

TOKMANNI



SUSTAINABILITY AVAILABLE FOR ALL

Sustainability Report 2021

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HIGHLIGHTS OF 2021

PROGRESS ON SCIENCE BASED TARGETS

2025 Scope 1 & 2 target: -70%*,
2021 status: -63%*

2025 Scope 3 target:
80% of suppliers committed,
2021 status: 43% of
product suppliers



*Compared to 2015 levels.

CARBON NEUTRAL 2025

Tokmanni set a target to be carbon neutral in its own operations in 2025.

NEW SUSTAINABILITY POLICIES WITH NEW GOALS PUBLISHED TO GUIDE OUR SOURCING



100% of **cotton** certifiably sustainable (organic, Better Cotton, recycled or Fairtrade) by the end of 2024

100% of **palm oil** RSPO certified by the end of 2021 (2021 status: 99.1%)

100% of **fish** caught responsibly (MSC, ASC or not in WWF seafood guide red list) by the end of 2022

MAINTAINING OUR CDP CLIMATE CHANGE SCORE

Tokmanni's CDP score B is the third best score in CDP's climate scoring system. CDP is a non-profit organisation which runs a global disclosure system for a variety of operators to manage and report on their environmental impact.



Electricity use

-0,6%



25%

Solar panels on the roofs of every 4th Tokmanni store

These panels make up for 6% of our electricity consumption

HIGHLIGHTS OF 2021

62 FACTORY INSPECTIONS



We carried out 62 factory inspections in China and commissioned 53 third party audits (in addition to BSCI audits), mainly in China but also in Pakistan, Vietnam, and Bangladesh.

The most common issues found in these audits involved overtime, lack of social insurance, and minor safety non-compliances. Corrective action plans were required from all factories.



We more than doubled our investment in employee training.

- Approximately 300 of our employees participated in degree-based learning (2020: ~200)
- We started providing long-term (two semesters) Finnish language courses during work hours to our warehouse and store employees.



€4.5M

We used €4.5 million to reward our employees in 2021 (2020: €5.5 million).



1,121

Doubling of safety findings to 1,121 (2020: 540)

CHARITY WORK

80,000€ for the Baltic Sea – For every Pisara product sold between 1.5.–31.8.2021, we donated 5 cents to the John Nurminen Foundation to support the protection of the Baltic Sea.

Tokmanni and Unilever Finland made a product donation worth 50,000€ to the **Hurstinapu ry charity**.

We continued our collaboration with the Finnish Red Cross to combat loneliness and social exclusion. We also raised **100,884.35€ for the Finnish Red Cross** Disaster Relief Fund during the 2021 Hunger Day collection.

Our donation was based on our customer's purchases of Priima grocery products and Kotikulta decoration lights.

By selling the **Mielinauha** campaign product, Tokmanni once again took part in the annual Mielinauha campaign, organised for the fourth time by **MIELI Mental Health Finland**.





DIRECTION

Sustainable, responsible and ethical business conduct is a strategic choice for Tokmanni. We believe in smart shopping and that also means responsible sourcing. We work actively to ensure that our products and policies are responsible and meet our expectations as well as those of our customers and other stakeholders.

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FINLAND'S LEADING VARIETY DISCOUNT RETAILER

Tokmanni is Finland's largest variety discount retailer. We aim to provide our customers with the benefit of low prices and a pleasant shopping experience.

WE SERVE OUR CUSTOMERS through an online store and a network of almost 200 stores in Finland. Tokmanni's administration and logistics centre is located in Mäntsälä, Finland. To keep our prices low and reach our goals, we invest in direct imports and our private label products, build long-term supplier relationships, optimise our processes, and engage with stakeholders.

At Tokmanni, we offer a wide and attractive assortment of products. Our product categories include, for example: cleaning and storage, health, beauty and wellbeing, gardening, home decoration and kitchen, and apparel. Tokmanni's assortment consists of our own private label products, non-branded products, and leading international and domestic brands.

To ensure that our products are responsibly sourced and safe to use, we do our due diligence concerning product safety and responsible procurement through quality assurance, factory audits and product testing.

We purchase most of our products from Finnish suppliers. The second biggest purchasing country is China, where we own a procurement company together with the Norwegian discount chain Europris ASA. Read more about quality assurance and our supply chain in the [Products and sourcing](#) section.

We are proud to be a significant employer in the Finnish retail sector. At the end of 2021, Tokmanni had 4,105 employees. We believe our employees are key to our success. You can learn more about our role as an employer in the [People](#) section.

Tokmanni Group Corporation is publicly listed, and its shares are listed on Nasdaq Helsinki. Tokmanni's consolidated financial statements include the parent company, Tokmanni Group Corporation, and the subsidiaries controlled by the Group. More information on the entities included in the consolidated financial statements can be found in the [Report by the Board of Directors and Financial Statements 2021](#). In 2021, no significant changes were made to the organisation or the supply chain. •

KEY PERFORMANCE INDICATORS

▲ Revenue

1,141.8

MEUR

1,073.2 (2020)

▲ Comparable EBIT

105.7

MEUR

99.7 (2020)

▲ Employees

4,105

4,056 (2020)

▲ Permanent employees

79%

75% (2020)

▲ Growth from previous year

▼ Decrease from previous year

■ Full-time employees

33%

33% (2020)

▼ Purchases from BSCI audited factories

92%

94% (2020)

■ Waste recovery

100%

100% (2020)

▲ Total energy consumption

124 707

MWh

113 361 (2020)

▲ Carbon footprint (own operations)

+21%

-8% (2020)

STRATEGIC TARGET

Tokmanni is the most sustainable variety discount retailer – building a better future.

A **SUSTAINABLE** way of working and responsible operations are strategic choices for Tokmanni. Our updated strategy was published in the spring of 2021, and it also sets the direction for the development of sustainability and corporate responsibility.



SUSTAINABILITY STRATEGY

2021–2025

Sustainability at Tokmanni arises from concrete actions which are part of everyone's day-to-day work. These actions are monitored and developed in line with common goals. Sustainability is a strategic choice for Tokmanni and sustainability work is guided by our recently updated sustainability strategy.

	Products and sourcing	Climate	People	Business integrity
Themes and goals	SUSTAINABLE CHOICES AVAILABLE FOR ALL <ul style="list-style-type: none"> Our customers can be confident that the products purchased from Tokmanni are sourced responsibly. We respect human rights in all our activities. We make responsible choices available to everyone at low prices. 	CARBON NEUTRAL TOKMANNI 2025 <ul style="list-style-type: none"> We systematically reduce our climate impact ourselves and in collaboration with our partners. 	TOKMANNI IS FOR EVERYBODY <ul style="list-style-type: none"> We hire diverse people to better serve our diverse clientele. We are the best workplace in retail for our employees. We work with various stakeholders to assume our social responsibility. 	SUSTAINABLE DISCOUNT RETAILER IN THE FUTURE <ul style="list-style-type: none"> Responsibility towards customers, employees, investors and other stakeholders is a central tenet of Tokmanni's business today and in the future. We build future-proof discount retail.
Guiding principles	<ul style="list-style-type: none"> We know the products we sell and where they come from. We do agile sustainability work and work together across organisational boundaries. We report as required and report on sustainability issues in an interesting and understandable way. 			
Must-win battles	<ul style="list-style-type: none"> We bring sustainable choices to everyone in Finland at a low price. We strengthen the image of Tokmanni as a sustainable variety discount retailer for our customers and employees. 			

Read more about Tokmanni's strategy 2021–2025 on our [website](#)

CONCRETE, CONSISTENT AND IMPACTFUL SUSTAINABILITY ACTIONS

At Tokmanni, our sustainability stems from all the tangible, everyday actions taken by our employees. These actions are guided by the sustainability targets in Tokmanni's updated corporate strategy. Our goal is to be the most sustainable variety discount retailer and do our part in building a better future.

TOKMANNI'S CORE BUSINESS is selling products, which makes improving the sustainability of our products and supply chain extremely important. In 2021, we advanced our sustainability work through policies related to fish, palm oil, and cotton as well as training our sourcing and buying teams to operate based on our updated sustainable sourcing protocols. We are now also a member of Better Cotton, which helps us support the development of more environmentally friendly cotton cultivation.

We want to help our customers make sustainable and smart purchase decisions. For example, we are making sure that the portion of sustainably certified and traceable products in our assortment increases and that sustainability is highlighted in our marketing.

We take our climate work seriously. Our work is guided by ambitious climate targets that are officially approved by the Science Based Targets initiative (SBTi). In spring 2021, we announced that Tokmanni aims to be carbon-

neutral in 2025 regarding its own operations. By taking concrete actions, we are making sure that this won't become merely an aspirational goal. For example, already more than one fourth of our stores as well as our administration and logistics centre in Mäntsälä are producing emissions-free solar power.

We have also committed to ensuring that 80% of Tokmanni's product and service suppliers (by spend) will have science-based targets for their climate work by 2025. With this pledge, we seek to reduce also those emissions originating from our supply chain and our products and services. To ensure that we reach our goal, we have initiated amicable consultations on the topic with our suppliers.

Our impactful work to reduce emissions has drawn positive attention. In 2021, the Financial Times listed 300 European companies that achieved the greatest reductions in emissions intensity (emissions relative to revenue) between 2014 and 2019. Tokmanni was ranked 33rd and was the

highest-ranked Finnish retail company and the third highest-ranked Finnish company overall.

We report Tokmanni's emissions annually to CDP, an international organisation that assesses companies' climate work and environmental reporting. In the latest assessment, with even more stringent criteria, Tokmanni once again received the third best grade on the scale.

Tokmanni is involved in several national and global initiatives to advance sustainable and responsible policies and procedures. As a member of the UN Global Compact, we have committed to advancing the UN Sustainable Development Goals in our operations.

Tokmanni shall continue to be a store for everyone – a company that is a collaborative partner and an attractive employer, and that can provide an enjoyable and responsible shopping experience. One of the keys to our success is that we are building an increasingly diverse variety discount retailer and work community – all together, according to our values.

Welcome to a discount retail store which is becoming more and more sustainable by the day! •

Mika Rautiainen
President and CEO,
Tokmanni Group Corporation

The shirts worn by Mika Rautiainen are 100% cotton and part of a line from Tokmanni's private label Force New Attitude, which aligns with Tokmanni's cotton guidelines. The cotton of the denim shirt originates from Shandong, China, and the shirt was manufactured in a BSCI audited factory in Shaoxing, China. The cotton of the t-shirt is from India, and the shirt has been sown at a BSCI audited factory in Dhaka, Bangladesh. Read more about Tokmanni's cotton guidelines on page 54.

VALUES AND LEADERSHIP PRINCIPLES

Tokmanni's corporate values aim to guide behavior and decision-making even in difficult situations.

CORPORATE VALUES

— PRIDE IN LOW PRICES

We are proud to offer our customers good quality products at the lowest possible price. Our procurement process is both sustainable and effective.

We care about people and nature; hence we act responsibly in everything we do.

— DARE TO RENEW

We dare to renew ourselves and to stand out. We learn, take initiative and act sustainably without fearing failure. Our success is measured through both customer and employee satisfaction.

— DO IT TOGETHER

We build our culture on mutual trust and respect. We are open, honest, and fair to everyone. We succeed together.

LEADERSHIP PRINCIPLES

Tokmanni's workplace skills

It is vital that each Tokmanni employee contributes to achieving the work community's goals with their own actions and works in good cooperation with colleagues, supervisors, and other stakeholders. Other workplace skills include sustainability, assuming responsibility, and rational and prudent use of the employer's resources. At Tokmanni, we value every employee's contribution.

- We work in a customer-focused and cost-efficient way.
- We create a good working atmosphere.
- We take responsibility for our own actions and expertise.
- We build a culture of teamwork.

Tokmanni's leadership principles

Each Tokmanni employee has the right to a good working environment that supports their success. Management and supervisors play a crucial role in creating a good work community. At Tokmanni we place considerable value on training supervisors appropriately, so that they have the skills to, for example, steer work throughout various career stages.

- We lead by example and communicate actively.
- We work in a customer-focused way.
- We value and trust our colleagues.
- We take care of ourselves and promote our team's well-being and development.
- We give positive feedback and intervene in a constructive way in any problems.
- We are committed to achieving Tokmanni's goals and work in accordance with them.



MEGATRENDS

OPPORTUNITIES AND RISKS FOR TOKMANNI

The most relevant megatrends for Tokmanni are related to (1) demographic development and changes in society, (2) climate change and resource scarcity, and (3) digitalisation and technological development. Megatrends are assessed as part of our strategic planning and corporate risk management process and are updated annually.



1

Demographic development and changes in society

RELEVANT DEMOGRAPHIC changes for Tokmanni include the ageing population and, consequently, the emergence of the elderly as an important consumer group. Other factors affecting consumer habits include urbanisation, smaller apartments in urban areas, smaller families, an increase in the diversity of nationalities and religions in Finland, decrease in the importance of ownership, and increased consumer awareness especially in younger age groups.

	Opportunity	Challenge	Response
Store location	<ul style="list-style-type: none"> • Taking urbanisation and the ageing population into account in network planning 	<ul style="list-style-type: none"> • Continued urbanisation and the decrease in the number of residents in small municipalities 	<ul style="list-style-type: none"> • Online commerce and a strategically situated network of stores in Finland
Customers and consumer trends/habits	<ul style="list-style-type: none"> • The diversification of the customer base • The “smart shopping” trend • The increasing number of price-conscious families with children as a significant customer group 	<ul style="list-style-type: none"> • The effect of smaller families, customer base diversification and an ageing population on product selections and package sizes • Younger age groups not identifying themselves with discount retailers 	<ul style="list-style-type: none"> • Development of products and services in response to changing customer groups and needs • Circularity-based business models • Increased product selection targeted at younger age groups

2

Climate change and resource scarcity

TO STOP CLIMATE CHANGE, emissions must be cut back by reducing energy consumption, improving energy efficiency, and using renewable energy. As a result of climate change, extreme weather (e.g., torrential rain and storms) will increase. This is a physical risk that will affect Tokmanni's own operations as well as its supply chain and logistics. Biodiversity loss needs to be stopped to ensure sufficient resources. Scarcity of resources may lead to challenges in product and raw material availability, which may cause prices to rise. The sustainability of a company's entire value chain is an increasingly important purchase criterion for consumers. Requirements for transparency concerning products, supply chains, product origins, and pricing are growing alongside the demand for product safety and quality.

	Opportunity	Challenge	Response
Store and the entire value chain	<ul style="list-style-type: none"> Competitive advantage based on sustainability and corporate responsibility Reduction of environmental and climate impacts throughout the value chain Introduction of energy-efficient and cost-efficient solutions for stores, such as solar panels and LED lighting 	<ul style="list-style-type: none"> Increased energy consumption caused by new stores Emissions from logistics Growing waste volumes and related costs 	<ul style="list-style-type: none"> Reduction of energy consumption in all operations Carbon neutrality target for own operations in 2025 More efficient use of resources, reduction, reuse and recycling of waste Increased communication of sustainability work to a wide range of stakeholders including consumers
Global sourcing	<ul style="list-style-type: none"> Cost control Local employment, training, and contribution to economic development in sourcing countries 	<ul style="list-style-type: none"> Interruptions in factory operations, particularly in emerging markets and coastal areas due to, for example, viral diseases, floods, storms, and other natural phenomena Shortcomings in the sustainability of the supply chain and partners Difficulties in auditing the supply chain due to, for example, disease outbreaks 	<ul style="list-style-type: none"> Taking the monsoon into account in order schedules Selection of suppliers and supplier requirements (BSCI system) Human rights assessments, increased intervention in human rights violations and use of third-party and virtual audits in case of travel restrictions More ecological alternatives for logistics: route and load optimisation, alternative fuels, no air transport
Product and service selection	<ul style="list-style-type: none"> Environmentally sound product selection and increase in products with sustainability labels Competitive advantage based on product safety management, quality assurance and a strong price-to-quality image New business based on the circular economy Services instead of or in addition to products 	<ul style="list-style-type: none"> The long-term effect of limited availability of raw materials for products and packaging on the prices and availability of Tokmanni's products 	<ul style="list-style-type: none"> Paying attention to raw materials, the use of renewable raw materials, recycling and the sale of recycled products as well as the modularity and maintainability of products Responsible sourcing guidelines and high-risk raw material guidelines Products that reduce environmental impact (e.g., solar panels, rechargeable batteries) Development of packaging materials and methods and the recycling of packaging Development of business models based on the circular economy and services instead of product ownership (e.g., rental products and shared use)
Consumer demands for corporate responsibility and transparency	<ul style="list-style-type: none"> Strengthening consumers' trust by increasing openness and transparency throughout the value chain 	<ul style="list-style-type: none"> Reputation risks and their potential effect on sales, employer brand and ability to attract competent employees 	<ul style="list-style-type: none"> Increased requirements for knowledge and transparency of the supply chain and in communication; information for consumers about responsible production Provision of everyday products and services that are regarded as necessary Increase in stakeholder collaboration

3

Digitalisation and technological development

TECHNOLOGICAL DEVELOPMENT makes it possible to further automate production and increase efficiency. The Internet of Things and sensors in buildings enable optimised energy consumption. At the same time, requirements for information security and transparency are increasing. Work is becoming independent of time and place. Purchasing is quicker than before, with everything consumers need being available online around the clock. Store purchases can be made without a card or cash, and mobile purchasing enables quicker transactions. Internet and social media make it easier for consumers to compare products and services with those provided by competitors and read about other consumers' experiences of the product or service. This rise in awareness also increases service expectations. Consumption patterns are changing; consumers are willing to pay for good and customised service, ease, and saved time. Customers expect to be served through all channels. All of these determine the customer experience.

	Opportunity	Challenge	Response
Automation in buildings and the supply chain	<ul style="list-style-type: none"> • Use of automation, robotics, and artificial intelligence in, for example, supply chain management, warehouse and logistics operations • RFID identifiers and blockchain technology make access control and management easier within the supply chain • Remote work and other ways of working independent of time and place • Access to software interfaces and development opportunities 	<ul style="list-style-type: none"> • Excessive pace of change • Failure to meet information security requirements • Inability to fully meet consumers' requirements for transparency • Tools and employees' knowledge and skills are lagging behind the pace of change 	<ul style="list-style-type: none"> • Making business processes more efficient and using artificial intelligence in business operations • Continuous increase in transparency in the value chain • Investment in personnel training • Recruitment and development of new types of competence • Development of a digital service selection and a multichannel Tokmanni
Digitalisation at the consumer interface	<ul style="list-style-type: none"> • Using digitalisation in marketing, in stores, and in new products and services • Using digitalisation to advance sustainability work (e.g., reducing waste and the consumption of materials and energy and ensuring transparency in the supply chain) • New business models, such as the sharing economy and circular economy 	<ul style="list-style-type: none"> • Tougher competition in a more global and less transparent arena 	<ul style="list-style-type: none"> • Development of digital marketing and the use of digitalisation in communications within the organisation • Development of a loyalty program to gather customer-specific data and be able to create a more customised offerings and marketing to customers • Varied order and delivery methods and channels • Increased transparency and use of, for example, blockchain to increase customers' access to the origin of products



ENGAGING WITH OUR STAKEHOLDERS

We advance corporate responsibility and sustainability issues together with our stakeholders.

WE ENGAGE WITH our most important stakeholders, such as our customers, personnel, owners, investors, and suppliers, through various channels regularly throughout the year.

Active involvement in associations and initiatives to promote Finnish commerce

We participate actively in the operations of various national organisations, including the Finnish Commerce Federation, the Finnish Grocery Trade Association (PTY), the Finnish Council of Shopping Centers, and the Finnish Cosmetic, Toiletry and Detergent Association.

Tokmanni is represented on various committees of the Finnish Commerce Federation such as the Environmental and the Communications committees. Tokmanni's President and CEO **Mika Rautiainen** is on the Board of Directors of PTY and Tokmanni representatives are active in several PTY groups such as the Resource Efficiency group.

Tokmanni's Vice President of People, Culture, and Sustainability serves on the board of the Helsinki Region Chamber of Commerce and Tokmanni is represented on the Chamber's training and labour committee. Tokmanni's representatives are also on the medal of merit committee of the Finland Chamber of Commerce.

Tokmanni is closely involved with many local communities at its store locations and in Mäntsälä, where the administration and logistics centre are located.

Engaging with stakeholders on sustainability issues

Our new customer loyalty program Tokmanni Klubi was launched in August 2021. Around half a million customers had joined the program by end of 2021. Tokmanni Klubi helps us better understand the needs and behavior of our customers and it can serve as a customer engagement tool in the future.

At our Capital Markets Day in March 2021, our management presented the elements of the company's future growth strategy and related goals, including sustainability, and had dialogue with investors. We also engaged with select institutional investors and banks on ESG issues and our sustainability goals.

In November 2021, we organised a Supplier Day where over 200 suppliers were present both in Mäntsälä and online. Sustainability was one of the issues on the agenda. As part of our work to achieve

our science-based targets, we met with several of our biggest suppliers in 2021 to discuss our climate goals and have encouraged our suppliers to set their own science-based targets.

We work with authorities on a variety of projects. For example, we are part of an initiative steered by the Ministry of Environment and the Finnish Commerce Federation's Society which aims to reduce the use of plastic bags.

We are a Pro member of the corporate responsibility network FIBS and have been active in various groups and networks. We have committed to the ten principles of the UN Global Compact and are part of UN Global Compact Finland network. On a global level, our Head of Corporate Responsibility serves in the technical working group of the Sustainable Supply Chain Initiative of the Consumer Goods Forum. Our Security and Real Estate Department Manager serves as the Director of the Board of Recser Oy, a Finnish producer organisation for battery recycling, and as a board member of SELT ry, a producer organisation for electrical and electronic equipment.

Employees are important stakeholders too

In 2021, we conducted a personnel survey, and sustainability was one of the issues we requested employee feedback on. In the open questions of the

survey, we received about 500 suggestions on how to further develop our sustainability work and which we are currently assessing to determine next steps.

Trainings organised for buyers on our updated responsible purchasing guidelines and meeting with store managers created further opportunities to discuss sustainability matters with our employees.

“ We encourage our suppliers to set their own science-based targets.

Supporting the young and the vulnerable through partnerships

In 2021, we offered over a thousand summer jobs as well as short-term work experiences in the 'Tutustu työelämään ja tienaa' programme for adults and young

people around Finland. We also hired trainees through Plan International's program. We were involved in the nationwide Vastuullinen kesäduuni (Responsible Summer Job) campaign, which aims to ensure that young people are offered high-quality summer jobs and employers are offered skilled labour in the future.

We work extensively with various charity organisations to support the most vulnerable members of society and protect the environment. You can read more about our corporate social responsibility work on page 32 of this report. •

CONSTANT DIALOGUE WITH STAKEHOLDERS

Stakeholder*	How we engage	Key topics and concerns raised	Our response
Employees and potential employees	<ul style="list-style-type: none"> • Personnel survey • Intranet and Workplace • Trainings • Meetings • Student and recruitment events • Whistleblowing channel 	<ul style="list-style-type: none"> • Labour rights • Equal treatment • Worker well-being • Training opportunities • Corporate citizenship 	<ul style="list-style-type: none"> • We continued to ensure the health and safety of the personnel during the ongoing COVID-19 pandemic. • We requested employee feedback on sustainability in our personnel survey. • We offer career and training opportunities. • We support the most vulnerable members of society and protect the environment through cooperation with various charity organisations.
Customers	<ul style="list-style-type: none"> • Tarjoussanomat advertorial • Store interactions • Websites • Customer surveys • Customer service • Customer loyalty program Tokmanni Klubi • Social media 	<ul style="list-style-type: none"> • Product selection • Availability and price of products • Product safety and quality • Transparency and responsibility of sourcing 	<ul style="list-style-type: none"> • We offer a diverse selection of affordable products and increased the share of products with sustainability labels. • We started communicating on sustainability in our Tarjoussanomat advertorial. • We developed our quality control processes to ensure the quality and safety of the products. • We continued our own factory inspections and commissioned third party audits due to travel restrictions. • We launched our customer loyalty program Tokmanni Klubi in 2021.
Investors, shareholders and analysts	<ul style="list-style-type: none"> • Investor and analyst meetings • Capital Markets Day • Quarterly result presentation events • Annual general meeting • Website • ESG surveys 	<ul style="list-style-type: none"> • Financial performance • Responsible business conduct • Diversity • Climate 	<ul style="list-style-type: none"> • We managed our investor relations by engaging with private investors, institutional investors and banks on ESG issues. • We continued to respond to questionnaires by rating companies and investors. • At Capital Markets Day in March 2021, we presented the elements of the company's future growth strategy and related goals, including sustainability (e.g. carbon neutrality in 2025). • We report on corporate responsibility and sustainability in accordance with the Global Reporting Initiative (GRI) standards.

“ We regularly engage with private and institutional investors and banks on ESG issues.



Stakeholder*	How we engage	Key topics and concerns raised	Our response
Industry associations	<ul style="list-style-type: none"> Working groups Website 	<ul style="list-style-type: none"> Active participation in operations Distribution of information 	<ul style="list-style-type: none"> Our employees participated in various committees of the Finnish Commerce Federation and PTY groups.
Suppliers and service providers	<ul style="list-style-type: none"> Negotiations Meetings Contracts Audits Website Supplier Code of Conduct Whistleblowing channel 	<ul style="list-style-type: none"> Sourcing and supplier requirements Environmental impacts Human rights and labour practices 	<ul style="list-style-type: none"> We held a Supplier Day for our Finnish suppliers. We continued our own factory inspections and commissioned third party audits due to travel restrictions. We updated our cotton, fish and palm oil policies. We engaged with suppliers through the amfori BSCI and amfori BEPI systems. We held meetings with suppliers to share our progress with the Science Based Targets initiative and discuss suppliers' targets.
Media	<ul style="list-style-type: none"> Enquiries and interviews Meetings Website 	<ul style="list-style-type: none"> Obtaining information Responsiveness of communications 	<ul style="list-style-type: none"> We shared information through press releases, social media, website and media relations. We continued to have dialogue with the media and responded to queries promptly.
Non-governmental organisations	<ul style="list-style-type: none"> Website Meetings Enquiries and surveys 	<ul style="list-style-type: none"> Sustainability and responsibility in the entire value chain Transparency Sharing of information 	<ul style="list-style-type: none"> We shared information on our website and through different enquiries, such as a Finnwatch survey on managing greenhouse gas emissions of suppliers located in risk countries. We increased transparency in our supply chains through increasing the number of products certified by third parties.
Authorities	<ul style="list-style-type: none"> Website Meetings and webinars 	<ul style="list-style-type: none"> Compliance with regulations 	<ul style="list-style-type: none"> Zero compliance breaches.
Academia	<ul style="list-style-type: none"> Cooperation projects Guest lectures Meetings Website 	<ul style="list-style-type: none"> Cooperation Obtaining information 	<ul style="list-style-type: none"> We continued cooperation with the FINIX research project, led by Aalto University, to test a life cycle data management application. We also gave lectures, were interviewed for various academic theses, podcasts etc.

