180	36	1,530	46	583	18	3,293	100

The calculations include all employments at the end of year.



# GRI Index

## GENERAL STANDARD DISCLOSURES

Indicator	Location, comments and omissions	UN Global Compact
<b>STRATEGY AND ANALYSIS</b>		
<b>G4-1</b> CEO statement	8	Commitment to GC
<b>ORGANIZATIONAL PROFILE</b>		
<b>G4-3</b> Name of the reporting organization	5	
<b>G4-4</b> Primary brands, products and/or services	6	
<b>G4-5</b> Location of the organization's headquarters	5	
<b>G4-6</b> Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	5	
<b>G4-7</b> Nature of ownership and legal form	7	
<b>G4-8</b> Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	5	
<b>G4-9</b> Scale of the reporting organization	5	
<b>G4-10</b> Total number of employees by employment contract and gender; permanent employees by employment type and gender; total workforce by employees, supervised workers and by gender; total workforce by region and gender; portion of work by self-employees or contractors; significant variations in employment numbers (seasonal variations)	34	Principle 6
<b>G4-11</b> Percentage of total employees covered by collective bargaining agreements	34	Principle 3
<b>G4-12</b> Organization's supply chain	6	
<b>G4-13</b> Significant changes during the reporting period regarding size, structure, ownership or supply chain	7	
<b>G4-14</b> Addressing of precautionary approach or principle by the organization	47	
<b>G4-15</b> Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	23	
<b>G4-16</b> Memberships of associations and national or international advocacy organizations	23	



Indicator		Location, comments and omissions	UN Global Compact
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
<b>G4-17</b>	Entities included in the organization's consolidated financial statements or equivalent documents and if any of these are not covered in the report	<u>63</u>	
<b>G4-18</b>	Process for defining the report content and Aspect boundaries	<u>26</u>	
<b>G4-19</b>	Material aspects identified in the process for defining report content	<u>27</u>	
<b>G4-20</b>	Aspect Boundary within the organization for each material aspect	<u>63</u>	
<b>G4-21</b>	Aspect Boundary outside the organization for each material aspect	<u>63</u>	
<b>G4-22</b>	Restatements of information provided in previous reports and the reasons for such restatements	<u>63</u>	
<b>G4-23</b>	Significant changes from the previous reporting period in the scope and Aspect Boundaries	<u>63</u>	
<b>STAKEHOLDER ENGAGEMENT</b>			
<b>G4-24</b>	List of stakeholder groups engaged by the organization	<u>23, 24</u>	
<b>G4-25</b>	The basis for identification and selection of stakeholders with whom to engage	<u>23</u>	
<b>G4-26</b>	The organization's approach to stakeholder engagement	<u>23</u>	
<b>G4-27</b>	Key topics and concerns raised through stakeholder engagement and organization's response to them	<u>24</u>	
<b>REPORT PROFILE</b>			
<b>G4-28</b>	Reporting period	<u>63</u>	
<b>G4-29</b>	Date of the most recent previous report	<u>63</u> , This is Tokmanni's first corporate responsibility report	
<b>G4-30</b>	Reporting cycle	<u>63</u>	
<b>G4-31</b>	Contact point	<u>63</u>	
<b>G4-32</b>	GRI Content Index	<u>74</u>	
<b>G4-33</b>	Assurance	<u>63</u> , The report has not been assured externally	
<b>GOVERNANCE</b>			
<b>G4-34</b>	Governance structure	<u>28</u>	



