



Musti Group Nordic Oy

United Nations Global Compact Communication on Progress June 2020



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Statement of continued support

To our stakeholders

As the CEO of Musti Group, I am pleased to confirm that Musti Group Nordic Oy (Musti Group) reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A handwritten signature in blue ink, consisting of a large, fluid loop that starts on the left, goes up and over, then comes down and loops back to the left, ending with a small flourish.

David Rönnerberg
CEO, Musti Group Nordic Oy



Contents

1. Musti Group in brief	4
2. Human Rights	6
3. Labour Rights	9
4. Environment	12
5. Anti-Corruption	15



1. Musti Group in Brief

Musti Group is the market leader in the growing and resilient Nordic pet care market, with a market share of 22%. Our mission is to make the life of pets and their parents easier, safer and more fun.

Musti Group's product assortment comprises a complete range of pet supplies and accessories related to the pets' well-being as well as pet food and services. Services include grooming, training and massage as well as diet services, and the company also provides veterinary services in some selected stores. In addition to commercial services, Musti also provides services that aim towards building an engaging community around Musti and enhancing customer satisfaction, such as puppy dates.

In the end of financial year 2019 Musti Group had in total 277 stores in Finland, Sweden and Norway. In total 71 of the stores were run by franchising partners. Musti Group employs ca. 1,100 Musti experts. The Musti retail concept is based on a wide assortment of pet food and accessories in combination with a culture of dedicated, knowledgeable and service-minded employees. The Musti Group Head Office is located in Helsinki, Finland. Group revenue in the financial year 2019 was EUR 247 million.

Musti Group was listed to Nasdaq Helsinki on 17th of February 2020.

1.1. Corporate responsibility at Musti Group

As a forerunner in our market, we want to do it responsibly. For us, this means putting the welfare of pets and people first, having high standards for quality, safety and expertise, as well as always looking into more sustainable ways to develop our business.

During financial year 2019 we renewed our responsibility approach and launched it in early 2020. The Musti responsibility approach is “Trusty” and it consists of three main themes: Pets and their parents, Employees, Communities. These themes stand on a solid basis of responsible supply chain, reducing environmental impact and good governance and high ethics.



Corporate responsibility approach is approved by Musti Group board of directors. The responsibility function is headed by the Group Head of HR who is a member of Musti Group Management Team. Corporate responsibility related topics and viewpoints are regularly discussed at management and board meetings.

During financial year 2020, Musti Group will define responsibility key performance indicators to the new responsibility approach. The company will develop responsibility reporting, to be compliant with the non-financial reporting requirements and also to better serve customers, investors and other key stakeholders.

Musti Group is a member of the United Nations Global Compact since 2013 and amfori BSCI since 2016.

Musti Group has identified four United Nations Sustainable Development Goals (SDGs) the company contributes to:





Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts

During financial year 2020 Musti Group will take a closer look at the SDGs and improve the integration of the goals to the corporate responsibility approach and targets.

1.2. Policies and principles

The corporate responsibility work at Musti Group is guided by the following policies and principles:

- The Musti Group Code of Conduct
- The Supplier Code of Conduct
- BSCI Code of Conduct
- The Environmental Principles
- The People Principles
- Equality plan
- The Product Safety and Quality Principles
- The Animal Welfare and Pet Parenting Support Principles
- The Crisis Communication Plan
- Information Security Policy

Compliance with the Musti Group Code of Conduct is an essential element in Musti Group's business success and all its employees, including management and board, are responsible for following these principles in their work. The Code of Conduct guide the work of all Musti Group employees in all business areas and countries of Musti Group's operation. In no situation is unethical behaviour accepted or tolerated.

Musti Group is entitled to perform an auditing or inspection visit to verify social and environmental responsibility issues of its suppliers. At the company's request, the suppliers must provide Musti Group with copies of the certificates and auditing reports.

2. Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

2.1. Assessment, policy and goals

Musti Group recognizes that human rights should be considered fundamental and universal, based on accepted international laws and practices, such as those of the United Nations' Universal Declaration of Human Rights, International Labor Organization and the United Nations Global Compact (UNGC) principles.



Musti Group considers labour principles based on accepted international laws and practices, such as those of United Nations' Universal Declaration of Human Rights, International Labor Organization and the United Nations Global Compact principles, as fundamental and universal in its business activities. Freedom to associate, collective bargain or form employees' responsible bodies are recognized and supported by Musti Group.

Musti Group has never intentionally used and will not knowingly use compulsory or child labour contradicting with international laws or local labour legislation.

Musti Group operates in Finland, Sweden and Norway. All countries are among the low-risk countries, according to Verisk Maplecroft's Human Rights Index 2018 and the amfori BSCI country risk classification. Therefore, the immediate risk for serious human rights offenses in Musti Group's main operating countries can be seen as reasonably low. Musti Group, however, has an indirect impact on human rights through its supply chain.

The Musti Group Code of Conduct guide the work of all Musti Group employees in all business areas and countries of Musti Group's operation. It is the responsibility of each Musti Group's employee to follow the Code of Conduct in their daily duties and to keep themselves informed on any detailed instructions and guidelines related to the principles. The principles cover:

- Laws and regulations
- Human rights
- Business integrity
- Cooperation and stakeholders

Employees can, at all times, report any misconduct to their supervisors or to Musti Group Management. The Musti Group corporate culture emphasises trust between people and encourages employees to express and communicate their concerns openly with management.

Musti Group's suppliers must comply with all national laws and regulations. In addition to meeting national legislation, all suppliers must meet the provisions of the Musti Group Supplier Code of Conduct and suppliers in risk countries must sign the amfori BSCI Code of Conduct.

During financial year 2020, Musti Group will define responsibility key performance indicators to the relevant aspects concerning human rights in own operations and supply chain.

2.2. Implementation and outcomes

Own activities

All employees of Musti Group are required to complete an e-learning course on the Musti Group Code of Conduct in order to ensure that all employees entering and working in the Company are aware of Musti Group's policies, principles and ways of working when it comes to corporate responsibility and ethics. The training strengthens the implementation of the UN Global Compact principles and other corporate responsibility related viewpoints. The training was launched in Finland and Norway in 2016 and in Sweden in 2017. By June 2020, 60 % of all employees have completed the Code of Conduct e-learning course. Matters related to corporate responsibility and ethics are also discussed in monthly meetings with employees.



At Musti Group human rights related performance is evaluated as part of the normal business practices. In case of any misconduct or non-compliance with the UN Global Compact principles, Musti Group Management will take immediate action to deal with the situation and to ensure future compliance with the UN Global Compact principles. Musti Group has had a whistleblowing channel in place since 2019 for internal reporting of misconduct (codeofconduct@mustigroup.com). In 2020, the channel will be available also for external stakeholders.

Musti Group has a documented recall procedure in place and the procedure is periodically tested to ensure that it is comprehensive and fit for purpose in its ability to remove an unsafe product from consumers and the distribution chain. In case of a faulty product or product defect, Musti Group immediately initiates the recall procedures in accordance with a pre-agreed process.

In calendar year 2019, the company had two product recalls: both were due to not sufficient CE-markings in pet toys. One of the product's packaging information has been corrected, and products were back in assortment after the corrective actions were done. Another product was recalled from stores and assortments and refunded by the supplier.

Supply chain

Musti Group aims at knowing its suppliers well. Musti Group's representatives visit the suppliers' factories and premises to see that the suppliers are in compliance with Musti Group's requirements, which include respecting internationally recognized human rights.