“ In 2021, we updated our cotton, fish and palm oil policies.

*Stakeholders identified in our materiality analysis.

MAIN THEMES OF SUSTAINABILITY WORK

Sustainability work at Tokmanni is based on four themes: products and sourcing, climate, people, and business integrity. Considering that Tokmanni focuses on selling products, advancing the sustainability of said products and the supply chain is one of the most critical success factors for us.

THE THEMES OF Tokmanni's sustainability work were defined in a materiality analysis carried out in 2015 and fine-tuned in 2020 through internal and external discussions during our strategy process. The impacts of Tokmanni's operations were reflected in stakeholder expectations, megatrends, and Tokmanni's management's perspective on business. The themes remain topical today and they still follow the reporting principles defined by the GRI 101 Foundation standard. For further information on managing material topics, see the Managing Material Topics table on p.20.

In addition to the materiality analysis, we engage in dialogue with our stakeholders throughout the year to ensure that our scope covers all issues

relevant to us. Biodiversity is an emerging topic that has been widely discussed in 2021. We recognise its significance in our operations, especially through the raw materials of the products we sell, and have set up policies for high-risk raw materials to tackle the problem. In 2021, we began further refining our approach to biodiversity loss.

Tokmanni's own operations have a direct impact on climate, people, and business integrity. In the case of products and sourcing, the impact of Tokmanni's operations is mainly indirect. These indirect impacts affect the supply chain, Tokmanni's business partners, and the customers who use the products we sell. •



Kotikulta products include GOTS certified organic bed linen that are an excellent example of responsibly sourced products.

BUSINESS INTEGRITY

- Economic performance
- Employment
- Anti-corruption
- Privacy protection
- Ethical marketing

PRODUCTS AND SOURCING

- Responsible sourcing
- Responsible products and packaging
- Product safety
- Appropriate labelling of products

PEOPLE

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

CLIMATE

- Efficient use of materials
- Energy efficiency
- Efficient logistics
- Efficient recycling of waste
- Biodiversity*

* Added 2021, not from 2020 materiality analysis

MANAGING SUSTAINABILITY THROUGHOUT OUR BUSINESS OPERATIONS

Sustainability is one of Tokmanni's sources of success in the corporate strategy and it forms an integral part of the company's daily operations. Tokmanni's sustainability goals are related to minimising business risks, maximising opportunities, and producing added value for our stakeholders.

CORPORATE RESPONSIBILITY work at Tokmanni is based on our values and ethical guidelines and is guided by the recently updated sustainability strategy. The ethical guidelines consist of the Tokmanni Code of Conduct and related principles, policies, and guidelines. The Board of Directors has approved Tokmanni's Code of Conduct and related ethical principles. Policies are approved by the Executive Group and guidelines by the Sustainability Steering Group.

The President and CEO is responsible for the big picture

In matters of Tokmanni's sustainability and corporate responsibility*, the ultimate responsibility lies with the President and CEO, who reports to the Board of Directors regularly on the topic.

The Board approves the corporate strategy, which includes a sustainability strategy and deals with corporate responsibility matters as necessary. In its annual reporting, the Board also approves the statement of non-financial information required by chapter 3a of the Accounting Act (1336/1997). The Board and the Executive

Group regularly discuss sustainability and consult internal and external experts to keep themselves up to date on sustainability issues.

The Vice President (VP) of People, Culture, and Sustainability who is a member of the Executive Group, is responsible for the operative management of sustainability work. The Head of Corporate Responsibility reports to the VP of People, Culture, and Sustainability. You can read more about this topic in our [Corporate Governance Statement](#).

The Head of Corporate Responsibility drives our sustainability work

Yearly sustainability targets are approved by the Executive Group. The Head of Corporate Responsibility works with different business units and departments, and their task is to ensure that the set sustainability targets are met. The sustainability goals are covered separately in this report in the sections concerning each of the four sustainability areas.

In 2019, Tokmanni established a Sustainability Steering Group. Since mid-2021, it has been headed by the VP of People, Culture, and Sustainability. The group members include the President and CEO, the CFO, the VP of Marketing

and Communications, the VP of Sourcing, the VP of Store Network and Concept, the Quality Manager, and the Head of Corporate Responsibility. The steering group meets every two months to discuss acute sustainability and corporate responsibility topics, policies, and targets. The VP of People, Culture, and Sustainability makes the decision on whether a specific topic requires a separate discussion and decision by the Executive Group.

Sustainability and climate change risk management is part of the company's risk management process. The approach is assessed annually and is led by the CFO.

The EU taxonomy

The EU taxonomy for sustainable activities does not currently define criteria for the retail sector, as focus is put on the production phase and less attention is paid to resale.

Sourcing and transport included in reporting

Tokmanni's sustainability report focuses only on topics which are fully under Tokmanni's control with the exception of transportation and sourcing.

Together with the Norwegian company Europris ASA, Tokmanni jointly owns a sourcing company in Shanghai, Tokmanni-Europris (Shanghai) Trading Co. Ltd. The Managing Director of the sourcing company drives forward sustainability work within the company. The sourcing company has a compliance and quality assurance team that together with Tokmanni ensures compliance of the factories and the products sourced through the sourcing company, and therefore reports on sustainability issues related to sourcing and product liability. Otherwise, the sourcing company's role in Tokmanni's sustainability work is marginal; the joint venture's employees make up less than 1% of Tokmanni's total number of employees, and its environmental impact is limited to the effects of travel and the physical office itself.

Information on emissions relating to Tokmanni's product transport was obtained from transport service providers and Tokmanni's travel agency provided air traffic data. •

* In this report, the terms corporate responsibility and sustainability are used to describe the same topic.

MANAGING MATERIAL TOPICS

Material topic	Main steering principles and policies	Targets and measures 2021
Business integrity		
Economic performance	Accounting principles, International Financial Reporting Standards (IFRS), Governance	Financial targets
Employment	Personnel policy	People targets
Anti-corruption	Code of Conduct , Anti-bribery principles, Competition law principles, Governance	Business integrity targets
Privacy protection	Code of Conduct , Data protection principles, Human rights principles	People targets
Ethical marketing	Code of Conduct	Products and sourcing targets
People		
Occupational health and safety	Code of Conduct , Personnel policy, Operating plan for occupational health care cooperation, Human rights principles	People targets
Employee training and development	Training plan	People targets
Equality at work and remuneration	Code of Conduct , Personnel plan, Personnel policy, Equality plan, Human rights principles	People targets
Non-discrimination	Code of Conduct , Equality plan, Human rights principles	People targets
Products and sourcing		
Responsible sourcing	Code of Conduct , amfori BSCI's Code of Conduct , Principles of responsible sourcing, Guidelines for responsible sourcing, Human rights principles , High-risk raw material policies , Animal welfare guidelines , General terms of purchasing	Products and sourcing targets
Responsible products and packaging	Code of Conduct , amfori BSCI's Code of Conduct , Principles of responsible sourcing, Guidelines for responsible sourcing, Human rights principles , High-risk raw material policies , Animal welfare guidelines , General terms of purchasing	Products and sourcing targets
Product safety	Instructions for quality and packaging, Human rights principles , General terms of purchasing	Products and sourcing targets
Appropriate labelling of products	Instructions for quality and packaging	Products and sourcing targets
Climate		
Efficient use of materials	Code of Conduct , Environmental policy,	Climate targets
Energy efficiency	Code of Conduct , Environmental policy, Science Based Targets , Carbon neutral Tokmanni 2025	Climate targets
Efficient logistics	Code of Conduct , Environmental policy, Science Based Targets	Climate targets
Efficient recycling of waste	Code of Conduct , Environmental policy, Plastic bag commitment , Food industry's materials efficiency commitment	Climate targets
Biodiversity	High-risk raw material policies	Products and sourcing targets

HUMAN RIGHTS AS A GUIDING PRINCIPLE OF CORPORATE RESPONSIBILITY

Tokmanni is committed to advancing and supporting the UN Sustainable Development Goals (SDGs) as well as the UN International Bill of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

IN PRACTICE, our efforts to respect human rights in our operations are guided by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Compliance with the Guiding Principles requires companies to conduct human rights due diligence procedures to manage and address their human rights impacts as well as provide or cooperate in remediation when appropriate.

We are working hard to excel in this area, yet we recognise that many of the human rights challenges we face are deeply rooted in local society and can only be effectively addressed through a long-term commitment and close cooperation with global and local stakeholders.

The biggest human rights challenges are found in the supply chain

Our human rights principles and the summary of our human rights report from 2016 can be found on our website. The most significant potential human rights impacts in our supply chain are related to health and safety, the safety of our buildings, excessive overtime, inadequate living wages, and the possible use of child and forced labour.

We require our suppliers to respect human rights, and, if needed, take corrective action. We monitor the human rights impacts of our supply chain constantly with amfori BSCI audits. We require these audits from all the factories we use in risk countries. We also conduct our own factory inspections to selected factories.



In 2017, we commissioned independent human rights assessments which included off-site interviews with employees at our suppliers' garment, household appliances and cosmetics factories in Bangladesh, China, Myanmar, and Turkey. A total of six factories were assessed, one in each country with the exception of two in Myanmar. The goal was to ensure the accuracy of the potential human rights impacts we had identified based on, for example, BSCI audits. The assessments provided us with a more detailed understanding of human rights issues within the selected industries and countries. We have used this information when further developing our responsible sourcing risk management. In 2019, we visited the factories in Myanmar ourselves to verify the results. In 2021, we began sharpening our human rights approach, including prioritising human rights deep dives to selected factories. This work will continue in 2022.

Paying a living wage is a current human rights issue in the supply chain with no easy solution. As a member of amfori BSCI, we support their initiatives aimed at furthering the realisation of [living wages in the supply chain](#).

The most important measures for eliminating or mitigating human rights impacts in Tokmanni's own operations include improving occupational health and safety, increasing the flexibility of work, ensuring non-discrimination, and promoting a more diverse workforce.

We carry out long-term work to increase the transparency of our supply chain

We work together with our suppliers to advance their compliance with Tokmanni's human rights requirements. Our general terms of purchasing include conditions concerning human rights. In 2021, we updated our responsible purchasing guidelines and organised training on the guidelines for our buying and sourcing teams in Mäntsälä and Shanghai.

In 2021, we began to delve deeper into the supply chain by establishing, for example, new certification targets for high-risk raw materials (see p.54–55). We also continued cooperation with the FINIX research project to increase our own and our customers' understanding of the origins of our products. [The FINIX project](#), led by Aalto University, produces new research on the sustainability aspects of textile systems. Tokmanni is involved in the life cycle section of the project, which investigates how a product's origin can be traced.

In 2019, our President and CEO was among seven other CEOs in Finland to sign the Finnish version of [WBCSD's CEO Guide to Human Rights](#). In 2021, Tokmanni received a relatively good score (48.1/100; average of the surveyed companies 23.9) in the [Status of the Human Rights Performance of Finnish Companies](#) (SIHTI) project commissioned by the Prime Minister's Office. Tokmanni ranked third in a comparison of 49 companies. This demonstrates that Tokmanni's human rights work is headed in the right direction. ●





THE CODE OF CONDUCT GUIDES EVERYONE'S DAILY WORK

At Tokmanni, we act according to clear and shared rules. Our Code of Conduct guides each Tokmanni employee in their daily work and decision-making.

THE CORE POINTS OF the Code of Conduct have been expanded with principles, such as anti-bribery and human rights principles. Tokmanni also has department-specific instructions on how to manage daily issues. This three-tiered set of instructions can be found in full on Tokmanni's intranet in Finnish and English. The Code of Conduct, which governs daily work, is printed out for employees and can also be found on Tokmanni's [website](#).

Regular trainings on updated ethical guidelines

In 2018, the Code of Conduct as well as the associated intranet course (e-learning), and policies were updated to reflect the newly defined values and principles. In 2019, we further updated the contents of the e-learning course. The course is mandatory for all staff and executives; 3,128 (76%) of our staff working in the stores, the warehouse, and the corporate office completed the updated

course in 2021. It is also a compulsory part of the induction of new employees. The employees at our sourcing company in Shanghai will undergo the training and sign up to comply with our shared rules in the near future. Unfortunately, due to COVID-19, the training for the Shanghai office was delayed. However, in 2021, they received training on the updated responsible sourcing guidelines, which cover the Code of Conduct. Tokmanni's Executive Group and relevant employees received additional training on anti-corruption, trade sanctions, and competition law in 2017 and 2018.

In 2021, our purchasing and sourcing professionals received training on our sanctions and corruption guidance and responsible sourcing guidelines, which were updated during 2019 and 2020. In addition, our corporate responsibility professionals received around 50 hours of training on human rights provided by third parties in 2021.

Suppliers to adhere to amfori BSCI's Code of Conduct

We require our product and service suppliers to adhere to the Business Social Compliance Initiative's (amfori BSCI) ethical principles. We monitor our product suppliers' operations through our own as well as third-party audits. Our relationships with our suppliers are based on honesty, fairness, and mutual trust.

With regards to our business partners, Tokmanni carries out checks related to anti-corruption and adherence to trade sanctions. These are communicated to our business partners through our [General terms of purchase](#).

“ In 2021, no cases of non-compliance with environmental, social, or economic laws and regulations were reported.

Anyone can report violations anonymously

Each Tokmanni employee has the obligation to act according to ethical guidelines, ask questions, report violations against guidelines, and report best practices to their managers or to the compliance unit through the whistleblowing channel. The channel is a part of the Code of Conduct training and can be accessed through our intranet.

Since 2020, we have used a new tool for the internal and [external whistleblowing](#) channels. Anyone can report violations of the Code of Conduct and the ethical guidelines anonymously through the Tokmanni whistleblowing channel either through

the intranet or our website. Violations can also be reported by calling a member of the Compliance Unit or by sending a letter to Tokmanni Oy / Compliance-yksikkö, Isolammintie 1, 04600 Mäntsälä. Suspected abuse must be reported immediately.

The external whistleblowing channel is available on both our Finnish and English websites, and therefore also available to external stakeholders.

The Compliance team treats reports confidentially

Tokmanni's Compliance Unit makes sure that our ethical guidelines and instructions are followed. The Compliance Unit is headed by the Chief Compliance Officer (the CFO), who reports directly to the President and CEO and keeps the Board informed on compliance matters. In addition to the Chief Compliance Officer, the Compliance Unit includes four compliance officers, who each have their own remits. Only the CFO and the Vice President of People, Culture, and Sustainability have access to whistleblowing reports. They coordinate the further processing of the cases and in serious cases engage with Tokmanni's compliance unit, which monitors ethical activities and conduct.






In 2021, no cases of non-compliance with environmental, social, or economic laws and regulations were reported. •

Our Code of Conduct includes, among others, the following rules:

- We treat all people equally and in a non-discriminative manner.
- We minimise occupational accidents.
- We comply with laws and regulations.
- We do not bribe.
- We safeguard sensitive business information and the company's assets.
- We respect the right to privacy.
- We support fair competition.
- We minimise environmental impacts.
- We demand that our products are made responsibly.
- We communicate reliably and transparently.
- We follow best marketing practices, while taking our different target audiences into consideration.
- We do not financially support political parties, groups or individual politicians, nor do we make art or other purchases from them.









UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We are committed to advancing the United Nations Sustainable Development Goals (UN SDGs) in our business. These goals aim to guide the UN member states' operations until 2030. In 2019, we identified the nine most important goals for our work and our stakeholders, and in 2020 we prioritised three goals from the perspective of Tokmanni's operations: **SDG 8: Decent Work and Economic Growth**; **SDG 12: Responsible Consumption and Production**; and **SDG 13: Climate Action**.

Tokmanni's sustainability theme	Relevant UN Sustainable Development Goals	Relevant sustainability goals 2022	How Tokmanni's goals support the SDGs
Business Integrity	 8 Decent work and economic growth  16 Peace, justice and strong institutions	<ul style="list-style-type: none"> All Tokmanni employees have completed the company's Code of Conduct e-learning training. Messages received through the whistleblowing channel are processed appropriately. No cases of corruption found at Tokmanni. No privacy violations found at Tokmanni. No cases of non-compliance with environmental laws and regulations. No cases of non-compliance with social and economic laws and regulations. Tokmanni receives no remarks from the authorities related to marketing. 	<ul style="list-style-type: none"> Business integrity shown towards our stakeholders by our employees supports justice and strong institutions and contributes to economic growth in Finland as well as in countries where we source our products from. Tokmanni follows good corporate governance principles. Code of Conduct directs each Tokmanni employee in their daily work and in decisionmaking. Tokmanni requires its suppliers to act in compliance with the amfori BSCI Code of Conduct. Tokmanni has completed a human rights impact assessment in compliance with UN's Guiding Principles on Business and Human Rights and published its Human Rights Principles.
People	 3 Good health and well-being  5 Gender Equality  8 Decent work and economic growth	<ul style="list-style-type: none"> We will launch a health survey and a well-being programme for all the Tokmanni employees. All Tokmanni supervisors will be offered diversity training. We will continue our training programme for the extended management teams and launch a voluntary training programme for all the specialists and office employees. The goal is to keep our employees content and committed to their work. We will do more than 2,000 safety observations in 2022 to strengthen our occupational safety culture both in warehouses and in the stores. Continue development of knowledge management (eNPS 20). 	<ul style="list-style-type: none"> We treat all employees equally, seek to employ a diverse workforce and promote employee well-being. We also promote fair treatment in Finland and in our global supply chain, for example through the whistleblowing channel. Gender equality is part of Tokmanni's HR policy and Code of Conduct.

Read more p. 28–32

Read more p. 34–46

Tokmanni's sustainability theme	Relevant UN Sustainable Development Goals	Relevant sustainability goals 2022	How Tokmanni's goals support the SDGs
Products and sourcing	<div>  3 Good health and well-being </div> <div>  8 Decent work and economic growth </div> <div>  12 Responsible consumption and production </div> <div>  17 Partnerships for the goals </div>	<ul style="list-style-type: none"> Defining certification targets for wood-based products. 100 own factory inspections. Sharpening our human rights approach, including prioritisation of future deep dives to selected factories. Defining relevant indicators for measuring factory and supplier sustainability to manage responsible sourcing more systematically and developing a country-specific risk assessment. Developing sustainability of packaging and reducing the use of virgin plastic in selected products. Implementing social compliance features into the supplier management system. No serious product safety flaws in the products sold by Tokmanni or accidents caused by them. Further development of the contract management process. Actively reducing or eliminating reasons for complaints in private label products, leading to lower product complaint percentage. 	<ul style="list-style-type: none"> We cooperate with different organisations (e.g., amfori BSCI, amfori BEPI) to reduce our human rights and environmental risks and to further advance sustainable production and consumption. Our purchasing practices support job creation and economic growth, and promote decent work and working conditions in our sourcing countries. Tokmanni's own factory inspections, in addition to BSCI audits, minimise the risk of human rights violations in our supply chain. Sharpening our human rights approach helps us to reduce our human rights risks. We develop sustainable product selections through, for example, targets for certified high-risk raw materials, and offer our customers certified options and related communications in select products to advance responsible consumption and production.
Climate	<div>  7 Affordable and clean energy </div> <div>  9 Industry, innovation, and infrastructure </div> <div>  12 Responsible consumption and production </div> <div>  13 Climate action </div>	<ul style="list-style-type: none"> Reduction of location-based CO₂ emissions at properties (Scope 1 and 2) by 2% compared to 2021. Roadmap for renewable heat ready in 2022. Maintaining CO₂ emissions from transport at the 2015 level in relation to revenue. Reduction of supply chain emissions in cooperation with suppliers. Recycling and reuse rate: 85% (of total waste). Roadmap for biodiversity ready in 2022. CDP score B or above. 	<ul style="list-style-type: none"> We strive for efficient use of resources, such as energy and waste, and increase the share of renewable energy through, for example, solar power generated with our own panels. Raising awareness about environmentally friendly operations among our risk country suppliers (e.g., amfori BEPI). Discussions with suppliers on science-based targets for reducing their emissions. In 2021, all electricity purchased and consumed by Tokmanni was renewable. We are considering renewable heating opportunities as well. We increase the selection of sustainable products and seek to pay more attention to raw materials, recycling and sales of recyclable products, sales of products that reduce environmental impacts (e.g. rechargeable batteries), development of more sustainable packaging materials, and business models based on circular economy principles. Emphasis on sustainability-related communications and marketing towards our customers.

Read more p. 48–57

Read more p. 59–69



BUSINESS INTEGRITY

We take our customers, our employees, our investors and the society around us into consideration in our business.

IN THIS SECTION

Achievements and targets	<u>28</u>
Privacy protection at Tokmanni	<u>29</u>
Smart communication about sustainability	<u>30</u>
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Case: Multifaceted charity work	<u>32</u>



BUSINESS INTEGRITY

Responsibility towards customers, employees, investors and other stakeholders is a key tenet of Tokmanni's business. We observe the relevant legislative requirements and the principles of good governance in everything we do, and often go beyond what is required by the law. In addition, the company is guided by its values and Code of Conduct.

ACHIEVEMENTS AND CHALLENGES IN 2021

ACHIEVED

- ✓ Messages received through the whistleblowing channel were processed appropriately.
- ✓ No privacy violations found at Tokmanni.
- ✓ No cases of corruption found at Tokmanni.
- ✓ Tokmanni receives no notice from the authorities related to marketing.

PARTIALLY ACHIEVED

- ✗ All Tokmanni employees have completed the company's Code of Conduct e-learning training (76%).

CHALLENGES

- ✗ N/A

TARGETS FOR 2022



- All Tokmanni employees have completed the company's Code of Conduct e-learning training.
- Messages received through the whistleblowing channel are processed appropriately.
- No cases of corruption found at Tokmanni.
- No privacy violations found at Tokmanni.
- No cases of non-compliance with environmental laws and regulations.
- No cases of non-compliance with laws and regulations in the social and economic area.
- Tokmanni receives no notice from the authorities related to marketing.

PRIVACY PROTECTION AT TOKMANNI

TOKMANNI COMPLIES with all legislative requirements for privacy protection. To ensure that nobody's right to privacy is violated, Tokmanni monitors compliance with data protection principles and technical systems are monitored to ensure that they are up-to-date from an information security perspective. Our aim is for the systems and registers under our control to have no actual or suspected cases of privacy protection breaches. We achieved this goal in 2021.

Employees are required to complete online training on information security as a part of their introductory training. During 2021, we continued to comply with Tokmanni's information security management model and information security policy.

Collecting and using personal data

The processing of personal data is based on a person's consent or another legal justification for collecting data. The purposes of processing the personal data of our customers are the following:

- to deliver and develop our products and services in ways that provide customers with a stress-free shopping experience
- to meet our contractual obligations and honour our promises and obligations

- to manage our customer relationships
- to organise events
- to analyse and segment the behaviour of customers and other registered persons
- to engage in electronic and direct marketing
- to target the advertising carried out by the online services of our own company and other parties
- to comply with legal obligations.

The customer data file register contains information disclosed by our customers on our website or through the Tokmanni Klubi customer loyalty programme, introduced in 2021. Personal data is processed only during a predetermined time related to its intended purpose. Any data breaches will be announced in accordance with the EU General Data Protection Regulation.

Customers have the right to inspect their personal data stored in the register. If there are errors, the customer may request that the controller rectify the errors. Customers have the right to prohibit the use of their data for marketing purposes by notifying the data controller. Registered customers of Tokmanni Klubi or the tokmanni.fi online store may also issue prohibitions there. •





SMART COMMUNICATION ABOUT SUSTAINABILITY

AT TOKMANNI, we strive to communicate about sustainability not only boldly and ambitiously but also in a consistent, understandable and honest manner.

It is important for us to participate in conversations about the topics that are meaningful to our stakeholders. In 2021, we communicated about, for example, Tokmanni's sustainability strategy and goals, climate work, palm oil policy, sustainable cotton guidelines, and charity work. We also participated in multiple sustainability-related campaigns organised by, for example, The Finnish Commerce Federation and the Finnish Grocery Trade Association. In late 2021, we organised a Supplier Day event, in which one of the topics was Tokmanni's sustainability work.

We utilise diverse internal and external channels to communicate about sustainability more comprehensively than ever before. Especially our store personnel play a key role due to their tens of millions of face-to-face encounters with our customers. In the future, our customer loyalty program will allow us to offer more information about our products and services to help our customers make better purchase decisions.

Clear goals

We adhere to good marketing practices and do our best to create high-quality, multifaceted and interesting marketing content.

We strive to eliminate errors in our products and packaging and to not be subject to complaints from the authorities or violate laws or voluntary principles. Furthermore, one of our goals is to avoid Tokmanni's marketing to be subject to review by the Council of Ethics in Advertising.

There is always room for improvement. In 2021, a total of 13 of Tokmanni's private label products or products imported by Tokmanni to Finnish markets were recalled from stores due to reasons related to quality or non-compliance with the related product standard (2020: 21). Two of the cases were public product recalls from the market and one was a sales ban. These three cases were imposed by the authorities. The other cases were voluntary and concerned product quality.

In 2021, our stores received 10 complaints in total from regional state administrative agencies and health and hygiene inspectors (2020: 7). The complaints were related to price indications or quantity discounts for alcohol products, deficiencies in the proper display of nicotine replacement products, or anomalies related to taring or verification of scales.

As for the Council of Ethics in Advertising, we reached our goal in 2021, as we did in numerous previous years.