Indicator		Location, comments and omissions	UN Global Compact
<b>ETHICS AND INTEGRITY</b>			
<b>G4-56</b>	Organization's values, principles, standards and norms	<u>20</u>	Principles 1, 4, 5, 10
<b>G4-57</b>	Internal and external mechanism for seeking advice	<u>21, Code of Conduct</u>	Principles 1, 4, 5, 10
<b>G4-58</b>	Internal and external mechanism for reporting concerns	<u>21, Code of Conduct</u>	Principles 1, 4, 5, 10
<b>SPECIFIC STANDARD DISCLOSURES</b>			
<b>CATEGORY: ECONOMIC</b>			
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>			
<b>G4-DMA</b>	Generic Disclosure of Management Approach (DMA)	<u>28</u>	
<b>G4-EC1</b>	Direct economic value generated and distributed	<u>16</u>	
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>MATERIAL ASPECT: MATERIALS</b>			
<b>G4-DMA</b>	DMA	<u>28</u>	
<b>G4-EN1</b>	Materials used by weight or volume	<u>60</u> , There are no exact figures from 2015	Principles 7, 8
<b>MATERIAL ASPECT: ENERGY</b>			
<b>G4-DMA</b>	DMA	<u>28</u>	
<b>G4-EN3</b>	Energy consumption within the organization	<u>56, 67</u>	Principles 7, 8, 9
<b>G4-EN5</b>	Energy intensity	<u>68</u>	Principle 8
<b>MATERIAL ASPECT: EMISSIONS</b>			
<b>G4-DMA</b>	DMA	<u>28</u>	
<b>G4-EN15</b>	Direct greenhouse gas (GHG) emissions (scope 1)	<u>57, 68</u>	Principles 7, 8, 9
<b>G4-EN16</b>	Indirect greenhouse gas (GHG) emissions (scope 2)	<u>57, 69</u>	Principles 7, 8, 9
<b>G4-EN17</b>	Other indirect greenhouse gas (GHG) emissions (scope 3)	<u>57, 70</u>	Principles 7, 8, 9
<b>G4-EN18</b>	Greenhouse gas (GHG) emissions intensity	<u>70</u>	Principle 8





Indicator	Location, comments and omissions	UN Global Compact
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-EN23</b> Total weight of waste by type and disposal method	<u>61, 71</u>	Principle 8
<b>MATERIAL ASPECT: TRANSPORT</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-EN30</b> Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<u>58, 70</u>	Principles 8
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>MATERIAL ASPECT: EMPLOYMENT</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA1</b> Total number and rates of new employee hires and employee turnover by age group, gender and region	<u>34, 73</u>	Principle 6
<b>G4-LA2</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	<u>35</u>	
<b>MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA4</b> Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<u>33</u>	Principle 3
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA5</b> Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<u>40</u>	
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA11</b> Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<u>39</u>	Principle 6



Indicator	Location, comments and omissions	UN Global Compact
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA12</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<u>37, 73</u>	Principle 6
<b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA13</b> Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	<u>36</u>	Principle 6
<b>MATERIAL ASPECT: SUPPLIER ASSESMENT FOR LABOR PRACTICES</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-LA14</b> Percentage of new suppliers that were screened using labor practice criteria	<u>45</u> , BSCI and Tokmanni's audits	
<b>G4-LA15</b> Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	<u>45</u>	
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>MATERIAL ASPECT: NON-DISCRIMINATION</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-HR3</b> Total number of incidents of discrimination and corrective actions taken	<u>36</u>	Principle 6
<b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>		
<b>G4-HR11</b> Significant actual and potential negative human rights impacts in the supply chain and actions taken	<u>45</u> , BSCI and Tokmanni's audits	Principle 2
<b>SUB-CATEGORY: SOCIETY</b>		
<b>MATERIAL ASPECT: ANTI-CORRUPTION</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-SO4</b> Communications and training on anti-corruption policies and procedures	<u>21</u>	Principle 10
<b>G4-SO5</b> Confirmed incidents of corruption and actions taken	<u>21</u>	Principle 10
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>		
<b>G4-SO9</b> Percentage of new suppliers that were screened using criteria for impacts on society	<u>45</u> , BSCI and Tokmanni's audits	



Indicator	Location, comments and omissions	UN Global Compact
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
<b>MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-PR1</b> Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<u>48</u>	
<b>G4-PR2</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	<u>48</u>	
<b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-PR3</b> Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	<u>48</u>	
<b>MATERIAL ASPECT: MARKETING COMMUNICATIONS</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-PR7</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	<u>51</u>	
<b>MATERIAL ASPECT: CUSTOMER PRIVACY</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-PR8</b> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<u>52</u>	
<b>MATERIAL ASPECT: COMPLIANCE</b>		
<b>G4-DMA</b> DMA	<u>28</u>	
<b>G4-PR9</b> Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<u>49</u>	