Musti Group categorizes its suppliers according to the risk level. Suppliers are divided to high-risk country suppliers, low-risk country suppliers, suppliers delivering from both high- and low-risk countries and also according to the type of purchase (directly from the manufacturer / from a wholesaler or brand owner). The volume Musti Group buys directly from companies located in high-risk countries is small, less than 5% of total annual spend. Also, when purchasing from a wholesaler or a brand owner, they are required to ensure that responsibility aspects are taken into account in their operations, including their own supply chain.

Musti Group continuously monitors quality of its products and packaging by working closely with the suppliers as well as collecting store personnel and customer comments. Before introducing a product, Musti conducts quality checks as well as functional testing. All major suppliers, who have been officially approved to Musti Group's suppliers in high-risk countries and are providing a continuous assortment of Musti's own brands, will be audited. Musti Group's high-risk country suppliers are required to comply with the amfori BSCI Code of Conduct. All supplier audits are reported and saved according to the company policy.

The responsibility work with suppliers is a continuous effort at Musti Group. Musti Group is developing its responsible sourcing as part of its corporate responsibility approach. Musti Group will improve the supply chain transparency in order to better evaluate supplier performance against the amfori BSCI Code of Conduct. By end of the financial year 2019, audit reports have been received 59% of suppliers in high-risk countries and work continues on covering all suppliers.

In the financial year 2019, in its own activities, Musti Group has not detected any indication that it would, directly or indirectly through its partnerships or associates, be complicit in activities in breach of the UN Global Compact Human Rights Principles.



3. Labour Rights

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

3.1. Assessment, policy and goals

Own activities

Musti Group considers labour principles based on accepted international laws and practices, such as those of United Nations' Universal Declaration of Human Rights, International Labor Organization and the United Nations Global Compact principles, as fundamental and universal in its business activities. Freedom to associate, collective bargain or form employees' responsible bodies are recognized and supported by Musti Group.

The labour practices at Musti Group are guided by the Musti Group's Mission statement, general management principles, Equality Plan and People Principles.

Musti Group is committed to treating every employee in an equal manner and embraces diversity. Musti Group offers its employees an equal workplace with development opportunities for all own personnel. Musti Group encourages men and women equally to seek opportunities at all organizational levels. Musti Group respects the privacy and personal characteristics of every individual and does not accept any discrimination, intimidation or harassment at work.

Musti Group company culture is built on trust and sharing and Musti Group as an employer wants to invest in employee well-being and satisfaction. This commitment applies to people working in the stores, warehouses and offices across all Musti Group operating countries.

Musti Group is taking the necessary steps to prevent accidents by minimizing and eliminating hazards from the working environment and by ensuring that all employees have been trained to work in a safe way. A strong safety culture is built in cooperation with all employees and business partners.

Musti Group co-operates with occupational health service providers to ensure immediate care in case of health issues. Musti Group is committed to actions preventing long-term sickness and absence from work by supporting job rotation and flexible work conditions.

For Musti Group everyday work satisfaction means a rewarding job with a purpose in an environment built on trust and sharing. The components of everyday work satisfaction include the functioning basics of employment, quality leadership practices and possibilities for growth and development. The management has an important role in creating a workplace where all employees feel appreciated, but the individuals themselves must also contribute to a supportive and open company culture. Great Place to Work programme is used as one reference when developing well-being at work.

Musti Group involves its personnel in planning and decision making wherever possible and uses crowdsourcing to collect employee views and feedback to further improve its ways of working. Musti



Group invests in being the most desirable and appealing employer in the retail business. At Musti Group we believe that good customer experience cannot be achieved without satisfied employees.

Musti Group offers employees many opportunities for professional and personal development, enabling them to serve customers even better and depending on their roles, also to lead their teams and the business better. Musti Group has specific training programs and other development opportunities for different personnel groups, e.g., for customer service personnel in stores, personnel working at the logistics centre and for managers and office staff. Training sessions are complemented with on-the-job learning and sharing, job rotation and online solutions to boost different ways to develop knowledge and competencies.