In 2021, no other violations of laws or voluntary principles related to marketing were reported by Tokmanni. •

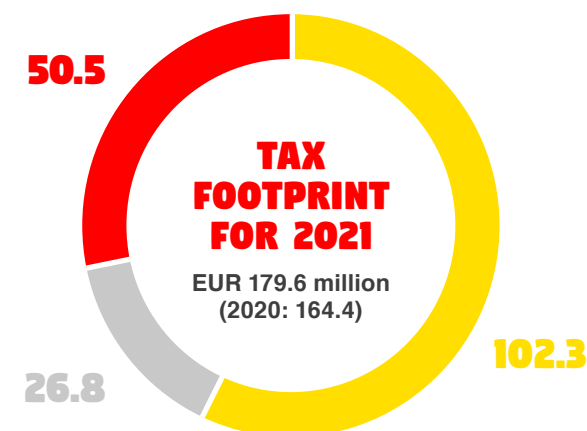
GENERATING ADDED FINANCIAL VALUE

We are committed to growing profitably and improving our competitiveness. We develop our business responsibly so that our growth supports our ability to take care of our personnel and assets and to meet our customers' needs. We report transparently on our business operations, financial development, and direct and indirect financial impact.

We generate added financial value for different stakeholders (MEUR)*

	2019	2020	2021
Revenue (customers)	944	1,073	1,142
Purchasing (suppliers of goods and services)	619	702	744
Gross profit	325	371	398
Wages and benefits (personnel)	114	122	133
Taxes (public sector)	12	18	20
Financial expenses (creditors)	10	10	10
Other expenses (operations and business development)	142	150	157
Retained earnings	47	71	78

* Calculated according to IFRS standard.



- **Withholdings and employer contributions EUR 50.5 million (44.0)**
Remitted withholdings from salaries EUR 17.8 million (16.2)
Employer pension insurance payments EUR 31.1 million (26.5)
Employer social security payments EUR 1.7 million (1.3)
- **Income and property taxes EUR 26.8 million (22.9)**
Corporate income tax EUR 19.1 million (18.3)
Property tax EUR 1.0 million (1.1)
Tax on dividends EUR 6.6 million (3.5)
- **Indirect taxes EUR 102.3 million (97.4)**
Value added tax EUR 92.4 million (87.5)
Excise duty EUR 2.9 million (3.0)
Import customs duties EUR 5.4 million (5.2)
Electricity tax EUR 1.6 million (1.6)
Insurance premium tax EUR 0.1 million (0.1)

CASE

MULTIFACETED CHARITY WORK WITH A VARIETY OF PARTNERS

Tokmanni is known for its low prices and wide product selection, but we also want to draw attention to social responsibility. Charity work is one way we strive towards a more socially responsible Tokmanni.

OUR CHARITY WORK is based on our four sustainability themes: products and sourcing, climate, people, and business integrity.

“We can maintain a clear focus for our charity work when we align it with our sustainability themes. This way, Tokmanni can make a bigger impact and produce more meaningful results for us and our partners,” explains **Terhi Uusitalo**, Sustainability Project Manager at Tokmanni.

We care about people and their well-being

In 2019, Tokmanni joined forces with the Finnish Red Cross to promote community well-being and reduce loneliness and social exclusion. We have, for example, taken part in the Finnish Red Cross’ annual Hunger Day collection and supported its Christmas cafés and volunteer friend activities across the country.

“We are happy to support the Finnish Red Cross’ important work in simple and practical ways. We are especially proud of our joint campaign during the 2021 Hunger Day collection, which resulted in a 100,884.35€ donation to the Finnish Red Cross Disaster Relief Fund. The fund helps victims of

natural disasters and war and maintains volunteers’ preparedness for crisis situations,” Terhi says.

Since 2011, we have organised annual campaigns with Unilever Finland, resulting in a donation of 520,000€ worth of necessities such as hygiene products to Hurstinap ry, a well-known Finnish charity.

“Our co-operation with the Hursti organisation has been praised for its concreteness and focus on people in need here in Finland.”

By selling the Mielinauha campaign product, Tokmanni has also taken part in all four annual Mielinauha campaigns organised by MIELI Mental Health Finland.

“We value MIELI’s work to reduce the stigma around mental health. Feedback shows that campaigns like this and our co-operation are much needed.”

We take climate and biodiversity into account

Climate is one of our most important sustainability themes.

“We try to minimise food waste, for example. Our stores have discounts for food products

approaching their expiry date. Our warehouse and over 100 stores have signed agreements to donate unsold food when possible,” Terhi explains.

In 2020 and 2021, we organised campaigns with the John Nurminen Foundation, which specialises in protecting the Baltic Sea. These campaigns resulted in a total donation of 133,000€.

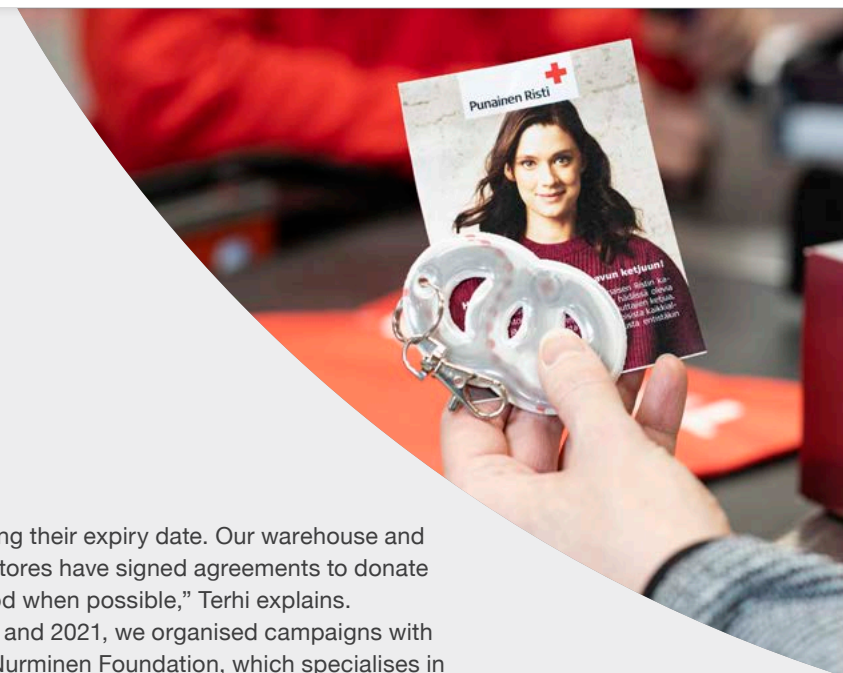
“The John Nurminen Foundation’s work to protect the Baltic Sea is guided by measurable results. We have supported the foundation’s Clean Baltic Sea projects, which aim to reduce the environmental burden and the risks the sea faces, such as biodiversity loss.”

Support is also provided on a small scale

In addition, each store has its own, relatively small but important opportunity to sponsor various organisations.

“Our personnel can allocate their store-specific support to various groups. Often, they choose local groups, such as youth sports clubs or schools.” •

“Our charity work is aligned with our sustainability themes.”





PEOPLE

The key to a successful and sustainable business is an open and fair company culture where everyone is respected.

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PEOPLE

At Tokmanni, our goal is to become the preferred employer in the Finnish retail sector for our employees. It is important for us to offer our employees opportunities to develop in their work and to maintain a good work-life balance. It is also essential for us that our employees are content and committed to their work and that teams have good team spirit.

ACHIEVEMENTS AND CHALLENGES IN 2021

ACHIEVED

- ✓ The number of safety observations more than doubled in the stores and nearly doubled in the warehouses. In order to develop the occupational safety culture and reduce the number of accidents, warehouse employees made 392 safety observations in 2021 (2020: 228) and store employees made 820 (312).
- ✓ New store employees are provided customer service training by their supervisors.
- ✓ Training program for extended management was launched.

PARTIALLY ACHIEVED

- ✗ "Workplace skills" is a compulsory virtual induction training for all Tokmanni employees. 1,886 employees had completed this training course by the end of 2021.
- ✗ Warehouse supervisors and work instructors received diversity training.

CHALLENGES

- ✗ Development of knowledge management continued through 2021. However, the eNPS dropped to 14 (2020: 36) due to challenges caused by COVID-19.



TARGETS FOR 2022

- We will launch a health survey and a well-being programme for all Tokmanni employees.
- All Tokmanni supervisors will be offered diversity training.
- We will continue our training program for the extended management teams and we will launch a voluntary training programme for all the specialists and office employees. The goal is to keep our employees content and committed to their work.
- We will do more than 2,000 safety observations in 2022 to strengthen our occupational safety culture both in warehouses and in the stores.
- Continue development of knowledge management (eNPS 20).

COMMITTED EMPLOYEES

Tokmanni's induction sponsor programme was systematised in 2021. Each new employee is allocated a sponsor that supports the employee during the first phases of their Tokmanni career.

OUR COMMITTED and motivated employees are the basis of Tokmanni's success. In 2021, our personnel increased moderately; at the end of 2021 there were 4,105 Tokmanni employees, 49 more than at the end of 2020. The average number of Tokmanni employees in 2021 was 4,132. The reported employee numbers also include employees who were on a leave of absence, such as parental, study, or job alternation leave.

High number of permanent employees

At the end of 2021, 79% of Tokmanni employees held permanent employment contracts and 21% held temporary employment contracts. Full-time employees made up 67% and part-time employees 33% of all employees. In the retail sector, peak seasons influence the number of employees required, and the majority of part-time employees were cashiers.

Tokmanni continued developing its warehouse functions and facilities in 2021. At the end of 2021, there were 297 employees in our warehouses, with 93% of our warehouse employees working full-time.

79%
permanent
employees

During 2021, 591 new permanent employment relationships were initiated, and 494 permanent employment relationships came to an end. The turnover of permanent employee arrivals during the reporting period was 19.3% (2020: 16.0%), and the corresponding departure turnover was 16.2%* (11.4%). The turnover figures do not include employees leaving the company because of retirement.

Our employees' commitment is well-reflected in the fact that at the 2021 medal of merit ceremony, 191 employees received awards for ten, twenty, thirty and as much as forty years of service at Tokmanni. At the end of the year, the average number of years of service among permanent employees was 8.1.

Limited use of temporary workers

Only a small number of temporary workers work at Tokmanni. According to statutory requirements, Tokmanni always offers additional work to the company's own part-time employees first. In addition to this, we employ around 1,500 fixed-term seasonal helpers, who hold different positions in the stores and in our warehouses.

FULL-TIME VS. PART-TIME

	(%)
Full-time, 2019	35
Part-time, 2019	65
Full-time, 2020	33
Part-time, 2020	67
Full-time, 2021	33
Part-time, 2021	67

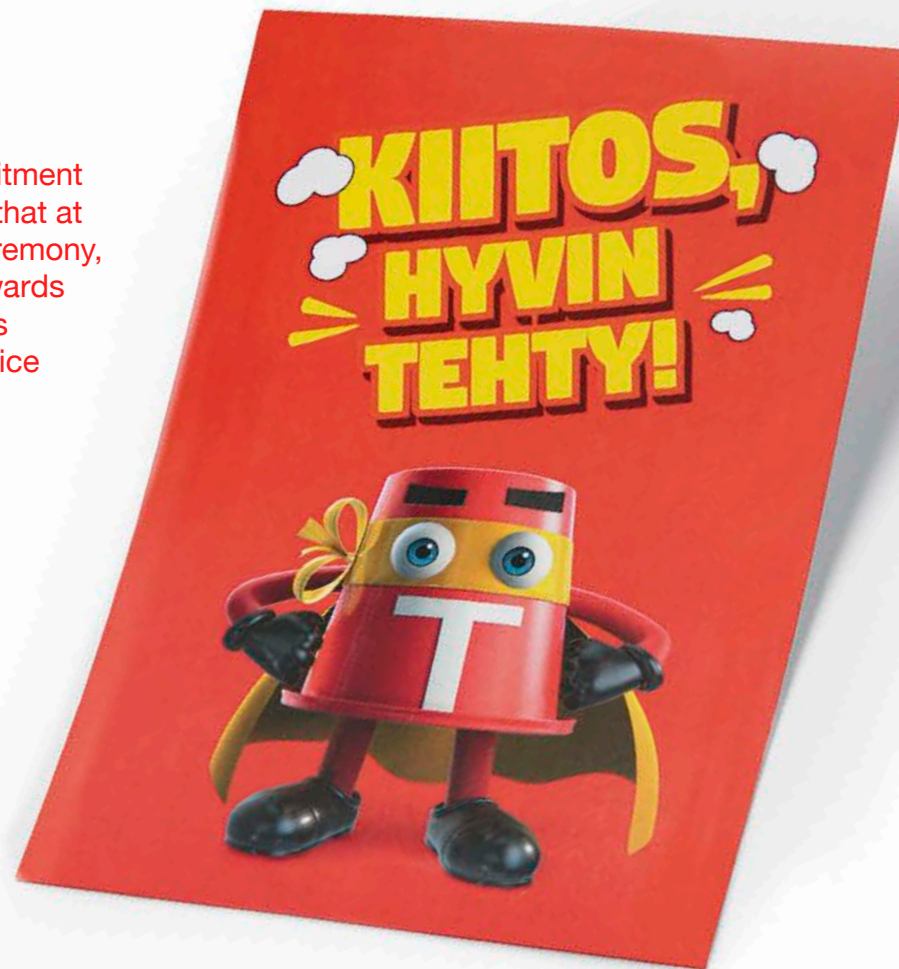
PERMANENT VS. FIXED-TERM

	(%)
Permanent, 2019	78
Fixed-term, 2019	22
Permanent, 2020	75
Fixed-term, 2020	25
Permanent, 2021	79
Fixed-term, 2021	21

Covered by collective agreements

Tokmanni follows all the provisions of the codetermination legislation (the Act on Co-operation within Undertakings) 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 Executive Group and extended management team members, are covered by the Finnish retail sector collective agreement. Tokmanni's Executive Group and extended management team members accounted for 1.5% of the company's personnel at the end of 2021. As a rule, these two personnel groups also follow the terms of the retail sector collective agreement. ●

“ Our employees' commitment is well-reflected in the fact that at the 2021 medal of merit ceremony, 191 employees received awards for ten, twenty, thirty and as much as forty years of service at Tokmanni.



*Turnover of permanent employee arrivals measures the rate of new permanent employees and departure turnover measures the rate of finished permanent employments compared to the total number of staff at the end of 2021.

CASE

LANGUAGE TRAINING SUPPORTS INTEGRATION INTO FINNISH SOCIETY

Language skills make integration into Finnish society easier. In 2021, we began offering Finnish language training to our employees with immigrant backgrounds.

IN SUMMER 2021, Tokmanni began offering Finnish language training to employees with immigrant backgrounds. Finnish is being studied in four groups, of which three are for warehouse employees and one for store employees. In total, over forty Tokmanni employees are enrolled in the training.

Language training for the warehouse employees is organised at the Mäntsälä logistics centre. Training for store employees is conducted online, because the participants come from all over Finland. Participation in the trainings is allowed during the workday.

“Learning Finnish makes integration into a new home country easier. With better language skills, it is easier to find a job and succeed in one’s professional life as well as social life both at work and outside of it,” says Tokmanni’s HRD Manager **Heidi Piirto**.

Cemal Sancan (in photo), a warehouse employee at Tokmanni’s logistics centre, moved to Finland from Turkey. He studies Finnish through the Tokmanni language training course together with fellow employees.

“I came to Finland in 2017. I had participated in language trainings before, but wanted to further improve my Finnish skills. Finnish is a hard language to learn, but studying in a group is nice,” Cemal Sancan says.

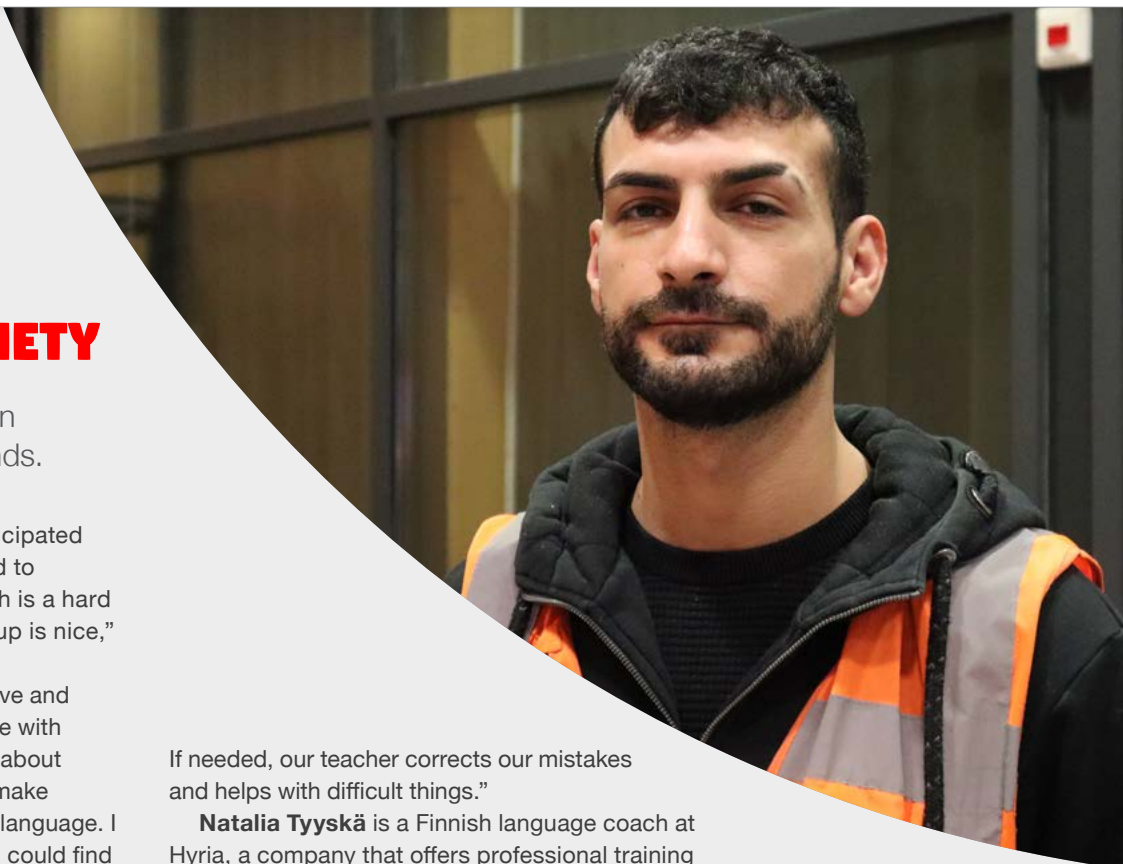
Cemal Sancan says that he is a talkative and social person, who would like to talk more with Finnish people. “Finns are a bit reserved about talking to foreigners, and it is difficult to make contact with them if there is no common language. I hope that through better language skills I could find friends from Finland,” Cemal Sancan explains. “We have discussed cultural differences extensively during our studies. In the early days, it was difficult for me to understand why Finns don’t greet others as much as in my culture. Now I have learned that it’s a cultural feature, and it’s not meant to be unkind”.

Originally from Afghanistan, **Avaz Mohammde** has been studying Finnish for a few years. “It’s easier to succeed at work when you know the language. Due to my studies, I am now more confident with speaking Finnish at work and during my free time,” Avaz Mohammde says. “I like studying in a small group with my coworkers.

If needed, our teacher corrects our mistakes and helps with difficult things.”

Natalia Tyyskä is a Finnish language coach at Hyria, a company that offers professional training and coaching for youth and adults. She runs the language trainings at Tokmanni. “Each student has their own target level for their language skills, which we aim to reach. If the group is active and participates boldly in the conversation, language skills develop faster,” Natalia Tyyskä explains.

She points out that language training must also consider the personal situation of each student. For example, difficult societal circumstances in their home countries might distract the students. “It is great to see as a trainer how students gain confidence when they learn Finnish. Language skills make integration easier”, she adds. ●



OCCUPATIONAL HEALTH AND SAFETY

TOKMANNI SUCCEEDS when our employees are healthy, happy, and carry out their tasks safely.

We advance the wellness, health, and safety of our employees through safety and work capacity processes as well as day-to-day management. The goal of these processes is to prevent occupational health and safety (OHS) risks, increase well-being, and extend working careers – in other words, continuous and holistic improvement of our employees' health and safety at work.

In 2021, the average age of Tokmanni's employees was 38.0 years (2020: 37.2) and the average retirement age was 63.7 years (62.2). Tokmanni's injury rate (including pain induced by work-related motions) was 25.2 (26.7) and the sick leave ratio was 4.4% (4.2%).

Tokmanni's occupational well-being group consists of representatives from all of Tokmanni's personnel groups and acts as the statutory OHS committee. The group meets regularly, usually four times a year. The goal of the group is to improve Tokmanni's safety culture by setting targets, monitoring progress, and proposing and implementing safety measures. All occupational safety matters pass through the OHS committee.

The effectiveness of Tokmanni's occupational safety and work capacity operational models are regularly assessed by the work capacity steering group. In addition to Tokmanni, the steering group includes key OHS partners such as the occupational healthcare service provider Mehiläinen, the pension insurance company Varma, and the accident insurance company LähiTapiola.

Occupational safety culture

2021 was the last year of Tokmanni's three-year occupational safety development programme. The programme was conceived to manage safety risks and related processes in a more systemic manner. The end goal of the program was to create strong safety procedures for the employees' daily work to improve safety at the workplace. In 2020, Tokmanni introduced an occupational safety system called TokmanniTurva based on the goals of the safety development programme. TokmanniTurva covers all warehouse and store employees. Risk assessments, safety observations, safety walks and many other occupational safety procedures were updated or implemented during the programme.

In 2021, we were able to reduce our injury rate from 26.7 to 25.2. In the risk assessments, we identify, for example, risks from work, the work environment, working hours and working conditions. If we cannot remove risks, we assess their significance for the safety and health of our employees. We also utilise TokmanniTurva data in risk assessment. Based on the injuries and the safety findings, the most common risks are slips, trips, falls, and handling items and the forklift trucks (high-consequences risk). Handling items at the store and at the warehouse form the most significant occupational safety risks and cause the most injuries. For office workers, the risk factors pertain to feelings concerning the fast-paced and demanding nature of the work and tight deadlines. In addition, the pandemic-induced remote and hybrid

ACCIDENTS AT WORK

	2019 (adjusted)	2020 (adjusted)	2021*
Accidents at work	162	154	148
Accidents while commuting	41	30	30
Total	203	184	178
High-consequence work-related injuries (excluding fatalities)**	7	7	11
Rate of high-consequence work-related injuries (excluding fatalities)	4.32	4.55	7.43

* Accidents include all refunded cases. For 2021, the accidents include accidents refunded by 27 January 2022. Therefore, the number is liable to change.

** Work-related injuries that led to over 30 days absence from work.

work experience has brought challenges related to a reduced sense of community and burnout. However, office employees have, in general, been very satisfied with the remote and hybrid working model. In addition, we have trained managers in leadership skills in a changing environment and we offer our employees the opportunity to utilise virtual wellness coaching sessions offered by Mehiläinen.

COVID-19 protection measures continued in 2021

The health and safety of our employees and customers is always our priority. In 2020, we established a special COVID-19 group (three members of the Executive group and four experts) which has continued to meet regularly to coordinate COVID-19 measures. The COVID-19 safety instructions which were created in 2020 were actively improved in 2021. We took into consideration the feedback we received from our employees when updating the guidelines.

We collaborated with occupational healthcare service providers by enabling employees to be vaccinated against COVID-19 through Tokmanni's own occupational healthcare where possible.

A protracted pandemic situation can be very stressful mentally and we have strongly encouraged our employees to use our occupational healthcare services. Examples of these services are low-threshold services, such as video coaching and the 'Concern about my own mental well-being' -chat function, as well as traditional appointments with healthcare experts.

Our employees have been very committed to the new and changing guidelines and have been able to act professionally even in this challenging situation.

ACCIDENTS AT WORK AND ABSENCES DUE TO ILLNESS

	2019 (adjusted)	2020 (adjusted)	2021**
Injury Rate (IR)*	31.8	26.7	25.2
Occupational diseases	0	0	0
Absence rate	4.6	4.2	4.4***
Work-related fatalities	0	0	0

OHS matters are a part of every Tokmanni employee's day, starting right from recruitment and induction. Through our communication and managerial work, we have announced new processes and encouraged our employees to use the TokmanniTurva system. Our employees have occupational safety videos at their disposal as well as the opportunity to participate in a variety of trainings. Each employee is assigned a sponsor at the workplace, whose role is to support the employee and help them with workplace procedures.

Occupational health services

Tokmanni's occupational healthcare service provider Mehiläinen Oy is an important partner in improving our employees' well-being. Through active collaboration we can improve our employees' well-being at different stages of their work careers. In addition to statutory occupational healthcare services, employees can utilise extended healthcare services. In 2021, this benefit covered 3,549 employees.

Tokmanni also provides the opportunity to use digital health services (e.g., a virtual clinic, renewing a

prescription online) as well as low-threshold services concerning, for example, musculoskeletal issues, work-life balance, and general mental well-being.

Musculoskeletal issues were the most common cause of sick leave in 2021. This led to piloting advisory sessions by an occupational physiotherapist at select Tokmanni stores. The visits focused especially on the challenges in that specific store and offered solutions. Because the feedback on the project was excellent from our employees, we decided to introduce this service to all our stores in 2022 and 2023. We continued using the TuleKuntoon-model and facilitating a direct appointment opportunity with an occupational physiotherapist to support musculoskeletal well-being.

To manage increased mental health sick leaves and invalidity pensions, we launched a pilot project in 2021 with Mehiläinen to offer brief therapy for Tokmanni employees. The goal of the project is to prevent mental health absences, uphold employees' work ability and viability as well as strengthen the mental functions of employees. Brief therapy has been proven to be effective, which is why we decided to continue this operation also in 2022. ●

*Workplace accidents per 1 000 000 hours worked, incl. pain induced by work-related motion

** 27 January 2022

*** Absences due to illness (hours) / theoretical working hours (EK)

CASE

GOOD INDUCTION STRENGTHENS AN EMPLOYEE'S COMMITMENT

WHEN STARTING OUT at Tokmanni, each new employee is allocated a sponsor that supports the employee during the first phases of their Tokmanni career. The sponsor welcomes the new coworker and ensures that they have been inducted properly, they have been able to integrate into the work community and they are familiar with their tasks. The new employee can ask the sponsor about anything concerning their work. The induction period at Tokmanni is quite long; it can last from two weeks to three months depending on the role.

“Good induction is important, because it makes employees happier, they learn their tasks faster, and they know how to use their work tools safely. In addition, their impression of Tokmanni as an employer is better,” says **Heidi Piirto**, HRD Manager at Tokmanni.

The induction sponsor program was systematised in spring 2021, but Tokmanni has had a culture of sponsorship for a long time. Each region was assigned an induction coordinator who is responsible for training sponsors who work at Tokmanni stores. Each year, the coordinators are informed about Tokmanni's principles and practices, and they bring this information back to the sponsors.

“Tokmanni has ten induction coordinators, and each store has at least one sponsor,” Heidi says. “A good sponsor is professional, motivated, and has a positive attitude. Being calm and present with the ability to listen and explain things in a simple and clear manner is also important. Being a sponsor also brings new perspectives and experiences to the workday, and almost always the sponsor learns new things too.”

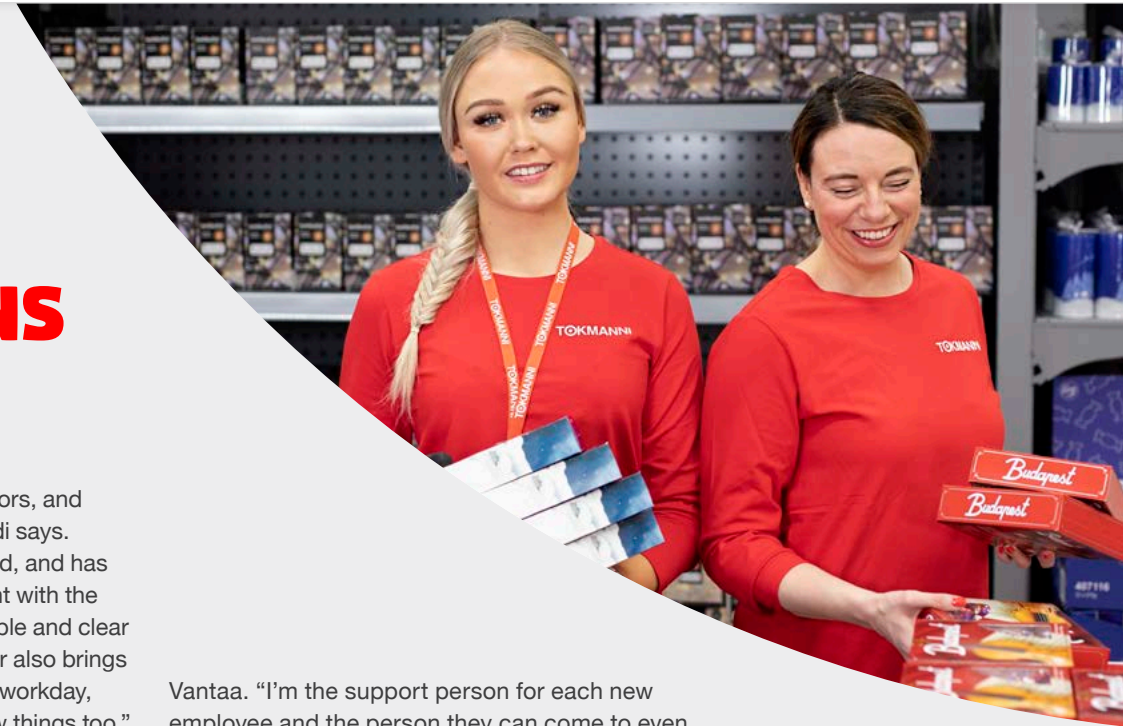
Store Manager **Kirsi Koskela** is an induction coordinator in her region. “A well-trained individual will be more committed to their employer. Induction can prevent injuries and accidents, and new employees feel more welcome. Of course, the law also obliges us to organise induction,” Kirsi notes.

At her Tokmanni store in Nivala, the whole staff is committed to induction. “The Store Manager and sponsor are responsible for planning the induction, but everyone is responsible for their own sectors,” Kirsi says. “Feedback from new employees has been exclusively positive. For me personally, it is important to welcome each new coworker, including interns. They are at minimum new customers, if not employees.”

Cashier **Riina Sommelo** acts as the induction sponsor for the Tokmanni store located in Tikkurila,

Vantaa. “I’m the support person for each new employee and the person they can come to even with so-called stupid questions. I’m also a sponsor for individuals coming back from long periods of sick leave or parental leave. I ensure that this coworker feels comfortable in the work community.” The sponsor training was very useful for Riina. “We discussed our own experiences at length – how did we integrate into a new work community?” The training included a balance of theory and practice.

At the Tikkurila store, employment relationships are fairly long, but there are several interns every year. For example, young students from the Live Vocational College who suffer from a variety of hardships in life have given positive feedback concerning Riina. “Young people think it’s easy to approach Riina, who is herself young and has a helpful and friendly personality,” praises **Sanna Virola**, Store Manager at the Tikkurila store. •





EQUAL TREATMENT AT WORK

WE SEEK TO ENSURE EQUALITY in all roles and in remuneration, as well as guaranteeing non-discrimination to everyone within the company.

Equitable and versatile benefits

In Finland, all personnel are subject to statutory pension security and parental leave. Both permanent and temporary personnel have statutory insurance against occupational injuries and diseases.

Our employees enjoy versatile benefits, which are determined annually by the Executive Group. In addition to statutory benefits, Tokmanni offers a wide array of purchasing benefits and recreational activities as well as fitness and culture vouchers, which are partially paid for by the employer. Occupational health services are also provided beyond the statutory minimum, as they include a general practitioner service. None of these benefits require a full-time work contract.

Incentives for work

Tokmanni operates an incentive pay scheme for all employees with the exception of the warehouse staff, who have their own bonus system. In 2021, the basis of this incentive scheme was like-for-like sales development, depending on the employee's role. For 2021, a total amount of EUR 0.99 million was paid in sales bonuses. These bonuses are paid

out quarterly. The Executive team and the extended management team are covered by an incentive system that is based on the company's success. The system includes a monetary reward and share-based reward.

Equal opportunities for all

Our goal is to create a workplace where each employee feels equal to and in a comparable position to their co-workers. The vast majority, about 98.5%, of Tokmanni's employees are directly covered by the pay scale of the Finnish retail sector's collective agreement.

Improving job satisfaction

We monitor our employees' workplace satisfaction with an annual survey. The survey focuses on how factors such as equality, working atmosphere, and fair management are realised at Tokmanni. After the survey, we determine yearly development targets for the entire company.

Diversity and equal opportunities

Tokmanni is for everyone. We promote an equal and diverse workplace culture. For us, equality in the workplace means equal job opportunities and fairness for our employees and job applicants. We respect and value the skills and differences that each employee brings to the workplace. A diverse workforce is more likely to understand our customers'

needs and come up with ideas to fulfil them. Fairly treated employees make, in turn, our customers feel welcome and helped.

We follow personnel and training programmes as well as non-discrimination and equality plans. These plans are reviewed annually. There were no reported discrimination cases in 2021.

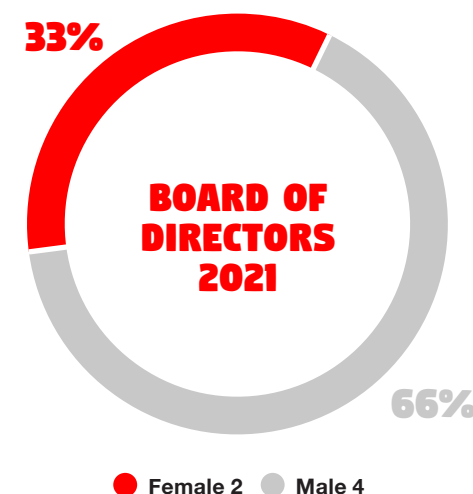
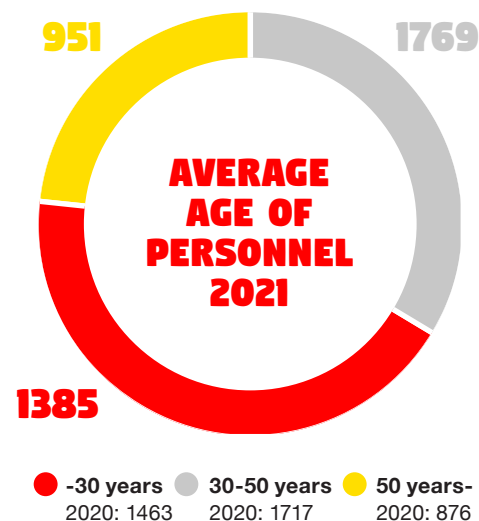
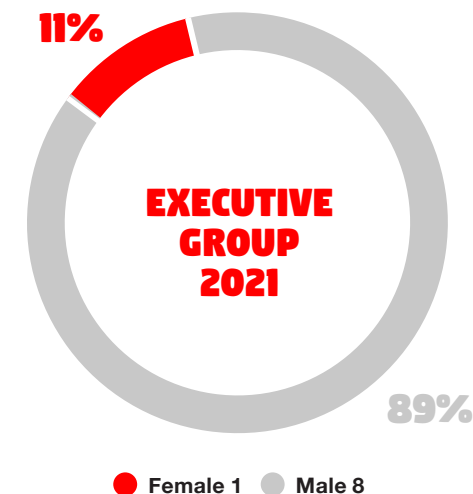
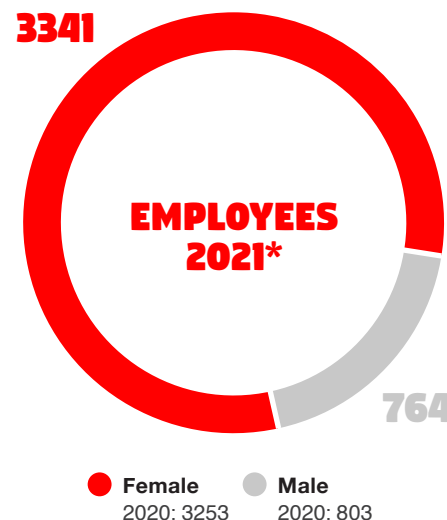
Equal treatment means that everyone has the same rights and rules, and no one is discriminated based on their age, gender, disability, nationality, race, or religion. When everyone is treated equally, and different opinions are respected, the work community functions better and the employees' well-being improves. Equal treatment has a positive effect on employees' commitment to work, efficiency, creative problem solving, innovation, and collaboration.

Tokmanni is part of the FIBS diversity network and has its own diversity steering group and project group, whose members represent Tokmanni employees across the board. The goal of the group is to support and ensure the implementation and development of diversity, inclusion and equality practices.

We have used gender neutral job titles since 2019. In 2021, we expanded the gender choice options in our internal surveys. We collaborated with Hyria Education, a multidisciplinary educational institution, and organised diversity training for our warehouse employees. The training covered topics such as working as a supervisor or instructor in a diverse work community. Read more about our training offerings on page 44.

In 2021, we continued our cooperation with local charities and associations. We purchased Christmas gift packing services from Eteva, the Joint Municipal Authority for Disability Services. We continued our work with the Federation of Finnish Commerce and the City of Helsinki, as well as the Helsinki Vocational College and Adult Institute in their Kaupan polku programme ('Path to Retail'), which promotes diverse working communities. We also supported the Pride event in Mäntsälä, where Tokmanni's administration and logistics centre is located. •

*All effective employments at the end of 2021 are included in the calculation.



CASE

AT THE WAREHOUSE, OCCUPATIONAL SAFETY IS EVERYONE'S RESPONSIBILITY

Approximately 220 people work at the Tokmanni administration and logistics center during each shift. If rules are not followed and the work environment is not up to standards, the hectic and physically demanding job can cause dangerous situations. Safety incidents have successfully been reduced at the warehouse in the last few years due to successful preventative measures.

GOOD INDUCTION plays a significant role in improving occupational safety at the warehouse. Even before their first day, new employees receive credentials for Tokmanni's online training system as well as study material, with which they can familiarise themselves with workplace rules and customs.

The warehouse uses its own traffic rules, which each individual moving around in the warehouse must adhere to. Trucks and collection vehicles drive one way in corridors, and pedestrians need to walk at the edges of the lanes. "The warehouse machinery is heavy and bears heavy loads. An accident can result in serious harm, which is why it's especially important for everyone to adhere to the safety rules," reminds **Vesa Pelkonen**, the occupational safety representative. "For many young people, the warehouse might be their first job and they don't necessarily have experience in occupational safety matters. This is one reason

why we highlight correct procedures already in the induction phase: to ensure safe working conditions."

Tokmanni uses a safety system called TokmanniTurva, through which Tokmanni employees can report possible safety defects at the workplace or provide positive feedback about successful procedures and practices. The system is also used to report near-miss situations, where a safety incident could have happened or the injuries were mild. All the reports received through the system are handled, and information about the outcome of the report is emailed to the original reporter.

We strive to prevent accidents and sick leave absences through regular inspections regarding cleanliness, shelves, and scaffolding. Every quarter, a warehouse safety walk is conducted in which potential safety risks, such as blocked exits, are identified. "We do still need to remind people about safety in everyday operations. We have ergonomic

guidelines on display on the warehouse's information boards and if needed, a physiotherapist can come and provide guidance on suitable lifting methods."

Regular maintenance and repair of machines is also important when considering safety matters. "In the future, we can utilise the data gathered from the machines to improve occupational safety. Already, we have a few trucks at the warehouse which have GPS and software to prevent crashes". Vesa Pelkonen believes that occupational safety is regarded as increasingly important among warehouse employees. "Nowadays, people are more interested in their own health and want to stay in good shape in their professional lives. We hold ourselves responsible for our own and our colleagues well-being." •





OPPORTUNITIES FOR TRAINING AND DEVELOPMENT

We offer opportunities to our employees to learn through their own work, information sharing, and training. In 2021, we focused, among others, on developing leadership and management skills.

TOKMANNI'S GOAL IS to be the best employer in the retail sector for its own employees. We have the spirit of a family company, and we are committed to employing enthusiastic and dedicated employees who value their work, customers, colleagues, and employer. Our objective is to give everyone a chance to do their best at work. Everyone's work is valuable and important. Effective collaboration between different in-house teams is essential to our success.

The continuously changing environment challenges every employee to develop. At Tokmanni, we offer opportunities to our employees to learn through their own work, information sharing, and training. In 2021, our training focused on developing leadership and management skills, navigating a diverse workplace, and developing induction, sales, service, and product know-how. As per statutory requirements, we provide transition assistance in case of redundancy when an employee has worked at Tokmanni for over five years. Information about our ethical guidelines training can be found in the Code of Conduct section (p.23–24) and information about our induction in the People section (p. 40). Professional expertise at Tokmanni is developed through both conventional and online training by in-house experts as well as external training partners.

Training leadership and managerial skills at Tokmanni

In 2021, our managers were able to learn more about our processes and conventions through virtual training. We train our managers in, for example, coaching-based leadership, employment law, giving feedback, and managing factors such as performance, challenging situations and the work community's mood. We also supported the development of decentralised work management skills. In 2021, we conducted a 360 evaluation of our extended leadership team's leadership and management skills, and the result of the assessment was positive. We also train leadership and management skills through degree-based programs at the office, the stores and the warehouse. These skills are developed through programs, such as Specialist Vocational Qualification in Leadership and Business Management, Specialist Vocational Qualification in Business, and Further Vocational Qualification in First-Level Management.

Career pathways of store and warehouse staff support development

In 2020, we outlined the career paths for store-based employees and training opportunities to support this. In 2021, we were able to implement the model amongst our employees through performance appraisals. We also outlined the career paths and training for warehouse employees. We launched

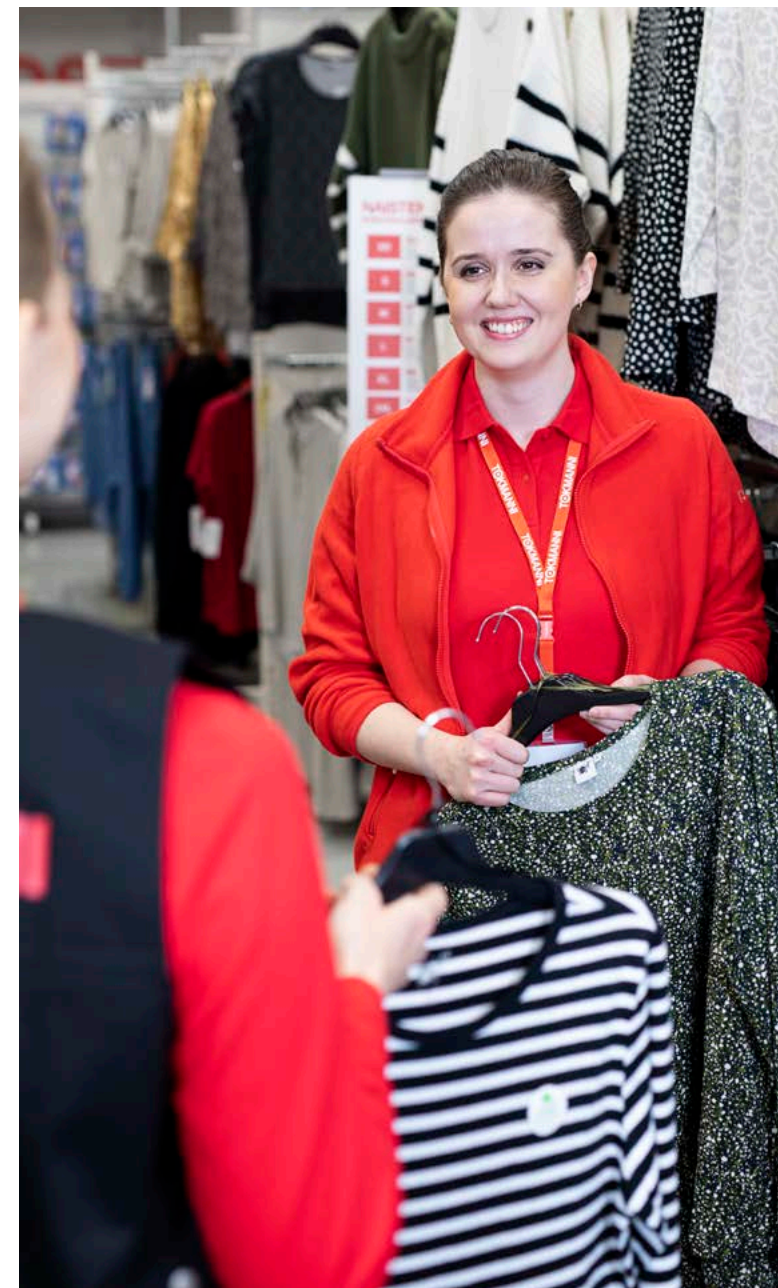
“ Our goal is to enable as many Tokmanni employees as possible to advance in their career and evolve in their current position. Degree-based training is one way to support an employee's development.

Finnish language courses for store and warehouse employees; you can read more about our language training on page 37. Our induction sponsors at the warehouse were further trained in induction and our management

in diversity. At the end of the year, we committed to start developing our warehouse employees' vocational skills by launching a training group aiming for a vocational qualification in service logistics.

Nearly 300 Tokmanni employees around Finland were studying in degree-based training in 2021

Our goal is to enable as many Tokmanni employees as possible to advance in their career and evolve in their current position. Degree-based training is one way to support an employee's development when, for example, they have been assigned a more extensive area of responsibility. Through degree-based learning, we offer employees at stores the opportunity to improve in their current role by learning more about, for example, sales, customer service, or our products. Degree-based training requires education and training know-how from the workplace, which is why we train our workplace instructors annually. We have been recognized for this work – our cashier Maarit from our Malmi store was chosen as the 2020 workplace instructor of the year by the Workplace Guidance cluster of the Trade Training Development Center.





Share of employees that had performance reviews in 2021

- Stores 63%
- Office 91%
- Warehouse 42%

Personnel study to support development

In 2021, Tokmanni carried out its first personnel survey with EezyFlow and was immediately included on the Finland's Most Inspiring Employers list in the large corporations category.

Through the study, we were able to consult our whole staff on important themes. The response rate for the 2021 survey was 73.7%.

Among all the themes evaluated by Tokmanni's employees, Tokmanni's leadership culture was evaluated most favorably. Remuneration was seen as fair, strategy and forecasts had been communicated well to the employees, and the leadership was highly trusted. Tokmanni's employer image was strong. Additionally, our support for the personnel's well-being and professional development as well as induction were assessed by employees to be better than in the retail sector in general.

“In our personnel survey, Tokmanni's leadership culture was evaluated most favorably, and remuneration was seen as fair.”

Annual personal appraisal discussions

Appraisals are held once a year for all Tokmanni employees whose employment relationship has lasted for more than a year. Through these discussions, we make sure that

everyone knows their goals and the value of their work. Mutual feedback, competence development, career goals as well as development of the work community are also mandatory topics in the discussion.

In a normal year, around 80% of Tokmanni employees attend a personal appraisal with their supervisors. During the pandemic, the number of held appraisals has been lower; in 2020 only 55% and in 2021 64% of the appraisals were held. Personal appraisals are very important to us, as the discussions are known to increase satisfaction at work. Therefore, we must do better and aim for improved results in 2022. •

Tokmanni's youth employment programmes

Tokmanni aims to foster youth employment. Therefore, Tokmanni continued participating in a project in which a group of young adults between the ages of 18 and 29 were given coaching in working life competencies. The participants conducted a work trial of three months in the retail stores. The project was carried out in collaboration with the Finnish Commerce Federation, Ohjaamo Helsinki, Stadin ammattiopisto vocational college and a variety of retail companies.

We collaborated with several educational institutions by, for example, offering internships at our stores for youth. We also provided opportunities for students to write final theses. During 2021, Tokmanni offered approximately one thousand summer jobs and work experience positions for young people through the “Tutustu työelämään ja tienaa” programme. Some of the program participants have been hired as a part of an immigrant collaboration project with Plan International. Tokmanni also participated in the Vastuullinen kesäduuni (Responsible Summer Job) campaign.



PRODUCTS AND SOURCING

We work systematically to ensure environmental and social responsibility in our supply chain, especially in risk countries.

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RESPONSIBLE SOURCING AND PRODUCTS

To us at Tokmanni, responsible sourcing means many things, such as more sustainable raw materials, social and environmental sustainability in the supply chain, and quality assurance. We especially want to ensure that employees' fundamental human rights are respected in the supply chain. These fundamental rights are based on, for example, the UN International Bill of Human Rights, the UN Convention on the Rights of the Child, the ILO's Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

ACHIEVEMENTS AND CHALLENGES IN 2021

ACHIEVED

- ✓ Updating sanctions guidelines and finalising and implementing responsible sourcing guidance.
- ✓ Defining certification targets for palm oil and palm oil derived raw materials.
- ✓ No serious faults related to product safety in products sold by Tokmanni or accidents caused by them.

PARTIALLY ACHIEVED

- 70 own factory inspections*, and audits management guidance update (62 audits conducted).
- Sharpening our human rights approach, including prioritisation of future deep dives to selected factories.
- Defining certification targets for wood-based materials.
- Defining a factory and supplier sustainability indicator.
- Determined reduction of the product complaint percentage in private label products.
- Further development of the contract management process.

CHALLENGES

- ✗ Setting targets for selected sustainability labels.
- ✗ Implementing social compliance features into the supplier management system.



TARGETS FOR 2022

- Defining certification targets for wood-based products.
- 100 own factory inspections.*
- Sharpening our human rights approach, including prioritisation of future deep dives to selected factories.
- Defining relevant indicators for measuring factory and supplier sustainability to manage responsible sourcing more systematically as well as developing country-specific risk assessment.
- Developing sustainability of packaging and reducing the use of virgin plastic in selected products.
- Implementing social compliance features into the supplier management system.
- No serious product safety flaws in the products sold by Tokmanni or accidents caused by them.
- Further development of the contract management process.
- Actively reducing or eliminating reasons for complaints in private label products, leading to lower product complaint percentage.

*In addition to third party BSCI audits

RESPONSIBLE SOURCING REQUIRES SYSTEMATIC WORK

SUSTAINABILITY IS an integral part of Tokmanni's sourcing process. The process is supported by our responsible sourcing principles and guidelines, which, in turn, promote the achievement of the UN Sustainable Development Goals in our supply chain.

As a member of amfori BSCI (Business Social Compliance Initiative), we are committed the BSCI Code of Conduct. We also require that our suppliers and their subcontractors adhere to amfori BSCI's ethical principles. In sourcing agreements, Tokmanni

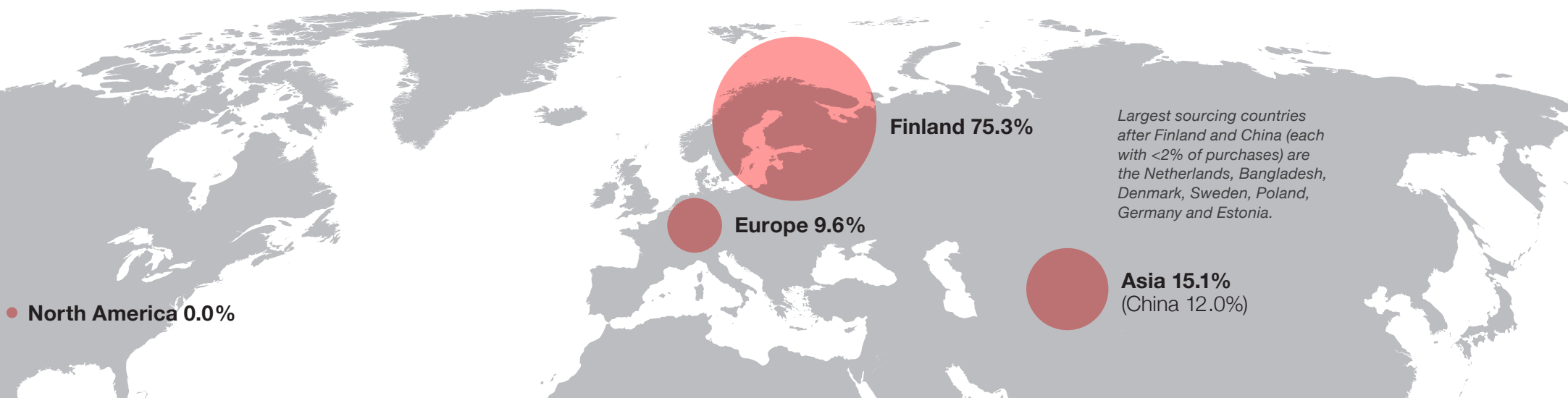
retains the right to examine a supplier's entire subcontracting chain if necessary.