Supply chain

In 2016, Musti Group joined the amfori BSCI of the Foreign Trade Association (FTA) to improve social performance in its supply chain in high-risk countries. Musti Group's high-risk country suppliers are expected to observe the amfori BSCI Code of Conduct and suppliers are monitored through audits. Amfori BSCI Code of Conduct's labour-related principles are, e.g., the rights of freedom of association and collective bargaining, no child labour, no precarious employment and no bonded labour.

Other than high-risk country suppliers sign the Musti Group's Supplier Code of Conduct which includes principles and guidelines about respecting labour and human rights, environment and anti-corruption.

During financial year 2020, Musti Group will define responsibility key performance indicators to the relevant aspects concerning labour rights in own operations and supply chain.

3.2. Implementation and outcomes

Musti Group aims at being a fair employer and is strongly in favour of employee well-being and discussion on what it means in practice to be a fair employer. In the Great Place to Work employee survey shows particularly high employee satisfaction, but a few qualities have stood out a little extra: Excellent camaraderie and high pride. Musti Group receives also exceptionally high points in all countries in fair and equal treatment of people.

Trust among employees is measured by using the results of the Great Place to Work's Trust Index survey. In 2020, the overall employee satisfaction rate measured by the Great Place to Work was 76% in Musti Group. The employees are informed about the results of the Trust Index survey. Musti Group teams also discuss the results of the Trust Index survey and agree on development targets. Musti Group actively crowdsources employee ideas on key initiatives and various other matters.

Musti Group's occupational health services cover all personnel. The services are arranged by an external health service provider. Musti Group pays special attention to work safety and ensures that, e.g., safety equipment is used.

Musti Group's central warehouse in Sweden is regularly visited by the warehouse shelves supplier to inspect, e.g., the safety of the shelf fittings. It is obligatory to use safety shoes when working in the Musti Group's warehouses.

In addition to the statutory parental leaves of each country, Musti Group employees are entitled to three months paid maternity leave and to 54 days paternity leave. Most of the Musti Group employees have



pets. Musti Group wants to make pet parenting easier for its employees. From the beginning of June 2018 Musti Group offers three days paid pet parental leave “pawternity leave” to employees with new pets at home. Pets are also allowed at the office. In 2019 82 people were on pawternity leave.

Learning, training and development at work are highly appreciated at Musti Group and training opportunities are actively offered to its employees. The Country Director is responsible for training and development regarding Musti Group’s stores. He/she is assisted by human resources managers, who also support the Country Director in organizing the store personnel training.

The store employees are highly appreciated at Musti Group due to their unique knowledge on pet care and deep understanding of customer expectations. The store employees receive regular business training to complement their deep knowledge and good competences on pet care. Training is also regularly provided on the products sold in the Musti Group stores and on services such as dog grooming. The Musti Group store managers receive regular business and people leadership related training.

Employees working in the central warehouse in Sweden and the warehouse in Finland are trained on the operational processes in the warehouse and on other practical issues such as first aid. Job rotation in the warehouse in Finland offers supervised employees an opportunity to learn new skills and to advance in their careers. The employees are in general offered, e.g. manager training.

At Musti Group it has always been important to put effort on employees’ vocational education and systematic work has been done to promote education that aims for a diploma or a degree. Musti Group also cooperates with vocational education institutions to ensure the supply of high-quality workforce in the future. Musti Group offers, e.g., internship opportunities for students and our employees can complete qualifications along with work. The store managers are studying to receive, e.g., a degree in business administration (upper secondary education). In 2019, altogether 20 people graduated from different training programs.

Musti Group also has a foreign trainee program “Musti Goes Abroad”, which several employees have participated in. Musti Group wants to share the best practices between the countries where we operate.

In addition to the basic monthly salary, a performance-based incentive system has been launched in Musti Group’s stores in Finland and Sweden. According to the rules of the program, the employees have the opportunity to a performance-based bonus quarterly.

The recruitment process at Musti Group is fair and treats all candidates in a respectful and equal manner. The recruitment process for Musti Group store personnel has been documented and there are instructions for hiring in the recruiting handbook. The store managers are responsible for recruiting and can seek support from Musti Group’s human resources. The vacancies are always opened internally before being communicated externally.

Musti Group induction guidelines for store personnel are in use in the stores and at the office. The managers/supervisors have the responsibility for using the guidelines. The basic training in the stores is conducted using Musti Group’s learning management system Campus.

The recruitment process is done both in-house and by using external recruitment service providers. Many team members participate in the recruitment process, which has proven to be a good system for recruiting talented employees. Agile tools such as video interviews are used as part of the recruitment process.



Supplier audits, which include assessment of suppliers' performance in labour rights, are being conducted to Musti Group's suppliers in high-risk countries. By end of the calendar year 2019, 59% of suppliers in high-risk countries were audited and work continues to cover all suppliers.

At Musti Group labour principles related performance is evaluated as part of the normal business practices. In case of any misconduct or non-compliance with the UN Global Compact principles, Musti Group Management will take immediate action to deal with the situation and to ensure future compliance with the UN Global Compact principles.

Musti Group has had a whistleblowing channel in place since 2019 for internal reporting of misconduct (codeofconduct@mustigroup.com). In financial year 2019 there were no reported cases of misconduct through the whistleblowing channel.

In 2019, in its own activities, Musti Group has not detected any indication that it would, directly or indirectly through its partnerships or associates, be complicit in activities in breach of the UN Global Compact Labour Principles.

4. Environment

*Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

4.1. Assessment, policy and goals

According to its Environmental Principles Musti Group is committed to environmental and sustainable work in its own sphere of influence as well as in its whole supply chain and with other partners. Musti Group is continuously developing its business processes, products and services to make them more efficient and to reduce its environmental footprint. The environmental work includes Musti Group's supply chain operations, partners and other actors in the supply chain.

During financial year 2020, Musti Group will define responsibility targets and key performance indicators to the relevant aspects concerning environment in own operations and supply chain.

Own activities

Musti Group seeks ways to find innovative solutions to environmental challenges. As a minimum, Musti Group complies with all relevant environmental legislation as well as other relevant environmental requirements and standards.

Musti Group has a precautionary approach to environmental challenges. Musti Group seeks to continuously identify significant environmental impacts of its operations and services and strive to minimize the use of energy, water and other natural resources as well as the amount of waste it produces.

In Musti Group's stores, offices and warehouses, energy is consumed in heating, cooling and lighting the premises and for electrical appliances such as freezers in the stores and computers at the offices. Energy,



water and raw materials are needed in the manufacture of our products. Energy, mainly fossil fuels, is used for transportation of our goods. Waste is produced in all our operations.

To reduce its environmental footprint Musti Group aims to acquire only renewable energy in all its locations whenever the electricity contract is directly influenced by Musti Group. The company will also reuse and recycle raw materials, products and packaging. For example, Musti Group recycles food, which is by its best before date. For this purpose, Musti Group has opened an outlet store in Sweden, which sells products by or close to their best by date. If the products are not sold, they are donated to local animal shelters when possible. In Finland products close to their best by date are donated to animal shelters and animal welfare associations.

Musti Group will also include environmental criteria in the procurement of products and services and works together with its supply chain, partners and customers to lower the environmental burden of the whole value chain. Musti Group ensures that internal logistics is run in an efficient way and that the environmental know-how of its employees is on a high-level.

We initiate to replace the plastics in our products and packaging materials with recycled plastics. The Gaia brand has been introduced with products made of recycled, organic or otherwise environmentally sustainable materials. On top of that we have selection of organic dog and cat food products, and collars made of recycled materials.

Supply chain

Musti Group expects a positive attitude towards environmental responsibility from its business partners and suppliers. According to Musti Group's Supplier Code of Conduct, Musti Group's suppliers must comply with all relevant national environmental legislation. The suppliers must maintain awareness of current environmental legislative requirements relevant to the environmental impacts of their activities, products and services, and ensure legal compliance through training, awareness, operational control and monitoring.