Risk countries focus of responsible sourcing work

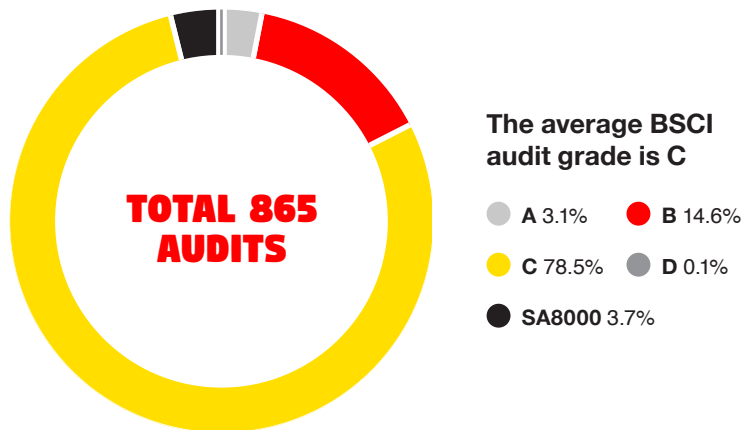
Our social compliance risk management focuses on risk countries, defined as countries that have the greatest risk of labour and human rights violations according to the World Bank's classification. Out of all of Tokmanni's direct sourcing in 2021, a

considerable portion was imported by Tokmanni itself. Of the products imported directly by Tokmanni, about 60% (2020: 63%) are acquired from these risk countries. The vast majority of our risk country suppliers are in China. Other important sourcing countries considered as risk countries include Bangladesh, Turkey, India and Vietnam. Each of these countries represent less than 2% of total direct imports.

TOKMANNI'S SOURCING PER REGION IN 2021



BSCI audit results by performance area – audit results 1.1.2020–31.12.2021



The primary focus of our social and environmental compliance efforts is on suppliers within our more immediate sphere of influence, i.e., Tokmanni's private label and exclusive distribution product suppliers. Before starting cooperation with a factory in a risk country, we require them to have a valid amfori BSCI, SA8000, SMETA, or the toy business' ICTI Care audit and use the audit reports to screen social compliance in factories. These social audits in risk countries include, among other things, use of child and forced labour as well as rights to freedom of association and collective bargaining. Sourcing agreements with the factories of brand suppliers must also include a commitment stating that production complies with amfori BSCI requirements.

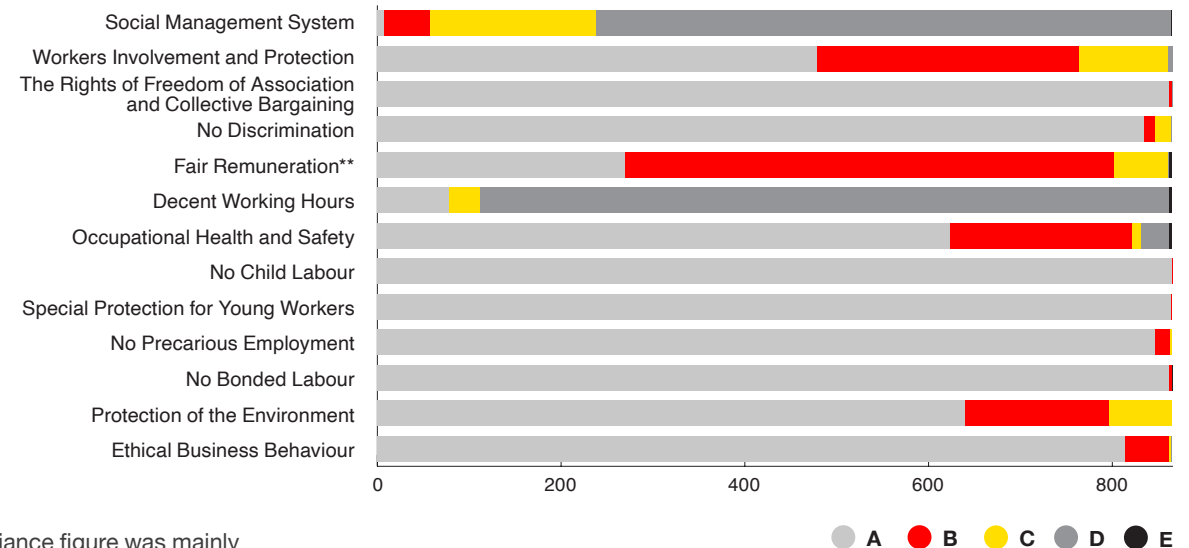
92%* of purchases from high-risk countries from audited factories and the most common BSCI audit grade is C

In 2021, 92% (2020: 94%) of direct purchases from risk countries originated from factories with a valid audit.

The drop in the BSCI compliance figure was mainly due to BSCI platform change and slow migration of factories to the new platform and data gaps due to this. 865 audits were conducted in 2021 in factories supplying for us. Most factories (78.5%*) received an overall score of C (acceptable). None of the factories supplying for Tokmanni received a E (insufficient) in 2021 and no zero tolerance problems were detected in 2021. If our factory would receive an E from an audit, corrective actions and subsequently a new audit with a minimum score of C would be needed before continuing business. Full, 100% coverage is difficult to attain, as there may be a short time between two valid audits due to late re-audit bookings. In these cases, no new orders should be submitted to the factory until the BSCI audit is renewed.

In 2021, we signed the new International Accord agreement

The 2018 Accord on Fire and Building Safety in Bangladesh expired in 2021, and we were among



the first brands to sign the newly negotiated agreement on 1.9.2021. Like its predecessor, the new International Accord for Health and Safety in the Textile and Garment Industry in Bangladesh works towards increasing fire, structural, and electrical safety at factories in Bangladesh. As a signatory to the Accord, we are committed to only sourcing garments from Accord covered factories in Bangladesh.

We carry out our own inspections of potential new factories and high-risk factories

We also carry out our own product quality and social compliance inspections, particularly at the factories of potential new suppliers, and at factories where the assessed risks of human rights violations are the highest such as garments factories and other

labour-intensive manufacturing. Particular focus is placed on work safety and quality control. We check against BSCI reports, discuss, and see whether non-compliance issues have been corrected.

In 2021, we carried out 62 (2020: 60) of our own factory inspections in China. This corresponds to 13.8% (15.4%) of active suppliers in risk countries and 5.9% (8.6%) of active factories in risk countries. Due to COVID-19 travel restrictions, all of our own factory inspections were conducted by our quality and social compliance team in our Shanghai sourcing office and only Chinese factories were inspected. Our target of 70 own factory inspections was not met as some inspections had to be cancelled or postponed due to the pandemic.

In addition to our own factory inspections, we commissioned 53 third party audits, mainly in China but also in Pakistan, Vietnam, and Bangladesh. The most common issues found in these audits involved overtime, social insurance, and minor safety non-compliances. Corrective action plans were required from all factories.

Working towards living wage

Living wage is one of the risks that comes up in our human rights assessments. Both the amfori BSCI Code of Conduct and Tokmanni's Supplier Code of Conduct contain the principle of fair remuneration**, which enables the employee and their family to earn a reasonable income sufficient to meet basic needs. As a member, we support amfori BSCI's initiatives aiming to achieve living wage in supply chain.***

As we do not own factories and therefore do not pay wages in the supply chain ourselves, we cannot influence wages by ourselves. We are, however, committed to promoting it in our supply chain.

Responsible sourcing guidelines updated

In 2021, our human rights and social compliance risk management was further developed by updating our responsible purchasing principles and guidelines and organising training on the guidelines for our buying and sourcing teams in Mäntsälä and Shanghai. For example, more specific guidelines on how to react to poor audit results (D and E in amfori BSCI system) were developed.

Further developing responsible sourcing

We also continued our work on our reporting systems to integrate factory-level data and social compliance issues into our business reporting, and to work more closely with our purchasing office in Shanghai with, for example, factory audit follow-up.

Finally, we continued to participate actively in trainings and other events arranged by amfori BSCI and other partners, such as FIBS and the Sustainable Supply Chain Initiative of the Consumer Goods Forum. This stakeholder co-operation helps us to keep up to date on the developments of responsible sourcing on a global level. ●

*Calculation based on 2021 purchases from factories in high risk countries that had BSCI or other social compliance audit valid at the time of purchase.

**Anker-methodology is normally used.

***More about amfori's living wage journey can be found [here](#).



CASE

WE ARE MAKING SUSTAINABLE CHOICES AVAILABLE TO ALL

Our stores typically have a selection of around 25,000 products. Tokmanni's employees have an impact on what types of products the selection includes. The Pisara Skin Menu product line, one of our private labels, is an example of how we make sustainable choices available to all.

THE PISARA SKIN MENU product line was introduced in Tokmanni stores and the online store in the summer of 2021. The guiding principle for the product line was clear, says **Tiina Lipponen**, Home and Personal Care Buyer at Tokmanni.

"We wanted to create a new series of personal care products for our Pisara brand that not only reflects current trends and our customers' wishes, but also exhibits an impressive price-to-quality ratio."

Designed together with the manufacturer

The Pisara Skin Menu product line consists of shower gels, liquid soaps, hand creams and body lotions.

"Based on our customers' and employees' wishes, we decided to focus on vegan content and natural ingredients, for example. We also paid attention to the recyclability of packaging," Tiina explains.

Tokmanni quickly found common ground with a Polish manufacturer.

"Instead of buying readily available products from the manufacturer, we worked together to create highly customised products for Tokmanni based on our wishes. Our Skin Menu products are vegan, with

the exception of a liquid soap that contains honey extract. As much as 92% or 94% of the ingredients in the products are of natural origin, depending on the product."

RSPO certification ensures the sustainability of raw materials derived from palm oil

What makes the Pisara Skin Menu products special is the fact that they were Tokmanni's first private label personal care products that included RSPO certified raw materials derived from palm oil.

The Skin Menu products were developed and sourced according to Tokmanni's recently released palm oil policy. Through this policy, we are committed to, among other things, increasing the portion of palm oil derivatives that are RSPO certified in our private label detergents and cleaning and personal care products.

The shift to sustainably produced palm oil is important because it prevents palm oil production from spreading to new tropical rainforest areas and threatening biodiversity as well as causing deforestation and significant greenhouse gas emissions.



"Palm oil is a significant source of income in the regions in which it is produced. Sustainable palm oil production also promotes the realisation of human rights for production workers and indigenous peoples," Tiina says. •

Read more about Tokmanni's palm oil policy on page 54.

Did you know?

The RSPO certification is issued by the [Roundtable on Sustainable Palm Oil](#), a non-profit organisation. It promotes sustainable palm oil production, taking into account ecological, social and economic aspects. Its hundreds of members include palm oil producers and processors, food industry companies and retail chains, as well as non-governmental organisations. Tokmanni joined RSPO in early 2021.

CASE

LONG-TERM COOPERATION HELPS ENDURE THE EFFECTS OF THE PANDEMIC

Tokmanni has not cancelled any orders or abandoned suppliers during the pandemic. We believe in long-term cooperation which also makes business sense.

THE TEXTILE INDUSTRY, vital to the Bangladeshi economy, has been in dire straits due to the COVID-19 pandemic. Most clothing factories were closed for periods of time in spring 2020. The recovery in 2021 was hampered by new waves of the pandemic in the textile export markets. Bangladesh is an important country in Tokmanni's value chain, and the effects of the pandemic on business operations could not be completely avoided.

In 2021, Tokmanni procured clothing and accessories from a total of 24 factories in Bangladesh. Due to COVID-19, the entire country was in lockdown in March-April 2020. Factories were closed and shipments to export ports ceased.

"The pandemic challenged the security of our supply, which is usually not a problem with the Bangladeshi manufacturers. The number of workers was limited, and delivery times increased", explains **Timo Karanko**, Tokmanni's Purchasing Team Manager.

"We were also unable to visit the factories, which created challenges for the creation of new collections, for example," adds **Margit Forss**, Clothing Buyer at Tokmanni.

However, Tokmanni did not cancel any orders or abandon suppliers during the pandemic. In Timo

Karanko's opinion, this is the only sensible way to cooperate. "We believe in long-term cooperation. It is not only responsible but also makes business sense. As a result of working together over the worst phase of the pandemic, we had our partners ready as trade and transportation revived."

Strict health and safety measures keep factories open

Tokmanni has been cooperating with Dip Knitwear, a Dhaka-based clothing manufacturer, for nearly a decade. Tokmanni purchases knitted clothes and sportswear from the company's factory. Dip Knitwear also had to close its factory in the spring of 2020, but 2021 was easier.

"By implementing various safety measures, the difficulties eased up in 2021, and we didn't need to close the factory. Hence, we have been able to provide employment to all our workers, and salaries have been paid accordingly," says **Shaifuddin Kislu**, Merchandising Manager at the factory.

The RMG Sustainability Council, which had overseen the implementation of the Bangladesh Accord since the beginning of 2020, has sought to ensure that it is safe for workers to continue working in factories despite the pandemic. For example,

a checklist sent to Dip Knitwear states that factories must, among other things, provide workers with face masks, ensure hand washing facilities, disinfect work areas regularly, and ensure that safety information is passed on to all workers.

"We maintain high safety standards, use hand sanitiser, and check the temperature of workers before entering the factory. We also maintain proper distance to avoid COVID-19 risks," Shaifuddin Kislu explains.

The factory also ran a vaccination programme for its workers. ●

Sources:

Hiltunen, Tiia: Development of responsibility in Bangladesh garment industry. Haaga-Helia University of Applied Sciences. 2020 The Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

Textile industry – a cornerstone of the Bangladeshi economy

- The garment industry is by far the biggest contributor to Bangladesh's export earnings: around 83% of the country's total export earnings come from ready-made garment exports, as well as 11% of the GDP.
- There are over 4,600 garment factories in Bangladesh, most of them located outside of Dhaka and Chattogram (Chittagong).
- About 95% of these factories are owned by local companies or families. The remaining 5% are foreign owned.
- Garment factories employ close to four million workers, of which around 60% are women.



KEY HIGH-RISK RAW MATERIALS AND PRODUCT CERTIFICATION

WE HAVE DEFINED cotton, palm oil, wood-based materials, and fish as our key high-risk raw materials. One of our sustainability goals for 2021 was to define certification targets for palm oil and wood as well as working on reaching our goals set in our cotton and fish policies published in March 2021.

Tackling biodiversity loss

Our most significant impacts on biodiversity arise through the products we sell and their raw materials. In terms of biodiversity, the most significant raw materials in our selection are those we have defined as high-risk. We are committed to sourcing these raw materials in a more sustainable way. We rely on certifications that set requirements for the

conservation and promotion of biodiversity, such as FSC, Organic farming, and RSPO.

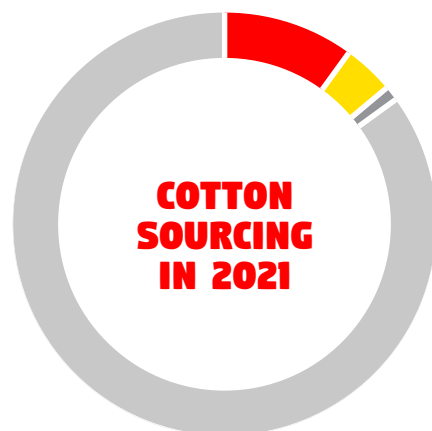
Working towards achieving our sustainable cotton targets

The most important high-risk material for us is cotton, based on high sales and the related environmental and human rights risks. Our updated cotton policy was published in March 2021. In 2021, our focus was on working towards the target that 100% of our cotton will be sustainable by the end of 2024. We define sustainable cotton as organic, recycled, or produced in line with Better Cotton (BC) or the Fairtrade International. We joined BC in the beginning of 2021 and thereafter started sourcing it.

We have prohibited the use of cotton from Turkmenistan and Uzbekistan. In January 2021, we started tracking the origin of the cotton in our products on a regional/provincial level in China and proactively prohibited the use of cotton or manufacturing factories from Xinjiang.

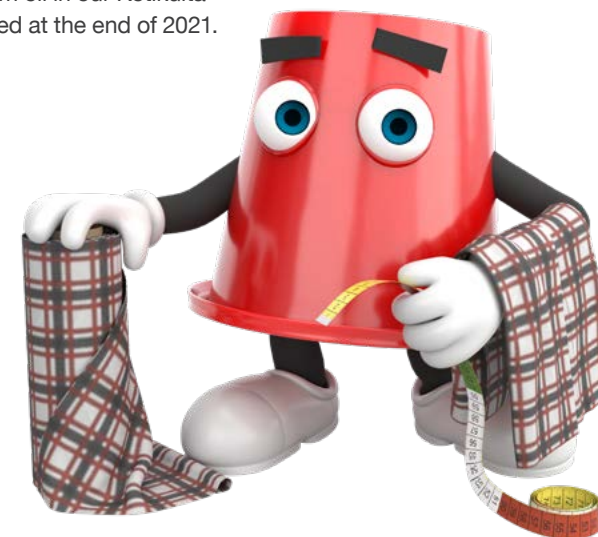
New palm oil targets

In 2021, we updated our palm oil policy and committed to ensure that all palm oil in our private label products is RSPO-certified (Mass Balance, Segregated or Identity Preserved) by the end of 2021. We were close to achieving this goal with a certification rate of 99.1%. For example, all of the palm oil in our Kotikulta candles was RSPO certified at the end of 2021.



At the end of 2021, 15% of the cotton in our private label products (such as Pola and Kotikulta) was sourced more sustainably

- Organic cotton 10%
- Better Cotton 4%
- Recycled cotton 1%
- Conventional cotton 85%





All of the palm oil in our Kotikulta candles is RSPO certified.

We also committed to increasing the use of RSPO-certified palm oil derivatives in our private label cosmetics and washing and cleaning products. In 2021, we launched our first cosmetics products that contained RSPO-certified raw materials. The Pisara Skin Menu line is an example of these products (read more on p.52). At the end of 2021, we offered seventeen personal care and cleaning products with RSPO-certified palm oil derivatives.

Updated fish policy

In 2021, we updated our fish policy. The updated policy is based on the WWF Seafood Guide and bans any fish products on the WWF red list. In addition, we established that by the end of 2022, fish in our private label products will all have been caught responsibly, e.g., have a MSC certificate. At the end of 2021, six out of seven of our private label fish products (tuna) were MSC certified, compared to only one at the end of 2020.

Wood-based materials: updated policies

In 2021, we also began updating our wood-based products policy. This work was finalised and the updated policy published in January 2022. We are committed to sourcing all wood-based materials from FSC or PEFC certified forests or using recycled materials. We will also increase the certification of our private label wood-based products.

Certified products

One of our sustainability goals for 2021 was to set targets for select sustainability labels. Targets have been discussed with internally, but we have decided not to set public targets. The number of certified private label products is reported yearly (see table on this page).

We are also working on increasing the use of recycled materials in our private label products. At the end of 2021, we had 61 private label products with recycled raw materials.

NUMBER OF CERTIFIED PRIVATE LABEL PRODUCTS

Certificate	Number of certified private label products 2020	Number of certified private label products 2021
FSC	41	70
MSC	1	6
Nordic Swan Ecolabel	91	96
PEFC	4	3
Rainforest Alliance / UTZ	2	2
The Hyvää Suomesta (Produced in Finland) label	18	23
The Key Flag symbol	54	60

We are committed to animal welfare

We are committed to promoting animal welfare in our supply chain. Our [animal welfare principles](#) are based on the universally accepted Five Freedoms of the UK Department for Environment, Food and Rural Affairs: freedom from 1) hunger and thirst, 2) discomfort, 3) pain, injury or disease, 4) fear and distress and 5) freedom to express normal behaviour.

We updated our animal welfare policy in 2021 to clarify which requirements apply to our private label products only and which to all the products we sell. As we are more able to control our private label products than the brands we sell, we can set higher standards for our own products. For example, we do not accept leather, hides or skin from Bangladesh or Myanmar in our private label products due to poor conditions in leather factories. In addition, real fur is not accepted in any of the products we sell. •

CASE

QUALITY ASSURANCE AT TOKMANNI

Product quality and safety are key priorities at Tokmanni. We aim to ensure that all products sold at Tokmanni are safe to use and of high quality. Tokmanni is responsible for ensuring the safety and legal compliance of the products we sell.

A product's quality assurance journey

Tokmanni's quality control process is extensive. Once we identify a new product that we wish to offer our customers, we begin the search for a supplier. When possible, we choose suppliers we have already worked with before.

Once potential suppliers have been identified, the factories send samples of the new product to Finland. The product's quality is tested by an independent partner. The supplier is then selected based on criteria such as quality-price ratio and supply reliability. We only select products with high quality standards. If possible, a Tokmanni representative visits the factory before the final decision.

After the supplier has been chosen and production begins, an independent quality control partner inspects each product batch before it is shipped to Finland. Once the products arrive at our central warehouse, a quality specialist checks them on-site.

“With the help of the Shanghai team, Tokmanni can ensure the quality and sustainability of our products, even when manufactured on another continent.”

Our Shanghai office

Our Shanghai office makes sure that the products we procure are up to our high standards. With the help of the Shanghai team, Tokmanni can ensure the quality and sustainability of our products, even when manufactured on another continent.

The Shanghai office has 33 employees in total, and it houses two teams: the commercial team and the quality and compliance assurance team. In 2021, Tokmanni increased the number of quality and compliance employees at the Shanghai office from three to five.

“Strengthening the capabilities of the Shanghai office to conduct quality control and to ensure responsible procurement has become especially important during COVID-19, as inspections have become difficult,” explains **Mikko Kalmi**, Quality Manager at Tokmanni.

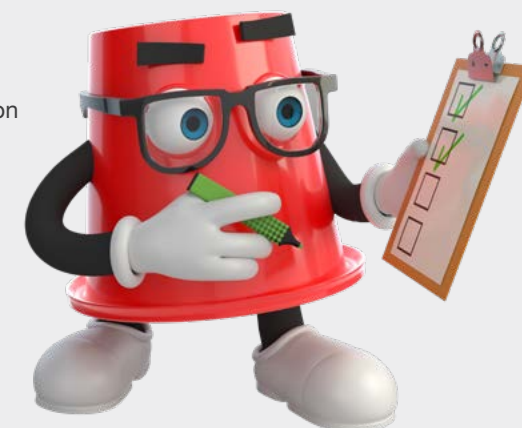
In practice, the Shanghai team's quality assurance operations include factory checks and ensuring timely delivery. Factory checks are

conducted at potential new suppliers' factories and at factories where the risks of human rights violations are the highest. “Because of our local team, we have been able to ensure quality, responsibility and logistical flow also during these challenging times. This is a clear advantage compared to other operators,” says Mikko Kalmi.

In 2021, Tokmanni's buyers further increased communication and collaboration with the Shanghai office to ensure product quality.

Further improvements in quality assurance

Next, Tokmanni will be focusing on improving supplier information management and identifying supplier risk. We are committed to continuous improvement in every aspect of our business, including quality control. •



ENSURING PRODUCT SAFETY

PRODUCT SAFETY is an integral part of Tokmanni's sourcing practices, and we do our best to guarantee the safety of the products we sell. We self-monitor, visit suppliers, and test products ourselves and with third parties at various stages of the sourcing process.

We are responsible for the safety and quality of our products

We serve either as the distributor, importer, or manufacturer of the products we sell. We have the ultimate responsibility over the safety of our private label products and of other goods which we import into the European Union. We monitor product safety by checking documentation, controlling quality during production, and inspecting consignments. We have products tested by third parties, and we carry out inspections for all our products based on their risk level.

Safe, high-quality products

Our goal for 2021 was to develop product quality and to enhance the customer experience of Tokmanni's private label products. In 2020, we began reviewing our quality assurance processes.

We examined various stages of the process with a risk lens. In 2021, the impact of the customer return percentage on the existing product assortment was introduced as a new step in the review process. Based on the assessment of the customer claim rate, a detailed cause analysis and various bans and recommendations to suppliers to enhance product quality were implemented.

We measure product safety by the number of product types that do not meet all our requirements. In 2021, we identified 13 such cases (2020: 21), most of which were due to poor quality of use and were detected through self-monitoring or customer returns. In 2021, no products we sold under the Tokmanni brand or imported were subject to any serious product safety defects. In 2021, we also conducted an assessment of all of our 1,862 product categories based on their safety risk level relative to the requirements of the EU product safety legislation.

In 2021, we did not carry out any market withdrawal procedures for our own brands. However, we carried out one withdrawal procedure for an imported product: a farm jack that did not meet the requirements of the safety standard associated with the product. Tokmanni also implemented two



Product safety is tested in different stages of production

- Low risk 10%
- Medium risk 42%
- High risk 48%

sales bans imposed by the authorities, one against Tokmanni's private label product and the other against an imported food product. The private label product did not meet the requirement of the product safety standard for water tightness but did not pose an immediate hazard. The second sales ban was for a food product produced in Sweden where the preservative content exceeded the limit allowed in the production batch.

Quality throughout the supply chain

Tokmanni is responsible for ensuring the correctness of texts and packaging markings for the goods we sell. All our private label products indicate the country of manufacture and the recyclability of the packaging materials. Tokmanni reviewed or renewed the labelling of 5,119 private label products in 2021 (2020: 3,061). The number of third-party product tests mainly run at the factories was 3,510 (3,665). •



CLIMATE

Tokmanni seeks to reduce energy consumption particularly in stores, reduce CO₂ emissions in its own operations and the supply chain, and improve waste recycling.

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CLIMATE

We strive to use resources efficiently in our business. We are constantly exploring new opportunities to utilise renewable energy and energy-saving equipment, and we aim to make our logistics system more environmentally friendly. We closely monitor the amount of waste generated at our warehouse and in our stores, and actively improve the reuse and recycling of waste.

ACHIEVEMENTS AND CHALLENGES IN 2021

ACHIEVED

- ✓ Recycling and reuse rate: 80% (of total waste)
- ✓ CDP score B, Management level

PARTIALLY ACHIEVED

- Power consumption* (total): -3% compared to 2020 level
- Comparable power consumption*: -4% compared to 2020 level

CHALLENGES

- ✗ Reducing location-based CO₂ emissions at our properties (Scope 1 and 2) by 3% compared to 2020 levels.
- ✗ Maintaining CO₂ emissions intensity** from transport at 2015 levels.
- ✗ Development of feasible data management systems for environmental reporting.



TARGETS FOR 2022

- Reducing location-based CO₂ emissions at our properties (Scope 1 and 2) by 2% compared to 2021 levels
- Roadmap for renewable heat ready in 2022
- Maintaining CO₂ emissions intensity from transport at 2015 levels
- Reducing supply chain emissions in cooperation with suppliers
- Recycling and reuse rate: 85% (of total waste)
- Roadmap for biodiversity ready in 2022
- CDP score B or above

*Power consumption is the total consumption of electricity and comparable is the specific consumption.

**CO₂ emissions relative to revenue

SYSTEMATIC REDUCTION OF CLIMATE IMPACTS

- DRIVEN BY SCIENCE-BASED TARGETS

SYSTEMATICALLY reducing our climate impact is one of the most important areas of our sustainability work. We take the climate crisis seriously and want to do our part. We have set ambitious climate targets and aim to report on progress transparently.

Governance of climate-related risks and opportunities

Tokmanni's Board of Directors approves the corporate strategy, part of which covers sustainability and climate-related issues. The Board is responsible for ensuring that the group's risk management and internal control systems are adequate considering the regulations governing the business. The Board reports annually on the climate risks facing the company in the Board of Director's report and in the non-financial disclosures section of Tokmanni's financial statements. The President and CEO has the highest operational-level responsibility for climate-related issues.

We are constantly developing our reporting on climate risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In 2021, we also reported to the CDP for the third time and maintained our B rating (Management level) and received an A rating for supplier engagement for the second time. Our CDP report includes a more detailed description of our climate-related risks and opportunities, governance, strategies, and targets. We plan to continue reporting to the CDP on an annual basis to maintain transparency.

The process for managing climate-related opportunities often occurs in tandem with climate-related risk management. The Head of Corporate Responsibility is responsible for proposing and driving climate-related initiatives, maximising opportunities, identifying and minimising risks, and ensuring that sustainability targets are met and reported on.

At this stage, Tokmanni has not identified any operations that fall under the criteria/classifications of the EU Taxonomy for sustainable activities.

Climate-related issues in Tokmanni's strategy

Sustainability is one of the sources of success in Tokmanni's corporate strategy. We are constantly examining new opportunities to cut energy consumption, increase the use of renewable energy at our properties, make our logistics system more environmentally friendly, and offer our customers a growing range of products and services with sustainability certifications. Part of our value proposition is to make quality products and sustainable options accessible to everyone.

Most of the lifecycle climate impacts of Tokmanni's products arise during the manufacturing phase and the product use phase. We have limited opportunities to influence these impacts and measuring them is challenging. Despite this, in 2020, Tokmanni calculated for the first time a Scope 3 inventory which included the lifecycle emissions of the products we sold. This calculation was further developed in 2021.

The main emphasis of our climate strategy is the climate impact of our own operations, especially the reduction of CO₂ emissions and the energy usage of our properties. As Tokmanni does not own properties or transportation fleet, improvements in efficiency and emissions reductions require constant and considerate negotiations with partners. To manage emissions while growing and expanding our store network, we aim to keep our greenhouse gas emissions intensity from transport at the 2015 level.

Science-based targets guide our CO₂ emission reduction efforts

In 2020, Tokmanni was the third retailer in the Nordics to publish climate targets that are approved by the [Science Based Targets initiative \(SBTi\)](#) and align with the Paris Agreement. Building on these targets, in 2021, we published our more stringent goal to be carbon neutral in 2025 compared to the previous target of 2030.

We have committed to reducing our absolute Scope 1 and 2 emissions by 70% by 2025 (base year 2015). In addition, we have committed to ensuring that 80%* of our suppliers will have science-based targets by 2025. These targets will be achieved through, for example, reducing energy consumption, improving energy efficiency, expanding the use of renewable energy to heating, and negotiating with our suppliers. At the end of 2021, Tokmanni's Scope 1 and 2 emissions had decreased by 63% compared to 2015 levels. Discussions with suppliers concerning science-based targets began in the fall

*By spend, including purchased goods and services.

of 2021. At the end of 2021, around 43% of product suppliers were committed to the SBTi.

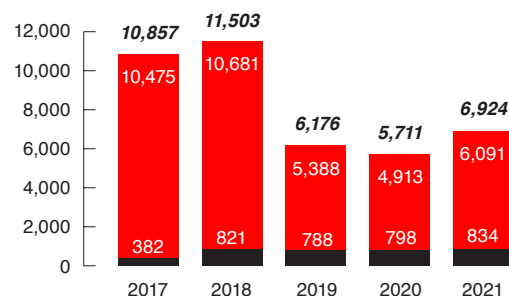
Climate risks mainly found in the value chain

Climate change poses both physical and transition risks to businesses and investments. For Tokmanni, the main physical risks are related to the increased severity of extreme weather events, such as cyclones and floods in our supply chain, impacting our ability to meet demand. We mitigate this by, for example, taking the monsoon season into account when ordering apparel from Asia.

We are dependent on natural resources. Certain critical raw materials, such as cotton, are particularly vulnerable to climate change. We are mitigating our cotton risk by increasing the share of organic and certified cotton in our products. Cotton also poses a risk to Tokmanni: the price of cotton may increase due to the inability of limited supply to meet growing demand.

A major transition risk is regulation concerning existing products and services. New regulation might reduce demand of the regulated products and/or result in fines. An example is the EU legislation banning certain single-use plastics. As a response, we have investigated a wide range of alternative products and materials to replace disposable plastic products. For example, we have introduced paper straws, biodegradable plastic cups, cutlery made of birch, and Nordic Swan Ecolabelled cotton swabs made of paper.

CARBON FOOTPRINT OF OWN OPERATIONS, TONNES CO₂



- **Scope 1:** Direct greenhouse gas emissions
- **Scope 2:** Indirect greenhouse gas emissions

Scope 2 includes market-based greenhouse gas emissions. In our 2019 Sustainability report we included in our carbon footprint the following categories of Scope 3 emissions: domestic and international transportation of goods, postal services, air and rail travel, and waste. From 2020 onwards, having calculated a full Scope 3 inventory as part of our process to get science-based climate targets approved, we start to report the carbon footprint of Scope 1 and 2 (our own operations), and Scope 3 (products and supply chain) separately.

CARBON FOOTPRINT (SCOPE 3), TONNES CO₂

	2019	2020	2021
Upstream			
Purchased goods and services	533,027	644,252	708,066
Fuel- and energy-related (not included in Scope 1 or 2)	4,470	3,152	4,721
Transportation and distribution			
Transportation	10,858	11,885	21,157
Postal Services	24	63	1,288
Advertising mail			7,598
Business Travel			
Air travel	270	13	49
Rail travel	4	0	0
Employee commutes	1,515	1,595	1,614
Waste	1,172	483	607
Downstream			
Downstream transportation and distribution	92,206	92,206	97,191
Total Scope 3 Greenhouse gas emissions	643,546	753,650	842,291

In 2020, Scope 3 screening was carried out for Tokmanni, and in 2021, the screening was further developed and additional items included in the calculations.

Opportunities presented by the shift in consumer preferences

Another transition risk is reduced demand for certain types of goods and services due to shifts in consumer preferences. On the other hand, selling low-carbon goods and services and improving our competitive position to reflect shifting consumer preferences forms an opportunity.

Based on our customer study conducted in 2021, our customers' purchasing decisions are based not only on price and safety, but on the product's origin and durability, the climate and human rights impact of the product and its materials, whether the retailer treats its employees and customers equally and fairly, and the corporate responsibility stance the retailer takes.

We are currently increasing the range and number of products with sustainability certificates and striving to pay greater attention to raw materials, recycling, the development of more sustainable packaging materials, and sales of recyclable products and products that reduce environmental impacts. We are also placing more emphasis on sustainability-related communications and marketing to our customers

Collaborating with our suppliers to meet targets

It is critical for Tokmanni to collaborate with and have strict requirements for our suppliers. The market is changing because of new policies and consumer trends are moving towards more sustainable options. We engage with our suppliers to improve the effectiveness of our partnerships, and work to,

for example, find ways to reduce packaging, lower emissions from transportation (p.65), and conduct negotiations related to science-based targets.

Since our ability to influence our suppliers' operations is limited, we work to improve supply chain transparency and social and environmental compliance collaboratively through initiatives such as amfori BSCI (p.50) and the environmental programme amfori BEPI. The environment is particularly an area where we recognise that we have room for improvement. In 2020, we started working on this by inviting our garment factories to start the amfori BEPI Self-Assessment. In 2021, we invited our biggest suppliers to the system. At the

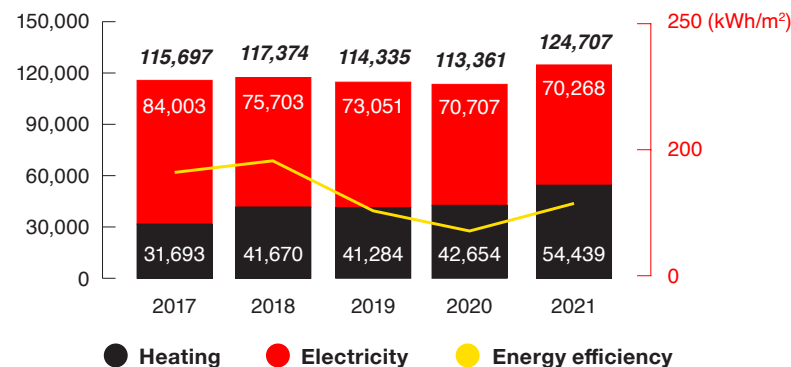
end of 2021, 248** of our suppliers had enrolled into BEPI system.

A perspective on properties' energy usage

The most significant climate impacts of our own operations arise from the electricity usage and heating of the properties we rent (Scope 1 and 2). Most of our electricity use derives from the lighting, ventilation, and cooling of the properties we rent. We are focusing on automated remote management and monitoring of electricity at properties. In 2021, we started upgrading the refrigeration systems in select stores to ensure the use of new technologies, including more environmentally friendly refrigerants.

**65% of them were in China and 30% were garment factories.

TOTAL ENERGY CONSUMPTION (MWH) INCREASED DUE TO HIGHER HEATING DEMAND



The figures include both measured and estimated consumption.

In 2021, location-based emissions from Tokmanni's properties increased by approximately 8.4% (2020: -12.2%). In 2021, one of the most important efforts to manage emissions was the installation of LED lighting at twenty sites. However, due to colder temperatures during the winter months, heating demand increased and thus emissions increased compared to 2020. Market-based emissions increased by 21.2% in 2021 (-7.5%), which is also attributed to increased heating volumes. In 2022, we will investigate opportunities to start using renewable heating sources.

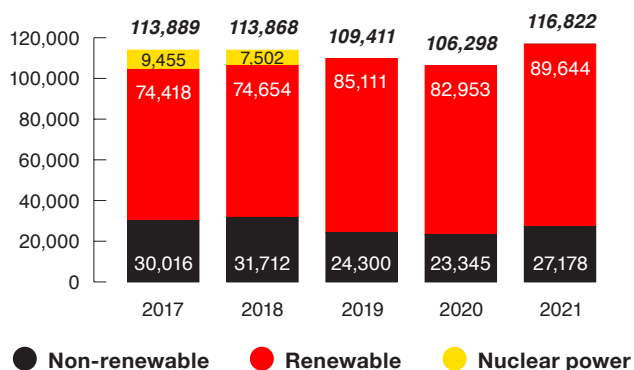
An increase in solar power in 2021

In 2021, we installed solar panels at twelve new stores, and used 4,245.9 (2020: 3,710.7) MWh and sold 659.1 (585.4) MWh of solar power. We already have over fifty solar power plants across Finland. In the coming years, we aim to increase the use of solar power in our stores throughout the country. We intend to install new solar panels, when possible, in conjunction with opening new stores and renovating old stores. To install panels, the store needs to meet certain criteria. In 2022, our target is to install ten new solar plants on the roofs of our stores.

100% renewable electricity

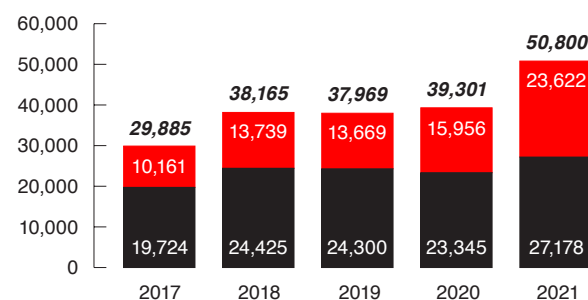
Our CO₂ emissions from electricity use were covered by renewable energy certificates. In 2021, we purchased renewable energy certificates for 100% (2020: 100%) of electricity consumed, equaling 66,022 (66,997) MWh. In 2021, we offset all our air travel emissions (49 tCO₂) by investing in renewable energy projects, which are Gold Standard projects implemented in Bangladesh. ●

MAJORITY OF PURCHASED ENERGY (MWH) IS RENEWABLE*



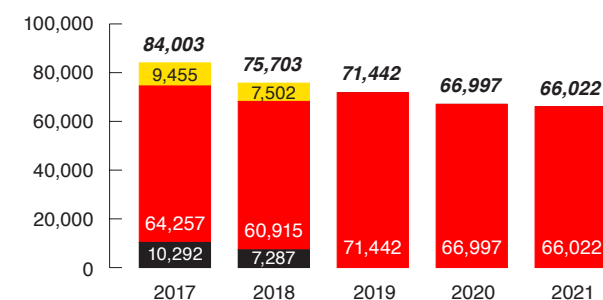
*Purchased energy (scope 2)

DISTRICT HEAT, MWH



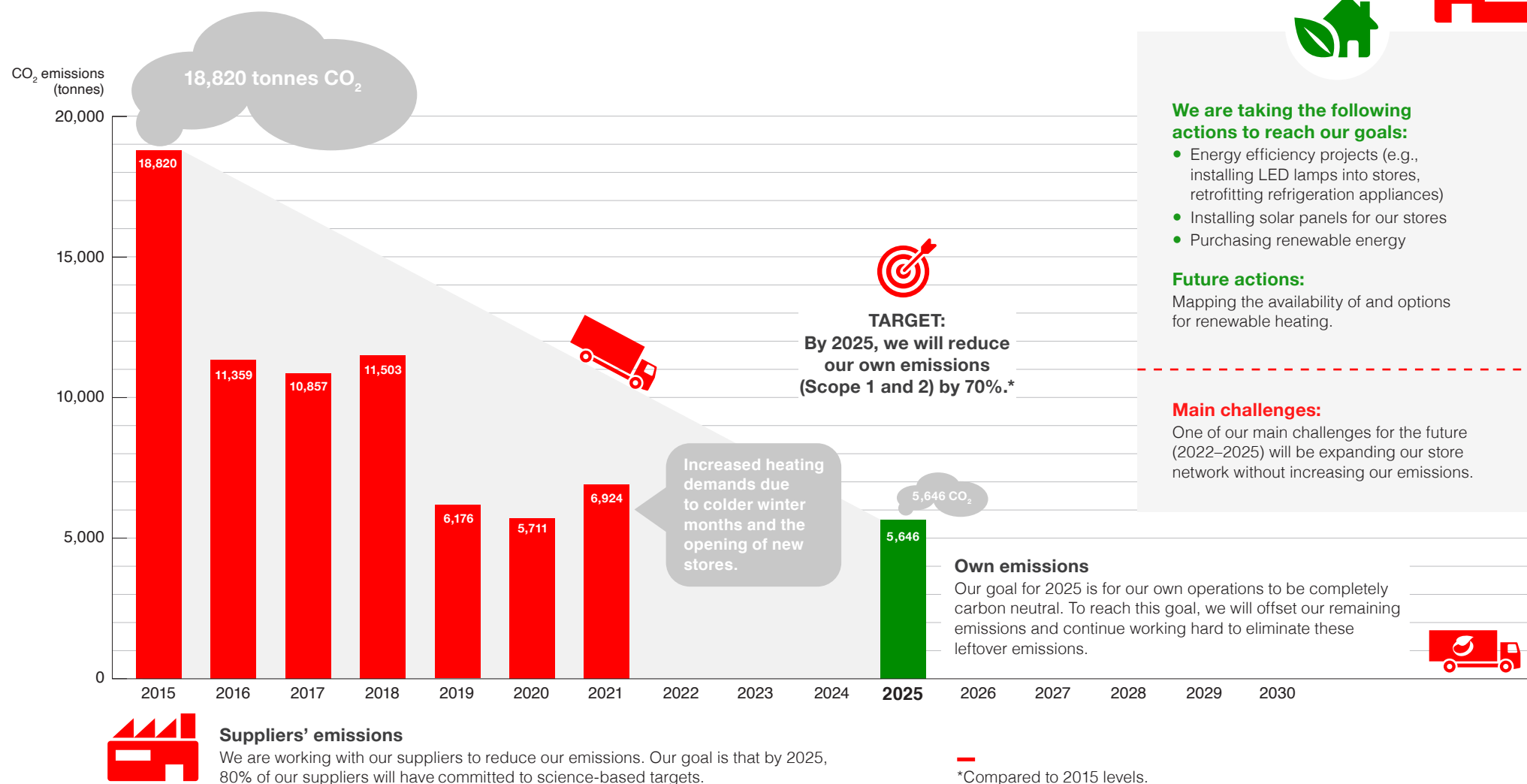
The figures include both measured and estimated consumption. Includes only purchased electricity.

ELECTRICITY, MWH



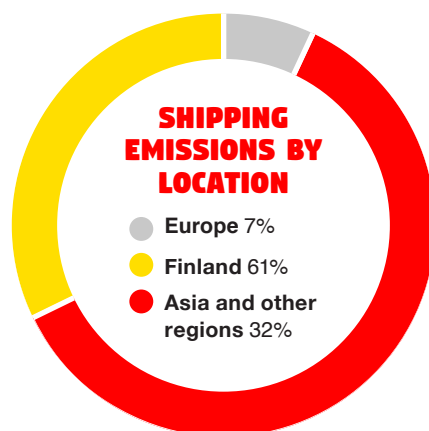
OUR WORK TO REDUCE OUR EMISSIONS IS PAYING OFF

Our climate goals are based on science (Science Based Targets initiative) and are aligned with the most ambitious goal of the Paris agreement: to limit global warming to 1.5°C.



WORKING TO KEEP TRANSPORT EMISSION INTENSITY AT 2015 LEVELS

We have concentrated our transport to ten long-standing partners. This provides opportunities to combine consignments, better utilise load capacity and optimise transport routes. The 2021 emissions from transport services procured by Tokmanni equal 21,157 tonnes of CO₂.



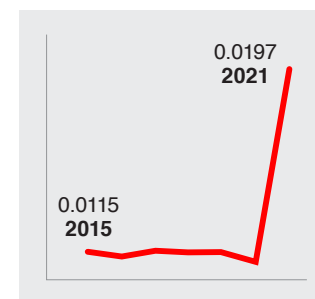
**UP TO
50%
GREATER
CAPACITY**

A single HCT vehicle uses 14% more fuel than a regular-sized lorry, but its capacity is 20–50% greater.



To reduce emissions, Tokmanni increased the domestic transport share of long High Capacity Transport (HCT) vehicles from 23% to 52% in 2021.

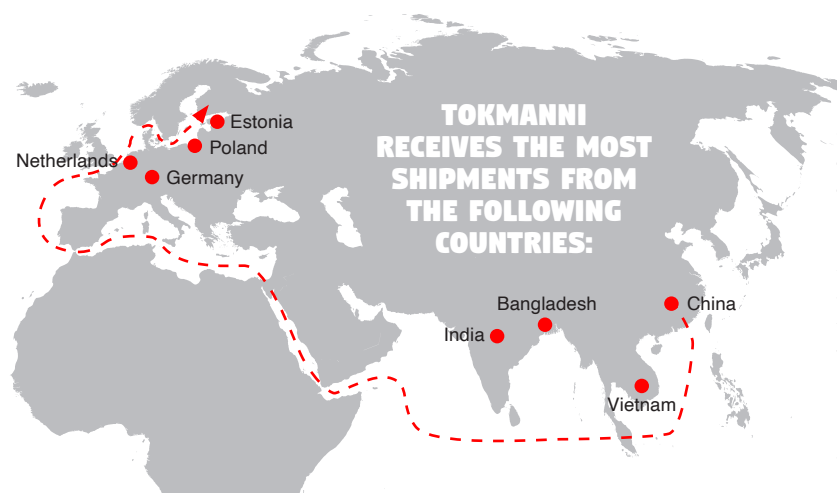
TRANSPORT EMISSIONS IN RELATION TO REVENUE, CO₂/€



Our main partner for domestic transport modified their calculation methodology in 2021, which resulted in higher emissions than previous years. In addition, emissions from refrigerated transport were included for the first time in 2021. In 2022, we will work to ensure that data is comparable across all historical years. Emissions from international transport remained stable.

**ALL OF OUR LARGEST
TRANSPORT PARTNERS
HAVE AN ISO 14001
ENVIRONMENTAL
CERTIFICATE.**

Tokmanni has replaced almost all of its air transport from China with trains. In 2021, only 4 deliveries were transported by air (0.2% of all our transport from abroad).



**The journey of products
from these countries can
take up to 60 days.**

Shipping companies use several different routes when transporting goods from Asia to Europe. Ocean vessels travel to Finland into the Mediterranean via the Suez Canal, and then to, for example, Bremerhaven, where products are transferred onto feeder ships that will take the products all the way to Finland.

**THE MAJORITY
OF PRODUCTS
FROM ASIA WERE
TRANSPORTED
ON SHIPS.**

WORKING TOWARDS A CIRCULAR ECONOMY

TOKMANNI SEEKS TO always reduce, reuse, and recycle waste first. When these options have been exhausted, the waste left over is sent to an incinerator plant. In 2021, we were able to reuse 48% (2020: 45%) and recycle 34% (35%) of our waste. The reuse level consists mostly of reused pallets in transport. The rest of our waste (18%) was recovered for uses such as recycled fuels to replace fossil fuels. All in all, Tokmanni utilised 100% its waste in 2021. Waste management is managed through a partner, Lassila & Tikanoja (L&T), according to contractual agreements. L&T collects and reports our waste data, and we work in close cooperation with them to continuously reduce, reuse and recycle.

For 2022, our aim is a cumulative reuse and recycle level of 85%. Ways to make our waste recycling even more efficient include monitoring the use of waste components, providing guidance to employees, and careful sorting at stores, the logistics centre, and in our offices. In 2021, we introduced a recycling training for our employees, which has been made a mandatory part of the induction process.

Most of Tokmanni's waste consists of packaging materials. We strive to reduce the amount of packaging materials, monitor the amounts of waste being produced in our warehouse and at our stores, and continuously improve recycling. An example of an established practice is optimising the wrapping of trolleys heading to our stores, which helps reduce plastic use.

Recycling packaging materials

Tokmanni is responsible for the recycling and waste management of the devices and packaging it places on the market. This responsibility was increased when the new Waste Act came into force in July 2021 in Finland. Consequentially, costs will increase as producers will be responsible for covering the costs of a part of the recycling process. We have plans to reduce packaging of some selected private label products. In the future, we can further minimise the amount of packaging and reduce natural resource use as well as fees paid by establishing new packaging policies.

As a part of our producer responsibilities, we report the packaging materials we use to the Rinki producer collective. Rinki also manages a network of eco take-back points, which are meant for household packaging waste, and often these can be found in our stores, so our customers can use them as well.

We use paper fibres, plastic, glass, metals, and wood in our packaging. The use of PVC plastic is forbidden in our products, unless it is required for a particular reason (e.g. being resistant to UV light). We constantly seek solutions to reduce the use of plastics in our products and operations.

Tokmanni engages in electrical and electronic equipment recycling through SELT Association and Stena Oy. For recycling portable and storage batteries, Tokmanni has an agreement with producer organisations Recser Ltd. and Akkukierätyös Pb Oy.

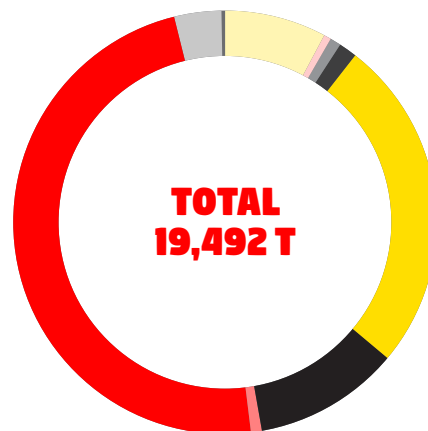


Recser has a nationwide collection network for portable and storage batteries, and Akkukierrätys specialises in recycling lead-based batteries.

Digital platforms grow alongside print advertising

In 2021, we invested more in digital marketing by, for example, creating several digital marketing campaigns, developing our e-commerce and social media channels, and engaging in influencer collaboration projects. We also advertised on the radio, on television, online and in several other channels. In 2022, we intend to continue developing our digital marketing and communications.

In addition to our digital channels, we invest strongly in print media, as it is one of the most important ways to reach our customers. We take the environmental impacts of paper seriously and only use certifiably responsible paper ingredients in our direct marketing leaflets. The paper and print for our direct marketing advertisement have a PEFC certificate. In 2021, we used 7,789 tons of paper to print our direct marketing advertisements. The leaflet spread is linked to the number of stores and to the widening of the distribution areas. ●



WASTE BY TYPE

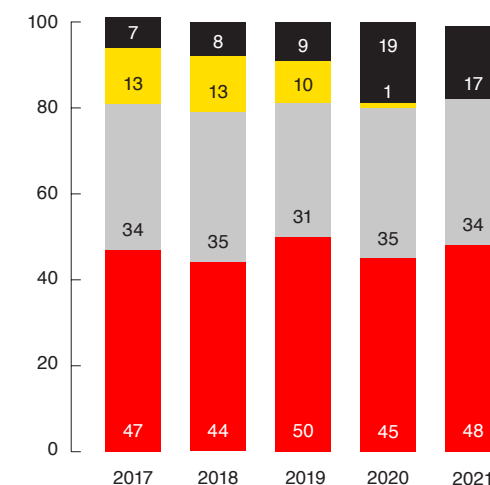
Biowaste	3.8%	Burnable waste	11.1%
Energy waste	8.0%	WEEE*	0.9%
Paper	0.5%	Hazardous waste	0.1%
Metals	0.9%	Reusable pallets	48.0%
Plastic	1.2%	Other waste	0.0%
Carton	25.6%		

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

*Waste electrical and electronic equipment.

% of total waste

82% OF WASTE WAS REUSED OR RECYCLED



- Reuse
- Recycling
- Recovery
- Incineration
- Landfill

Total 2017: 14,379 t
Total 2018: 15,106 t
Total 2019: 16,787 t
Total 2020: 17,306 t
Total 2021: 19,492 t

Reuse consists of reused pallets at the logistic centre. The data was obtained from the service providers. There was a change of service provider in 2021.