Suppliers will, wherever appropriate, introduce management and operating systems to minimize the detrimental environmental impacts of their business practices.

Suppliers must not manufacture, trade, and/or use chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.

The use of PVC plastics in packaging and the use of bleaching methods based on elemental chlorine for the bleaching of materials used for packaging is forbidden.

4.2. Implementation and outcomes

Musti Group communicates about environmental aspects internally by Group's and local chain's intranet. Environmental aspects are included also in an e-learning course on the Musti Group Code of Conduct, which all employees have to complete.

The Musti Group Head Office in Finland obtained the WWF Green Office certificate in 2016 as a result of developing the environmental management system of the office and efforts to raise the environmental



awareness of personnel. In 2019, the The Green Office Consumer Habit Survey score was 68,1 out of 100. The main areas for improvement were motivating colleagues and energy saving activities.

To reduce its electricity consumption Musti Group is planning to fit all new stores with energy efficient LED-lighting. In 2019, Musti Group had LED-lighting in approximately 50% of stores. In Norway, all store lights are LED-lights and in Finland, the new Koivukylä store is fully LED-lighted. All new lights are LED in all countries. Musti Group acquires renewable energy in all its locations whenever the electricity contract is directly influenced by Musti Group and about 35 % of Musti Group stores in Finland use renewable energy. In the main warehouses total energy consumption was 518 MWh, of which 51% is renewable energy and 49% is nuclear energy.

Musti Group seeks to minimize the amount of waste it produces. Musti Group is trying to reduce the use of packaging material, especially the use of plastic. The central warehouse has been using thinner plastic wrap since 2017. When packing goods, we use paper instead of plastic whenever possible. Musti Group reuses packaging materials in the warehouses and has as priority to try to reduce the amount of packaging material from producers.

Musti Group is aiming to keep the amount of waste to be sent to landfill minimal. In 2019, 100% of materials were either reused or recycled, and 0% of the central warehouse waste was sent to landfill. Musti Group recycles 176 tons of carton and paper and 64 tons of plastic a year in the central warehouse.

Musti Group has initiated a collection and recycling of empty pet food bags in some of its stores in Finland. Recycling is an important environmental theme in the stores, and the aim is to increase the number of empty bags collected and recycled and also find ways to apply the initiative to all Musti Group stores. In 2019, empty pet food bags are collected in 10 stores in Turku area. Pet food bags are used in the same area for the manufacture of cement additives that can replace coal dust. Musti Group has also an outlet store in Sweden in order to recycle food, which is by its best before date.

Since 2017, Musti Group has aimed to reduce the consumption of plastic bags in stores. The Musti Group's Swedish chain Arken Zoo has completely replaced plastic bags with paper bags in Musti Group's stores in Sweden. Musti Group has joined the Green Deal agreement of the Ministry of the Environment in Finland and is committed to measures to reduce the consumption of plastic carrier bags. Since September 2016 until end of calendar year 2019, Musti stores in Finland have reduced use of plastic bags from 1,1 million per year to 440 000 per year. In 2019, use of plastic bags decreased 11% while at the same time the company net sales increased. In Finland Musti stores sell also reusable bags made of 80% recyclable plastic.

In 2019, Musti Group continued charging for plastic bags and use only plastic bags made from recycled plastics in stores in Finland. The use of recycled plastics significantly reduces the need for virgin raw materials and plastic recycling has a great role in reducing greenhouse gas emissions.

Musti Group welcomes the possibilities of new technologies and applies, e.g., video conference facilities to reduce the amount of business travel. There are video conference facilities in the offices in Finland, Sweden and Norway making it easier to organize internal meetings between the countries.