PREVENTING FOOD WASTE

IN FINLAND, 400 million kilograms of food waste is generated annually, equating to 10-15% of all food fit for consumption. Roughly 18% of the wasted food is accounted for by the retail sector. In addition to being a burden on the environment, expired food is also a financial loss for the retail sector.

Food waste has been one of the key indicators in our purchasing and sales planning since the start of 2015, and we have actively sought to reduce it. The right selection of food products, appropriate order and delivery quantities, correct delivery dates, store-specific monitoring of supply and demand, and reduced prices for products near their expiry date are all effective measures to prevent food waste.

Evening discounts practice and donations

Common practices to minimise food waste in our stores include selling food items nearing their best before date at a 30% discount and assigning evening discounts. Evening

discounts, which were introduced in 2020 across all stores, refer to food products approaching their best before date being sold at a 50% discount during the store's last two opening hours of each day. This has become an established practice in our stores, and we help our customers find these products through active marketing and communication.

We also try to minimise food waste by donating leftover food to local partners. By the end of 2021, a total of 140 Tokmanni stores had given away food to charity. Local stores establish written agreements with local charitable organisations in order to ensure correct use and handling of the food products. In 2021, our warehouse made an agreement with a local organisation, which has a food waste distribution centre, to donate food waste coming from the warehouse. Our goal is that in the future, Tokmanni will be able to give away all unsold food products from stores to local charity operators. •



CASE

SELF-PRODUCED, EMISSIONS-FREE SOLAR ENERGY, PLEASE!

Careful planning, skilled installation and maintenance, and continuous remote monitoring – all this so that Tokmanni can produce emissions-free solar power all over Finland.

THERE ARE SOLAR POWER PLANTS at over 50 Tokmanni stores and the administration and logistics centre. According to **Seppo Tokola**, Manager at the Security and Real Estate department, the number will increase in the future.

“Solar power production is a smart way to reduce a store’s emissions. Technological developments mean it is also increasingly profitable,” he says.

At Tokmanni, solar panels are installed on the roofs. This means that Tokmanni and its partner must carefully survey various safety and permit issues in advance.

“Roof structures must withstand the weight of the solar power plant. Fortunately, we are often able to solve all the challenges that come up in the survey process.”

The size of a solar power plant is affected by the site’s location, electricity consumption, and the surface area of the roof.

“The mapping and surveying of following year’s installation sites start early in the previous

“At Tokmanni, solar panels are installed on the roofs. For example in our store in Iitti, they produce up to 20% of the store’s annual electricity needs.

year. This allows us to carry out plans and surveys when weather conditions prevent actual installation. Successful planning is quickly visible in energy production and emission

reduction figures as well as the payback period,” says Seppo.

“Our solar power plants have continuous remote monitoring, which, with professional on-site maintenance, helps ensure that everything works as planned,” he adds.

Great results across the country – Iitti as an example

One of the many successful solar power plant projects was in Iitti. In the summer of 2021, Tokmanni had 320 solar panels installed on the roof of its new Iitti store, well before the opening of the store.

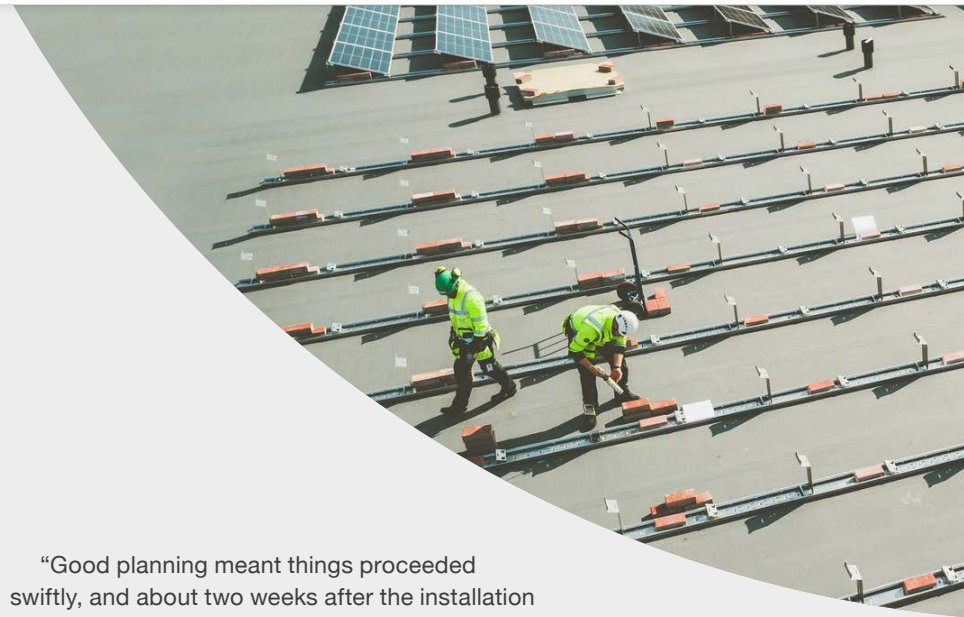
“Good planning meant things proceeded swiftly, and about two weeks after the installation began, the solar power plant was already doing its important work,” says Seppo.

Modern stores, such as the one in Iitti, are ideal for solar power production. They need electricity for lighting, ventilation and cooling primarily during the day when production is most efficient.

“At Tokmanni, the solar panels are installed on flat roofs with no shadow. In Iitti, they produce about 96 MWh of solar power a year, up to 20% of the store’s annual electricity needs. The plant reduces emissions by around 12.5 tonnes of CO₂ annually*.”

*Estimate based on estimated annual production of the solar power plant. The calculations used the CO₂ emissions coefficient for average electricity generation in Finland (131 kgCO₂/MWh). This coefficient is based on the average of the emission factors calculated with the benefit-sharing method for three statistical years (2017, 2018 and 2019). The emission coefficient only considers domestic energy production (purchased electricity is excluded). The value of the averaged coefficient was updated 13.4.2021.

Store roofs often have plenty of space for solar panels. This Tokmanni store in Lapua had a solar power plant installed in the summer of 2020. Photo: Solarigo Systems Oy





GRI

We report on corporate responsibility and sustainability in accordance with the Global Reporting Initiative (GRI) standards. In this section, you will find more detailed information on the coverage and principles of our reporting and a summary of the GRI indicators.

IN THIS SECTION

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REPORTING PRINCIPLES

TOKMANNI'S sustainability report concentrates on matters that are fully within Tokmanni's sphere of influence and control. In addition to this, the report also includes information about logistics and sourcing, about which we collect data also from our business partners. Our transport service providers provide us with the emissions data for transport and our travel agency provides us with air travel emission data. Our Shanghai office is responsible for sourcing, and we use information from them in the Products and sourcing section.

The Shanghai sourcing office is a joint venture in which Tokmanni and the Norwegian company Europris ASA each have a 50% holding. With the exception of responsible sourcing and product safety, the joint company's impact on corporate responsibility matters is marginal, because its personnel amount to less than one percent of Tokmanni's total workforce, and its environmental impact is generated only by the office and staff travel. The physical size of the Shanghai office equates to less than 0.1% of the total size of Tokmanni's premises in Finland. Thus, the Shanghai sourcing office is included in the reporting only in terms of sourcing and product responsibility information.

The information in this report is for 2021, although historical data is presented for some indicators when available. Tokmanni publishes sustainability information annually, either in a separate corporate responsibility report or as part of its annual reporting. The previous corporate responsibility report was published in March 2021.

The emissions information in this report has been verified externally and this report has been prepared in accordance with the GRI Standards: Core option. At least one indicator is reported for every material topic. The indicators have been selected to form the most complete and balanced picture of Tokmanni's corporate responsibility matters possible.

Further information:

<https://ir.tokmanni.fi/en/sustainability>

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INFORMATION USED IN CALCULATIONS

Scope 1 and 2

The calculation of the company's environmental profile for consumed electricity is based on the following:

- Electricity is purchased from the power market. All of Tokmanni's electricity is covered by renewable energy certificates, including: sites where Tokmanni controls the purchase and consumption of electricity, sites where the consumption of electricity is controlled by a third party, such as the owner of the estate, and the administration and logistics centre in Mäntsälä. The market-based specific emissions coefficient for these sites is 0 g CO₂/kWh.
- The environmental profile of the residual mix calculation published by the Finnish Energy Authority for 2020 has been applied to market-based emissions if they are not covered by renewable energy certificates.¹
- In the 2020 residual mix, non-renewable energy sources² account for 40.58%, renewable energy sources for 7.88 % and nuclear power for 51.54%. The average specific emissions of CO₂ from power production are 232.41 g/kWh, and the amount of nuclear fuel used is 1.49 mg/kWh.
- The primary energy coefficients used in the calculations are the following: renewable fuels 1.0, non-renewable fuels 1.75, and nuclear power 3.03.³

- The location-based emissions coefficient used for electricity is the average CO₂ emissions coefficient for Finland (published by Motiva) calculated as a three-year rolling average. The coefficient is 131 g CO₂/kWh⁴.

The calculation of the environmental profile for heating is based on the following:

- The average market-based CO₂ emissions coefficient for district heating calculated for the Tokmanni sites is 120 CO₂/kWh.
- The location-based emissions coefficient used is the average CO₂ coefficient of 148 g CO₂/kWh, calculated using the benefit sharing method for Finnish district heating CHP areas.⁵
- The information concerning the division of district heating into renewable and non-renewable fuels is from the district heating statistics provided by Finnish Energy.⁶
- The primary energy coefficient used in the calculation is 0.9.⁷
- The fuel emissions coefficients published by Statistics Finland have been used as the emissions coefficients for gas and oil.
- Gas energy amount has been calculated with lower heating value.

Calculation basis and accuracy of data

The recorded consumption data obtained with consumption monitoring is the

primary information used for ascertaining the consumption of power and heating of Tokmanni's stores and administration and logistics centre. However, such data is not available for all stores. Thus, 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/m² 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 those stores not covered by the monitoring. The base year for the energy consumption and emissions is 2015.

If the property's heating method is unknown, 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 Greenhouse Gas (GHG) Protocol advises that emissions from purchased electricity and heating should be reported in accordance with both market-based and location-based coefficients. The market-based coefficients are specific to energy companies and take renewable energy certificates (RECs) into account. The location-based coefficients are national averages and do not take RECs into account.

The effect of other emission components (CH₄, N₂O) as CO₂-eq has been calculated for energy used in properties. For district heat, emissions factors for CH₄ and N₂O are based on values presented by Statistics Finland.⁸ Gas and oil emission factors are based on GHG Protocol material as well as the global warming potential values used in the calculations.^{9,10} The emissions of these components were 0.4% of emissions from properties and were not included in the emissions total.

¹ Energy Authority. 2020. Residual mix in

² Renewable energy come from natural sources and the use of them does not reduce their reserve in the long term. Renewable energy sources used in Finland include, among others, hydropower, wind power, solar energy, geothermal energy recovered by heat pumps, biogas, the biodegradable share of recycled and waste fuels, wood-based fuels. Nonrenewable energy is made from energy sources that are not renewable such as fossil fuels, oil, natural gas, and coal.

³ and ⁷ Matias Keto. Energy factor. General principles and factors of realised electricity and heat production, Report for the Ministry of the Environment

⁴ and ⁵ Motiva. Electricity and District heat CO₂ emissions coefficients

⁶ Finnish Energy. 2020. District heating statistics 2020

⁷ Emission factors for CH₄ and N₂O, district heat

⁸ Emission factors for CH₄ and N₂O, oil and gas

¹⁰ GWPV

Calculation of the market-based environmental effects of district heating takes the following factors into account: for sites where district heating consumption is recorded, the heating production emissions coefficient reported by energy producer is used; if a coefficient is not reported by energy producer, the more accurate value of Motiva's reported city-based or Finnish average is used.¹¹ Using this information, the weighted average was calculated for the emissions coefficients, which indicates the average CO₂ coefficient for the Tokmanni sites. For sites where the consumption and supplier of district heating are not known, the market-based emissions coefficient is 120 g CO₂/kW.

The calculations are based on the latest information available. The information from the Finnish Energy Authority, Motiva and Energy Finland is updated annually, and the information for 2021 was not yet available when the calculations were being made. The environmental figures for previous years have not been recalculated.

The total greenhouse gas emissions for the company's own heating production (oil and natural gas) are estimated on the basis of the fuel emissions coefficients published by Statistics Finland.¹²

The data on waste amounts, processing methods and definition of the hazardous nature of the waste is from the statistics

compiled by Lassila&Tikanoja Oy. It does not include data on electrical and electronic waste, which was obtained from Stena Oy and Elker Oy.

Examining energy consumption information

At the end of 2021, Tokmanni had 195 (2020: 193) active stores, one administration and logistics centre and two rented warehouses. Warehouses were included in reporting in 2020. 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. In 2021, seven new stores were opened, and five stores closed.

At the end of 2021, in terms of the total surface area, 76% (2020: 76%) of the active stores were covered by electricity consumption monitoring, and 46% (42%) were covered by heating consumption monitoring (district heating, gas and oil). If the administration and logistics centre and warehouses are also considered in the consumption monitoring, 76% (76%) of the total surface area is covered by electricity consumption monitoring and 47% (50%) by heating consumption monitoring. Consumption by the properties not included in the monitoring has been estimated based on the specific consumption of the monitored properties.

In the energy intensity table for 2021, total area is used for electricity intensity calculation. For district heating, sites with comparable data have been used for calculation.

Changes and updated to energy and related emission values 2021:

- 2019 solar energy production and consumption (+311 MWh to earlier reported values)
- Solar energy was moved to be reported under Scope 1 rather than under Scope 2 as previous years, modifications made in Scope 1 and 2 tables.

Scope 3 inventory

Scope 3 emission screening was carried out for Tokmanni in 2020 and Scope 3 emissions are now more detailed than in earlier reports.

Upstream emissions

• Purchased goods and services

These emissions are calculated with purchase spend data by purchase category and average sales margin data. The used emission factors are from the ENVIMAT model published by SYKE (the Finnish Environment Institute)¹³ representing lifetime GHG emissions. The purchase prices for 2021 were corrected using the Statistics Finland 2021 price index data

and sales margin data. ENVIMAT factors include the whole lifecycle of products; thus, there is an uncertainty related to double counting the Scope 1 and 2 and Category 4 upstream transportation. Uncertainty related to double counting is estimated to be 3-5% based on the total of Scope 1 and 2 emissions. Category 1 data includes an estimate for the full cycle including for the use phase (Category 11 for electrical appliances) and end-of-Life (Category 12). While purchase spend data is accurate, the emissions factors are high-level estimates intended to evaluate the magnitude of emissions from consumption in Finland. In 2021, Tokmanni updated its purchase categories. This impacted especially the use phase estimate. The 2020 emission calculation was corrected in the 2021 calculation.

¹¹ [Motiva. District heat CO₂ emissions coefficients](#)

¹² [Statistics Finland. Fuel Classification 2021](#)

¹³ [ENVIMAT 2019](#)

• Fuel- and energy-related activities

For purchased electricity, district heat, and fuels, the emissions from the extraction, production, and transportation are calculated based on the energy amounts reported in Scope 1 and 2. Well-to-Tank (WTT) emission factors were used.¹⁴

For electricity and district heat, the emissions from transmission and distribution losses are also included. The emission factors for electricity grid losses were calculated based on the emissions report published by Caruna, a Finnish electricity distributor¹⁵. Caruna has offset its emissions. Fingrid, a Finnish national electricity transmission grid operator,¹⁶ reports on emissions intensity, which was also taken into account.

• Transportation and distribution

The calculations for transport in Finland use an average consignment size (based on the number and weight of consignments), distance travelled by consignments (invoiced kilometres, as opposed to actual kilometres that the cargo has been in load space), and average consumption and emissions values per vehicle type as compiled by the transport operators. The limit for consignments sent via terminals in statistics was 2,500 kg before 2018 and 3,000kg after 2018.

The year used for comparison is 2015. Tokmanni has collected information about

the emissions of transport outside of Finland from various operators. The basis for emissions calculations and the energy consumption of the transport operation are not always known. In 2021, Tokmanni's transport operator in Finland updated its emission calculation, which increased the related emission levels from previous years by 248%. Tokmanni manages 38% (2020: 37%) of the transport consignments of purchases. The company's reporting covers 99.99% (99.95%) of the import consignments transported under its own agreements and 100% of the transport consignments from the warehouse to the stores.

All of Posti's services in Finland are Posti Green services, which are carbon neutral and generate no emissions for customers. The emissions of all services provided to Tokmanni by Posti in 2021 were 1,288 tons of CO₂ (before offsetting).

In 2021, the advertising brochure (Punamusta) and related postal services (Posti) were added to Scope 3 calculations.

• Waste generated in operations

Waste data is provided by Tokmanni's waste operator L&T by type and treatment method. Data on electrical and electronic waste is obtained from Stena Oy and Elker Oy. Information on battery waste and treatment methods were received from Recser Oy. Assumptions needed to be

made for the battery waste data since the data was received only for nine months out of twelve.

Waste emissions were added to reporting in 2019, however, only the waste combustion was calculated. Since 2020, waste emissions have been calculated using Defra conversion factors, including the emissions originating from combusted hazardous wastes in the calculations.¹⁷

• Business travel

An emissions report for Tokmanni's air and rail travel has been obtained from the travel service provider. Energy consumption is unknown. The year used for comparison is 2015. Starting in 2021, greenhouse gases outside of CO₂ (e.g., water vapour, contrails, NOx) were also included in the calculations.¹⁸

• Employee commuting

Emissions are calculated by using the number of employees in 2021, estimating the average distance travelled to work, utilising the average Finnish modes of commute and commute type specific emission factors from the VTT Lipasto model.¹⁹ In 2021, an estimated 5% of employees were working from home due COVID-19.

Downstream emissions

• Transportation and distribution

Emissions are calculated by using an estimate of customers based on customer receipts from Tokmanni stores and by estimating the distance travelled to Tokmanni (source: Tokmanni consumer research), using average Finnish modes of commute and commute type specific emission factors from the VTT Lipasto model. The 2021 calculation as well as historical calculations were updated.^{18 19}

^{14 and 17} [GOV.UK. Greenhouse gas reporting: conversion factors 2021.](#)

¹⁵ [Caruna. Vuosisiraportti 2020.](#)

¹⁶ [Fingrid. Vuosikertomus 2020.](#)

¹⁸ [Traficom. Finnish average commute.](#)

¹⁹ [Lipasto](#)

DATA

302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION

A. Total energy consumption, MWh

	2018	2019	2020	2021	Change %
Electricity (total)	75,703	73,051	70,707	70,268	-0.6
Includes solar power	193	1,609	3,711	4,246	14.4
District heat	3,8165	37,969	39,301	50,800	29.3
Gas	1,661	1,468	1,351	1,752	29.7
Oil	1,844	1,848	2,002	1,887	-5.7
Heating (total)	41,670	41,284	42,654	54,439	27.6
Total energy consumption	117,374	114,335	113,361	124,707	10.0
Share of electricity from solar power of total electricity consumption %	0.3	2.2	5.2	6.0	

Consumption in operations, MWh

2021			
	Stores	Warehouses and admin. and log. cntr.	Total
Surface area m²	594,811	98,504	693,315
Electricity	64,009	6,259	70,268
District heat	46,400	4,400	50,800
Oil	1,887		1,887
Gas	1,752		1,752
Total consumption	114,048	10,659	124,707

At the end of 2021, in terms of the total surface area, 76% (2020: 76%) of the active stores were covered by electricity consumption monitoring, and 46% (42%) were covered by heating consumption monitoring (district heating, gas and oil). If the logistics centre and warehouses are also considered in the consumption monitoring, 76% (76%) of the total surface area is covered by electricity consumption monitoring and 47% (50%) by heating consumption monitoring. Consumption by the properties not included in the monitoring has been estimated based on the specific consumption of the monitored properties. Own use of electricity production with solar panels included to the total electricity consumption was 4.2 GWh. In 2021, seven new stores opened, and five stores closed.

B. Consumption of purchased energy, MWh

	2018			Change %			2019			Change %			2020			Change %			2021			Change %		
	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total	Elec-tricity	Heat	Total
Purchased energy	75,703	38,165	113,868	-9.9	27.7	0.0	71,442	37,969	109,411	-5.6	-0.5	-3.9	66,997	39,301	106,298	-6.2	3.5	-2.9	66,022	50,800	116,822	-1.5	29.3	9.9
Non-renewable	7,287	24,425	31,712	-29.2	23.8	5.7	0	24,300	24,300	-100.0	-0.5	-23.4	0	23,345	23,345		-3.9	-3.9		27,178	27,178		16.4	16.4
Renewable	60,915	13,739	74,654	-5.2	35.2	0.3	71,442	13,669	85,111	17.3	-0.5	14.0	66,997	15,956	82,953	-6.2	16.7	-2.5	66,022	23,622	89,644	-1.5	48.0	8.1
Nuclear power	7,502		7,502	-20.7	0.0	-20.7	0		0	-100.0	0.0	-100.0	0		0	0.0	0.0	0.0	0		0	0.0	0.0	0.0

C. Consumption of own energy production, MWh

	2018	Change %	2019	Change %	2020	Change %	2021	Change %
Non-renewable (oil)	1,844	468.8	1,848	0.2	2,002	8.3	1,887	-5.7
Non-renewable (gas)	1,661	12.0	1,468	-11.7	1,351	-8.0	1,752	29.7
Renewable (solar electricity)	193		1,609	732.8	3,711	130.6	4,246	14.4

In this report, electricity and district heating consumption are provided in terms of usable secondary energy and consumption of own energy production in primary energy. Primary energy refers to energy contained within energy sources in their unprocessed form, prior to the transformation process into usable secondary energy. Primary energy is used to describe the energy available from various sources, as well as the amount of natural resources used as such sources and the effect this has on the natural resource. Transforming energy from one form to another inevitably results in waste, and thus the amount of primary energy is always higher than the secondary. In 2021, Tokmanni's own solar energy production was removed from purchased energy reporting and reported under own production.

D. Sold energy, MWh

	2021	Change %
Solar electricity	659	100.0

During 2021, 4296 MWh of solar electricity was produced on Tokmanni sites. 13.4% of produced solar electricity was sold.

302-3 ENERGY INTENSITY

Energy intensity by energy type

	2018					2019					2020					2021				
Stores	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %
Electricity	70,651	518,103	136	-8.7	-9.1	67,827	56,4847	120	-11.9	-4.0	64,346	571,364	113	-6.2	-5.1	64,009	594,811	108	-4.4	-0.5
District Heat	16,281	218,312	75	33.4	32.1	14,581	20,4325	71	-4.3	-10.4	16,023	235,283	68	-4.6	9.9	19,444	225,884	86	26.4	21.4
Gas	1,661	22,565	74	12.0	12.0	1,468	22,565	65	-11.7	-11.7	1,351	22,565	60	-8.0	-8.0	1,752	22,565	78	29.7	29.7
Oil	1,844	20,215	91	13.5	468.8	1,848	18,990	97	6.6	0.2	2,002	21,550	93	-4.5	8.3	1,887	19,999	94	1.6	-5.7

Warehouses and administration and logistics centre	2018					2019					2020					2021				
	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %	Con- sumption MWh	Total area m ²	KWh/ m ²	Intensity change %	Consumption change %
Electricity	5,053	77,800	65	-19.9	-19.9	5,224	77,800	67	3.4	3.4	6,361	98,504	65	-3.8	21.8	6,259	98,504	64	-1.6	-1.6
District Heat	3,185	77,800	41	40.3	40.3	2,904	77,800	37	-8.8	-8.8	3,320	98,504	34	-9.7	14.3	4,400	98,504	45	32.5	32.5

The specific consumption is calculated from comparable items. Electricity: total area. District heating: the area of comparable measured objects. In 2018, five stores using oil heating (not measured) were added to oil consumption with calculated values. In 2020, separate lines for the logistics center and warehouse consumption were added.

305-1 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE I)

Consumption of own energy production and CO₂ emissions

	Unit	2018	Change % (2017-2018)	2019	Change % (2018-2019)	2020	Change % (2019-2020)	2021	Change % (2020-2021)
Non-renewable (oil)	MWh	1,844	468.8	1,848	0.2	2,002	8.3	1,887	-5.7
Non-renewable (gas)	MWh	1,661	12.0	1,468	-11.7	1,351	-8.0	1,752	29.7
Renewable (solar electricity)	MWh	193		1,609	732.8	3,711	130.6	4,246	14.4
Greenhouse gas emissions	tCO ₂	821	115.2	788	-4.1	798	1.3	834	4.4

305-2 INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2)

CO₂ emissions and consumption of purchased energy

2018				Change (2017–2018)%			2019			Change (2018–2019)%			2020			Change (2019–2020)%			2021			Change (2020–2021)%			
	Unit	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total	Elec- tricity	Heat	Total
Purchased energy (G4-EN3: Purchase)	MWh	75,703	38,165	113,868	-9.9	27.7	0.0	71,442	37,969	109,411	-5.6	-0.5	-3.9	66,997	39,301	106,298	-6.2	3.5	-2.9	66,022	50,800	116,822	-1.5	29.3	9.9
Non-renewable	MWh	7,287	24,425	31,712	-29.2	23.8	5.7	0	24,300	24,300	-100.0	-0.5	-23.4	0	23,345	23,345		-3.9	-3.9		27,178	27,178		16.4	16.4
Renewable	MWh	60,915	13,739	74,654	-5.2	35.2	0.3	71,442	13,669	85,111	17.3	-0.5	14.0	66,997	15,956	82,953	-6.2	16.7	-2.5	66,022	23,622	89,644	-1.5	48.0	8.1
Nuclear power	MWh	7,502		7,502	-20.7		-20.7	0		0	-100.0		-100.0	0	0	0			0	0	0	0			0

Environmental impacts

Greenhouse gas emissions (market-based)	tCO ₂	4,454	6,228	10,681	-23.2	33.3	2.0	0	5,388	5,388	-100.0	-13.5	-49.6	0	4,913	4,913		-8.8	-8.8	0	6,091	6,091		24.0	24.0
Greenhouse gas emissions (location-based)	tCO ₂	12,384	7,175	19,559	-18.6	36.4	-4.4	11,288	6,227	17,515	-8.9	-13.2	-10.5	9,447	6,052	15,499	-16.3	-2.8	-11.5	9,309	7,518	16,828	-1.5	24.2	8.6
Radioactive waste	tonnes	0		0	-11.3		-11.3			0	-100.0		-100.0			0			0			0			0

305-3 OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3)

CO₂ emissions of transportations and air travel, tonne CO₂

	2018	Change (2017–2018)%	2019	2019 (Methodology change 2020)	Change (2018–2019)%	2020	Change (2020–2021)%	2021	Change (2020–2021)%
Upstream									
Purchased goods and services				533,027		644,252	20.9	708,066	9.9
Fuel- and energy-related (not included in Scope 1 or 2)				4,470		3,152	-29.5	4,721	49.8
Transportation and distribution									
Transportation	9,967	7.5	10,858	10,858	8.9	11,885	9.5	21,157	78.0
Postal services	15	100.0	24	24	60.0	63	163.0	1,288	1,940.4
Advertising mail								7,598	
Business travel									
Air travel	162	-31.7	270	270	66.5	13	-95.2	49	276.8
Rail travel			3.8	4	100.0	0.1	-96.2	0.3	84.6
Employee Commuting				1,515		1,595	5.3	1,614	1.2
Waste			1,172	1,172	100.0	483	-58.8	607	25.6
Downstream									
Downstream transportation and distribution				92,206		92,206	0.0	97,191	5.4
Total Scope 3 greenhouse gas emissions	10,144	6.5	12,328	643,546	21.5	753,650	17.1	842,291	11.8

In 2020, Scope 3 screening was carried out to Tokmanni and in 2021, the screening was further developed and additional items included in the calculations. Scope 3 emissions take into account purchased goods and services, fuel and energy related activities, freight transport in Finland and abroad, business travel, waste generated in operations, and employee and customer commuting. Since 2020, waste emissions have been calculated using Defra's emission factors. In 2021, advertising brochures and related postal services have been added to reporting. Transport calculations for Finland have been changed from previous years and refrigerated transport emissions have been added. Air travel calculations now include RF emissions. Downstream transportation and distribution calculations have been updated.

305-4 GREENHOUSE GAS EMISSIONS INTENSITY

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

	Unit	2018	Change (2017–2018)%	2019	Change (2018–2019)%	2020	Change (2019–2020)%	2021	Change (2020–2021)%
Greenhouse gas emissions (Scope 1 and 2)	tonne CO ₂	11,503	5.9	6,176	-46.3	5,711	-7.5	6,924	21.2
Net sales	MEUR	870	9.3	944	8.5	1,073	13.7	1,142	6.4
Greenhouse gas emissions intensity	tonne CO ₂ /MEUR	13.2	-0.8	6.5	-50.5	5.3	-18.6	6.1	14.0
No. of employees	employees	3,558	9.3	3,659	2.8	4,056	10.8	4,105	1.2
Greenhouse gas emissions intensity	tonne CO ₂ / no. of employees	3.2	-0.8	1.7	-47.8	1.4	-16.6	1.7	19.8

306-3 WASTE GENERATED

Waste composition	2019 (tn)	2019 (%)	2020 (tn)	2020 (%)	2021 (tn)	2021 (tn)
Biowaste	681	4.1	762	4.4	733	3.8
Energy waste	1,407	8.4	1,407	8.1	1,564	8.0
Paper	105	0.6	48	0.3	98	0.5
Metals	132	0.8	153	0.9	183	0.9
Plastic	106	0.6	191	1.1	225	1.2
Carton	4,106	24.5	4,736	27.4	4,987	25.6
Burnable/mixed waste	1,342	8.0	1,539	8.9	2,168	11.1
WEEE*	124	0.7	126	0.7	170	0.9
Hazardous waste	98	0.6	211	1.2	18	0.1
Reusable pallets	8,422	50.2	7,813	45.1	9,347	48.0
Other waste	265	1.6	318	1.8	0.0	0.0
Total waste	16,788		17,306		19,492	

*Waste electrical and electronic equipment

306-4 WASTE DIVERTED FROM DISPOSAL; 306-5 WASTE DIRECTED TO DISPOSAL

A. Waste by waste type, tonne

Waste type	2018	2018 (%)	Change %	2019	2019 (%)	Change %	2020	2020 (%)	Change %	2021	2021 (%)	Change %
Hazardous waste	157	1.0	-49.5	98	0.6	-37.3	211	1.2	114.6	385	2.0	82.7
Other waste	14,949	99.0	6.3	16,689	99.4	11.6	17,095	98.8	2.4	19,107	98.0	11.8
Total	15,106	100	5.1	16,787	100	11.1	17,306	100	3.1	19,492	100	12.6

B. Waste by disposal method, tonne

Method	2018	2018 (%)	Change %	2019	2019 (%)	Change %	2020	2020 (%)	Change %	2021	2021 (%)	Change %
Recovery	1,980	13.1	9.5	1,654	9.9	-16.5	163	0.9	-90.2	0	0.0	-100.0
Recycling	5,296	35.1	8.7	5,271	31.4	-0.5	6,060	35.0	15.0	6,702	34.4	10.6
Reuse	6,689	44.3	-0.5	8,422	50.2	25.9	7,813	45.1	-7.2	9,347	48.0	19.6
Incineration	1,141	7.6	16.6	1,440	8.6	26.2	3,270	18.9	127.0	3,383	17.4	3.5
Landfill waste										60	0.3	100.0
Total	15,106	100	5.1	16,787	100	11.1	17,306	100	3.1	19,492	100	12.6

a. Total weight of hazardous waste, with a breakdown by disposal method, tonne

Method	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)	2021	2021 (%)
Recovery	2	1.1		0.0	106	50.2	0	0.0
Recycling	134	85.6	98	100.0	0	0.0	208	53.9
Reuse								
Incineration	21	13.3		0.0	105	49.8	173	44.8
Landfill waste							5	1.3
Total	157	100	98	100	211	100	385	100

b. Total weight of other wastes, with a breakdown by disposal method, tonne

Method	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)	2021	2021 (%)
Recovery	1,978	13.2	1,654	9.9	57	0.3	0	0.0
Recycling	5,161	34.5	5,271	31.6	6,060	35.5	6,495	34.0
Reuse	6,689	44.7	8,422	50.5	7,813	45.7	9,347	48.9
Incineration	1,121	7.5	1,342	8.0	3,165	18.5	3,210	16.8
Landfill waste							54.6	0.3
Total	14,949	100	16,689	100	17,095	100	19,107	100

Information on waste disposal methods has been provided by the waste disposal contractor. Reuse consists of reused pallets at the logistic centre. Reused pallets consist of pallets that have been repaired, returned to supplier, reused, purchased by recycle service provider, or returned as rental pallets.

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

A. New permanent employments 2021

	<30 years	30–50 years	>50 years	Total
Female	210	189	55	454
Male	79	45	13	137
Total	289	234	30	591

B. Terminated permanent employments 2021

	<30 years	30–50 years	>50 years	Total
Female	161	153	57	371
Male	69	70	13	152
Total	230	223	70	523

405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

Age and gender distribution by employee category

	<30 years	30–50 years	>50 years	Total
Management, female			1	1
Management, male		2	6	8
Senior salaried personnel, female		13	13	25
Senior salaried personnel, male		13	12	26
Office personnel, female	18	99	48	165
Office personnel, male	8	42	17	67
Employees, female	1,025	1,356	768	3,149
Employees, male	334	244	86	664
Total	1,385	1,769	951	4,105

Age distribution

	<30 years	30–50 years	>50 years	Total
2018	1,171	1,637	750	3,558
2019	1,205	1,374	758	3,337
2020	1,463	1,717	876	4,056
2021	1,385	1,769	951	4,105

412-1 VALID SOCIAL COMPLIANCE AUDITS BY SOURCING COUNTRY

Country	Audit not valid*	Audit valid
Bangladesh	0.7%	99.3%
China	9.8%	90.2%
Indonesia	0.0%	100.0%
India	0.0%	100.0%
Myanmar	0.0%	100.0%
Pakistan	0.0%	100.0%
Turkey	1.3%	98.7%
Vietnam	6.3%	93.7%

* Some of these factories might have a valid audit.
Data gaps mainly due to amfori BSCI platform change marked as not valid audits.

412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES; 205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

Code of Conduct training

	Number of employees who completed the training	Share of employees that completed the training
Stores	2,854	81%
Office	235	79%
Warehouse	39	13%

GRI INDEX

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
102-1	Name of the organisation	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-2	Activities, brands, products, and services	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-3	Location of headquarter	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-4	Location of operations	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-5	Ownership and legal form	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-6	Markets served	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-7	Scale of organisation	Direction: Finland's leading variety discount retailer; Financial Statements 2021	<u>6</u>			
102-8	Information on employees and other workers	People: Committed employees; Data	<u>35, 81</u>	<p>We do not separately disclose the total number of employees by employment contract by region (102-8b) as all of Tokmanni's direct employees are employed in Finland. We do not have information available to separate the total number of employees by employment type or employment contract by gender (102-8a; 102-8c). This information is thus disclosed without the gender separation.</p> <p>A significant portion of the organisation's activities is not performed by workers that are not employees (102-8d).</p>	Principle 6	8
102-9	Supply chain	Products and sourcing: Responsible sourcing requires systematic work; Product and sourcing: Case – Long-term cooperation helps endure the effects of the pandemic; Climate: Working to keep transport emission intensity at 2015 levels; Products and sourcing: Case – Quality assurance at Tokmanni	<u>49–51, 53, 56, 65</u>			
102-10	Significant changes to the organisation and its supply chain	Direction: Finland's leading variety discount retailer	<u>6</u>			
102-11	Precautionary Principle or approach	Direction: Human rights as a guiding principle of corporate responsibility; Products and sourcing: Ensuring product safety	<u>21, 57</u>	While we do not explicitly state adherence to the precautionary principle, it is nevertheless a relevant feature of Tokmanni's risk management process.	Principle 7	5, 13, 14, 15, 16
102-12	External initiatives			amfori BEPI; amfori BSCI; Bangladesh Accord; Better Cotton; CDP; Finix research project (Aalto University); ICTI Care; ILO Declaration on Fundamental Principles and Rights at Work; Kaupan polku; OECD Guidelines for Multinational Enterprises; Pride; SA8000; Science Based Targets; SMETA; Task Force on Climate-Related Financial Disclosures (TCFD); Tutustu työelämään ja tienaa; Vastuullinen kesäduuni; UN Convention of the Rights of the Child; UN International Bill of Human Rights; UN Global Compact; UN Guiding Principles on Business and Human Rights; UN Sustainable Development Goals		
102-13	Membership of associations			amfori BSCI; Better Cotton; Finnish Commerce Federation; Finnish Grocery Trade Association (PTY); Finnish Council of Shopping Centers; Finnish Cosmetics, Toiletry and Detergent Association; FIBS; UN Global Compact; UN Global Compact Finland network		

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
102-14	Statement from senior decision-maker	Direction: CEO's foreword	8		Commitment to UN Global Compact	
102-15	Key impacts, risks, and opportunities	Direction: Megatrends - Opportunities and risks for Tokmanni; Direction: Constant dialogue with stakeholders; Direction: Managing material topics; Financial statements 2021	11–13, 16–17, 20			
102-16	Values, principles, standards, and norms of behaviour	Direction: Values and leadership principles; Direction: Code of Conduct	9–10, 23–24		Principles 1, 4, 5, 10	16
102-17	Mechanisms for advice and concerns about ethics	Direction: Code of Conduct	23–24		Principles 1, 4, 5, 10	16
102-18	Governance structure	Direction: Managing sustainability throughout our business operations; People: Occupational health and safety; Corporate Governance Statement	19, 38			16
102-19	Delegating authority	Direction: Managing sustainability throughout our business operations	19			16
102-20	Executive-level responsibility for economic, environmental and social topics	Direction: Managing sustainability throughout our business operations	19			16
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement		The Board of Directors is considered as the highest governance body.		16
102-23	Chair of the highest governance body	Corporate Governance Statement				16
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement		Out of all of Tokmanni's stakeholders, only shareholders are involved in the official nomination and selection process of the highest governance body. Expertise or experience specifically in economic, environmental and social topics is not explicitly considered in the nomination process, but it is considered in a positive manner in the selection process.		16
102-25	Conflicts of interest	Corporate Governance Statement		Organisation for Economic Co-operation and Development (OECD) Principles, 'Principles of Corporate Governance', 2004.		16
102-27	Collective knowledge of highest governing body	Direction: Managing sustainability throughout our business operations	19			16
102-29	Identifying and managing economic, environmental and social impacts	Direction: Main themes of sustainability work; Direction: Managing sustainability throughout our business operations	18, 19			16

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
102-30	Effectiveness of risk management process	Corporate Governance Statement		While economic, environment and social topics are not explicitly stated as included in the board of director's risk management processes, these topics are fundamentally intertwined with Tokmanni's strategy. Sustainability is one of the key parts of Tokmanni's strategy, which leads to sustainability matters being included in the risk management process (especially strategic risks and hazard risks).		16
102-32	Highest governance body's role in sustainability reporting			Vice President of People, Culture and Sustainability		
102-40	List of stakeholder groups	Direction: Constant dialogue with stakeholders	16–17			
102-41	Collective bargaining agreements	People: Equal treatment at work; People: Committed employees	36, 41			8
102-42	Identifying and selecting stakeholders	Direction: Constant dialogue with stakeholders	16–17			
102-43	Approach to stakeholder engagement	Direction: Engaging with our stakeholders	14–15	Suppliers, employees, transport operators, and real estate partners have been consulted when preparing this report through data requests.		
102-44	Key topics and concerns raised	Direction: Constant dialogue with stakeholders; Direction: Main themes of sustainability work; Direction: Managing material topics	16–17, 18, 20			
102-45	Entities included in the consolidated financial statements	Direction: Finland's leading variety discount retailer; Financial statements 2021	6			
102-47	List of material topics	Direction: Main themes of sustainability work; Direction: Managing material topics	18, 20			
102-50	Reporting period			The reporting period of the information in this report is 1.1.2021–31.12.2021. If there are exceptions to these dates, these are indicated.		
102-51	Date of most recent report			Tokmanni's previous sustainability report was published 23.3.2021.		
102-52	Reporting cycle			Tokmanni's sustainability report is published annually on the same date as or a few days before the annual general meeting.		
102-53	Contact points for questions regarding the report	Reporting principles	71			
102-54	Claims of reporting in accordance with the GRI standards	Reporting principles	71			
102-55	GRI content index	GRI index				
102-56	External assurance	Independent Limited Assurance Report to the Management of Tokmanni	89	Only emissions calculations are externally assured.		

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
103-1	Explanation of the material topic and its boundary	Direction: Main themes of sustainability work; Direction: Managing material topics	<u>18, 20</u>	Expressed throughout the report in the context of each material topic.		
103-2	The management approach and its components	Direction: Main themes of sustainability work; Direction: Managing material topics	<u>18, 20</u>	Expressed throughout the report in the context of each material topic.		5, 8, 12, 13, 14, 15, 16
103-3	Evaluation of the management approach			Expressed throughout the report in the context of each material topic.		5, 8, 12, 13, 14, 15, 16
201-1	Direct economic value generated and distributed	Direction: Finland's leading variety discount retailer; <u>Financial statements 2021</u>	<u>6</u>			5, 7, 8, 9
201-2	Financial implications and other risks and opportunities due to climate change	Direction: Megatrends - Opportunities and risks for Tokmanni; Direction: Managing material topics; Climate: Systematic reduction of climate impacts – driven by science-based targets; Tokmanni CDP submission 2021	<u>11–13, 20, 60–62</u>			8, 13
204-1	Proportion of spending on local suppliers	Products and sourcing: Responsible sourcing requires systematic work	<u>49</u>	"Local" is defined as Finland.		8
205-2	Communication and training about anti-corruption policies and procedures	Data; Direction: The Code of Conduct	<u>23, 81</u>	<p>Tokmanni's anti-corruption policies are included in the Tokmanni Code of Conduct. Because of this, Code of Conduct statistics are used as a proxy for anti-corruption statistics.</p> <p>If anti-corruption policies have been communicated to a party, they have also been trained on them in the vast majority of cases (with the exception of suppliers). Because of this, the communications numbers are considered equal to training numbers.</p> <p>All governance body members are required to complete the Code of Conduct training which includes anti-corruption policies.</p> <p>Training statistics have not been broken down by region, as all of Tokmanni's direct employees are located in Finland and Tokmanni does not have sufficient data to examine regional differences.</p> <p>Anti-corruption policies are communicated to all of Tokmanni's suppliers, and Tokmanni carries out checks related to the adherence of these policies.</p>	Principle 10	16
205-3	Confirmed incidents of corruption and actions taken	Business integrity: Achievements and challenges in 2021	<u>28</u>		Principle 10	16
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Direction: The Code of Conduct	<u>24</u>	These are considered to be covered by economic regulations.		16

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
302-1	Energy consumption within the organisation	Climate: Systematic reduction of climate impacts - driven by science-based targets; Data; Information used in calculations	<u>62, 72-74, 75</u>	302-1-a & b & e: Fuel and total energy consumption is reported in MWh instead of joules due to data availability. Non-renewable fuel sources: oil, gas Renewable fuel sources: biofuels Tokmanni does not use any renewable fuel sources. Non-renewable sources are thus 100% of Tokmanni's fuel consumption. Tokmanni does not have any cooling or steam consumption.	Principles 7, 8, 9	7, 8, 12, 13
302-3	Energy intensity	Data	<u>76</u>	Ratio uses only energy consumption within the organisation. Energy intensity ratio for the whole organisation: 92,2 KWh/m². Energy intensity for each energy type can be found in the data section.	Principle 8	7, 8, 12, 13
305-1	Direct (Scope 1) GHG emissions	Climate: Systematic reduction of climate impacts - driven by science-based targets; Data; Information used in calculations	<u>61, 72-74, 76</u>	Carbon footprint encompasses operations that Tokmanni has operational control over.	Principles 7, 8, 9	3, 12, 13, 14, 15
305-2	Energy indirect (Scope 2) GHG emissions	Climate: Systematic reduction of climate impacts - driven by science-based targets; Data; Information used in calculations	<u>61, 72-74, 77</u>	Carbon footprint encompasses operations that Tokmanni has operational control over.	Principles 7, 8, 9	3, 12, 13, 14, 15
305-3	Other indirect (Scope 3) GHG emissions	Climate: Systematic reduction of climate impacts - driven by science-based targets; Data; Information used in calculations	<u>61, 72-74, 78</u>		Principles 7, 8, 9	3, 12, 13, 14, 15
305-4	GHG emissions intensity	Data; Information used in calculations	<u>72-74, 79</u>		Principle 8	13, 14, 15
305-5	Reduction of GHG emissions	Climate: Systematic reduction of climate impacts - driven by science-based target; Climate: Our work to reduce our emissions is paying off; Information used in calculations; Data	<u>61, 64, 72-74, 76, 77, 78</u>		Principles 8, 9	13, 14, 15
306-2	Management of significant waste-related impacts	Climate: Working towards a circular economy	<u>66</u>		Principle 8	3, 6, 12, 13, 14, 15
306-3	Waste generated	Climate: Working towards a circular economy; Data; Information used in calculations	<u>66, 72-74, 79</u>		Principle 8	3, 6, 12, 13, 14, 15
306-4	Waste diverted from disposal	Data; Information used in calculations	<u>72-74, 80</u>	Waste is considered as diverted from disposal if one of the following methods is used: recovery, recycling, reuse. 306-4-a: Total recovery + recycling + reuse of all waste = 16 049 tonnes 306-4-b: Total recovery + recycling + reuse of hazardous waste = 208 tonnes 306-4-c: Total recovery + recycling + reuse of non-hazardous waste = 15 842 tonnes Disposal of waste has been directed off-site.	Principle 8	3, 6, 12, 13, 14, 15

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
306-5	Waste directed to disposal	Data	<u>80</u>	Waste is considered as diverted to disposal if one of the following methods is used: incineration, landfill waste. 306-5-a: Total incineration + landfill of all waste = 3 443 tonnes 306-5-b: Total incineration + landfill of hazardous waste = 178 tonnes 306-5-c: Total incineration + landfill of non-hazardous waste = 3 265 tonnes Disposal of waste has been directed off-site.	Principle 8	3, 6, 12, 13, 14, 15
307-1	Non-compliance with environmental laws and regulations	Direction: The Code of Conduct	<u>24</u>			13, 14, 15
401-1	New employee hires and employee turnover	Data; People: Committed employees	<u>35</u>	Total number and rate of new employee hires or turnover is not expressed as per region due to the fact that all of Tokmanni's employees are employed in Finland. More specific data is not available.	Principle 6	5, 8
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People: Equal treatment at work	<u>41</u>			8
402-1	Minimum notice periods regarding operational changes	People: Committed employees	<u>36</u>		Principle 3	8
403-1	Occupational health and safety management system	People: Occupational health and safety	<u>38</u>			8
403-4	Worker participation, consultation and communication on occupational health and safety	People: Occupational health and safety	<u>38</u>			8
403-5	Worker training on occupational health and safety	People: Occupational health and safety; People: Case - At the warehouse, occupational safety is everyone's responsibility	<u>38–39, 43</u>			8
403-9	Work-related injuries	People: Occupational health and safety	<u>38–39</u>	All workers are included in this disclosure.		3, 8
404-2	Programs for upgrading employee skills and transition assistance programs	People: Opportunities for training and development	<u>44–45</u>			4, 8
404-3	Percentage of employees receiving regular performance and career development reviews	People: Opportunities for training and development; Data	<u>46</u>	Tokmanni does not have sufficient data to disclose the percentage of employees who have received regular performance and career development reviews by gender.	Principle 6	5
405-1	Diversity of governance bodies and employees	Data; People: Equal treatment at work	<u>42, 81</u>		Principle 6	5, 8
406-1	Incidents of discrimination and corrective actions taken	People: Equal treatment at work	<u>42</u>	Significant locations of operations refers to Tokmanni's operations in Finland.	Principle 6	5, 8, 16

Code	Indicator	Location	Page number	Comments and omissions	UN Global Compact	SDG
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Products and sourcing: Responsible sourcing requires systematic work	<u>49–50</u>		Principles 2, 3	8
408-1	Operations and suppliers at significant risk for incidents of child labour	Products and sourcing: Responsible sourcing requires systematic work	<u>49–50</u>		Principles 2, 5	8, 16
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Products and sourcing: Responsible sourcing requires systematic work	<u>49–50</u>		Principles 2, 4	8
412-1	Operations that have been subject to human rights reviews or impact assessments	Products and sourcing: Responsible sourcing requires systematic work; Data	<u>49, 82</u>		Principle 1, 2	5, 10, 16
412-2	Employee training on human rights policies or procedures	Data; Direction: The Code of Conduct	<u>23, 81</u>	Tokmanni's human rights policies are included in the Tokmanni Code of Conduct. Because of this, Code of Conduct statistics are used as a proxy for human rights training statistics.	Principle 1, 2	5, 10, 16
414-1	New suppliers that were screened using social criteria	Products and sourcing: Responsible sourcing requires systematic work	<u>50</u>		Principle 2	5, 8, 16
414-2	Negative social impacts in the supply chain and actions	Products and sourcing: Responsible sourcing requires systematic work; Data	<u>50–51, 82</u>	None of the actual negative social impacts discovered during audits conducted or commissioned by Tokmanni were considered significant. Significant impacts are here defined as zero tolerance problems, such as forced labour, child labour, serious occupational safety issues. The impacts that were not considered significant and were observed during audits include shift lists, excess overtime, and minor safety breaches (e.g., objects in front of exit routes, overdue inspections of fire hydrants).	Principle 2	5, 8, 16
415-1	Political contributions	Direction: The Code of Conduct	<u>24</u>		Principle 10	16
416-1	Assessment of the health and safety impacts of product and service categories			Due to Tokmanni's business model as an discount retail operator with an extensive selection of products, it is not pertinent nor possible for Tokmanni to assess the health and safety impacts of all the products it sells. However, Tokmanni does invest greatly in assuring the quality and safety of the products at minimum based on what is required by EU legislation.		12
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Products and sourcing: Ensuring product safety	<u>57</u>			16
417-3	Incidents of non-compliance concerning marketing communications	Business integrity: Smart communication about sustainability	<u>30, 57</u>			16
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Business integrity: Privacy protection at Tokmanni	<u>29</u>			16
419-1	Incidents of non-compliance with laws and regulations in the social and economic area	Direction: The Code of Conduct	<u>24</u>			16



Independent Limited Assurance Report to the Management of Tokmanni

Scope of Engagement

Tokmanni commissioned **DNV Business Assurance Finland OY/AB** ("DNV") to conduct a limited assurance engagement over the GHG Emissions data presented in the Sustainability Report 2021 ("Report") for the reporting period 1st January to 31st December 2021.

Selected Information

The scope and boundary of our work is restricted to the greenhouse gas (GHG) emissions data included within the Report (the "Selected Information"), listed below:

- 305-1 Direct greenhouse gas (GHG) emissions (scope 1)
- 305-2 Indirect greenhouse gas (GHG) emissions (scope 2)
 - market-based
 - location-based
- 305-3 Other indirect greenhouse gas (GHG) emissions (scope 3)
 - Purchased goods and services
 - Fuel-and-energy-related activities (not included in Scope 1 or 2)
 - Transportation and distribution
 - Transportation
 - Postal services
 - Advertising mail
 - Business travel
 - Air travel
 - Rail travel
 - Employee commuting
 - Waste
 - Downstream transportation and distribution

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used the Global Sustainability Standard Board's GRI-standards, GHG Protocol Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard as well as Tokmanni's reporting principles, which can be found on page 71 in the Sustainability Report 2021 (the "Criteria").

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Tokmanni's website for the current reporting period.

Our conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with the persons responsible for calculation of data to obtain an understanding of the data management systems and processes used

to generate, aggregate and report the Selected Information;

- Reviewing whether the evidence, measurements and their scope provided to us by Tokmanni for the Selected Information is prepared in accordance with the Criteria; and
- Reviewing the Selected Information in the Report regarding the Criteria.

Inherent limitations

Our assurance relies on the premise that the data and information provided by Tokmanni to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. Energy use data utilized in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Report.

Our competence, integrity, and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and – where applicable – others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals, whose members have not been involved in the development of any of the Criteria. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Responsibilities of the Management of Tokmanni and DNV

The Management of Tokmanni have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;

- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Tokmanni in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

For and on behalf of DNV Business Assurance Finland OY/AB

Espoo, Finland

22nd February, 2022

Sari Siitonen

Lead Auditor
DNV – Business Assurance

Curt Ruokolahti

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