There is also a guideline for store personnel regarding their business travel. The guideline encourages the personnel to use the public transport. Musti Group has a contract in Finland with the railway company VR to make using the train extremely easy, e.g., discounts on the tickets and a billing service for the tickets. In Sweden, Musti Group has an agreement with the railway company SJ to support the employees' use of



public transport. Employees receive discounts on the tickets, which has increased travel by train instead of by car.

Musti Group takes environmental impacts into consideration in the procurement of products. Musti Group wants to raise awareness among suppliers and reduce potential environmental risks, especially in high-risk countries by asking suppliers for environmental data on their products. Chinese factories also have to report to us about their environmental goals. Membership in the amfori BSCI gives Musti Group a tool to reduce environmental risks in its supply chain in high-risk countries, e.g., by conducting supplier audits in high-risk countries.

Also, Musti Group has decided to discontinue selling live animals in the corporate stores due to ethical reasons. For the time being, the company has very limited number of corporate stores selling fish.

At Musti Group environmental performance is evaluated as part of the normal business practices. In case of any misconduct or non-compliance with the UN Global Compact principles, Musti Group Management will take immediate action to deal with the situation and to ensure future compliance with the UN Global Compact principles.

In 2019, in its own activities Musti Group has not detected any indication that it would, directly or indirectly through its partnerships or associates, be complicit in activities in breach of the UN Global Compact Environmental Principles.

5. Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

5.1. Assessment, policy and goals

Own activities

In the Transparency International's Corruption Perceptions Index, Finland, Sweden and Norway are ranked extremely well. Therefore, the immediate risk for corruption in Musti Group's main operating countries can be seen as reasonably low.

Musti Group embraces and supports the UN Convention Against Corruption. According to Musti Group Code of Conduct, its employees must avoid any activity that can lead to a conflict of interest. Musti Group employees do not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. Musti Group does not offer or give contributions to political parties.

Musti Group is committed to providing quality products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

Musti Group promotes fair business practices and does not engage in any illegal or restrictive trade practices. Musti Group conducts its operations in accordance with the principles of fair competition and all applicable regulations.



Musti Group recognizes the importance of confidentiality and ensures that confidential information received is not disclosed to unauthorized people or companies.

Same standards apply to all suppliers. The goal is to have all suppliers to commit to either Musti Group Supplier Code of Conduct or amfori BSCI Code of Conduct.

During financial year 2020, Musti Group will define responsibility key performance indicators to the relevant aspects concerning anti-corruption in own operations and supply chain.

5.2. Implementation and outcomes

Musti Group's e-learning course on the Musti Group Code of Conduct includes aspects on anti-corruption principles. Every employee of Musti Group has to complete the e-learning course. By June 2020 60% of all employees have completed the Code of Conduct e-learning course.

Musti Group's work contract for store managers categorically forbids accepting any gifts or benefits without the employer's (Musti Group's) written approval. The sourcing department also informs its employees to reject any gifts and other benefits offered by business partners.

As a member of the amfori BSCI Musti Group can reduce anti-corruption risks in its supply chain in high-risk countries, e.g. by conducting supplier audits in high-risk countries. By end of the calendar year 2019, 59% of suppliers in high-risk countries were audited and work continues to cover all suppliers.

At Musti Group anti-corruption related performance is evaluated as part of the normal business practices. Musti Group has internal controls in order to monitor the accounting and financial transactions and for trying to prevent abuses. Musti Group's internal controls are monitored annually by an external auditor.

In case of any misconduct or non-compliance with the UN Global Compact principles, Musti Group Management will take immediate action to deal with the situation and to assure future compliance with the UN Global Compact principles.

Musti Group has had a whistleblowing channel in place since 2019 for internal and external reporting of misconduct (codeofconduct@mustigroup.com). In financial year 2019 there were no reported cases of misconduct through the whistleblowing channel.

In 2019, in its own activities, Musti Group has not detected any indication that it would, directly or indirectly through its partnerships or associates, be complicit in activities in breach of the UN Global Compact Anti-Corruption Principles.