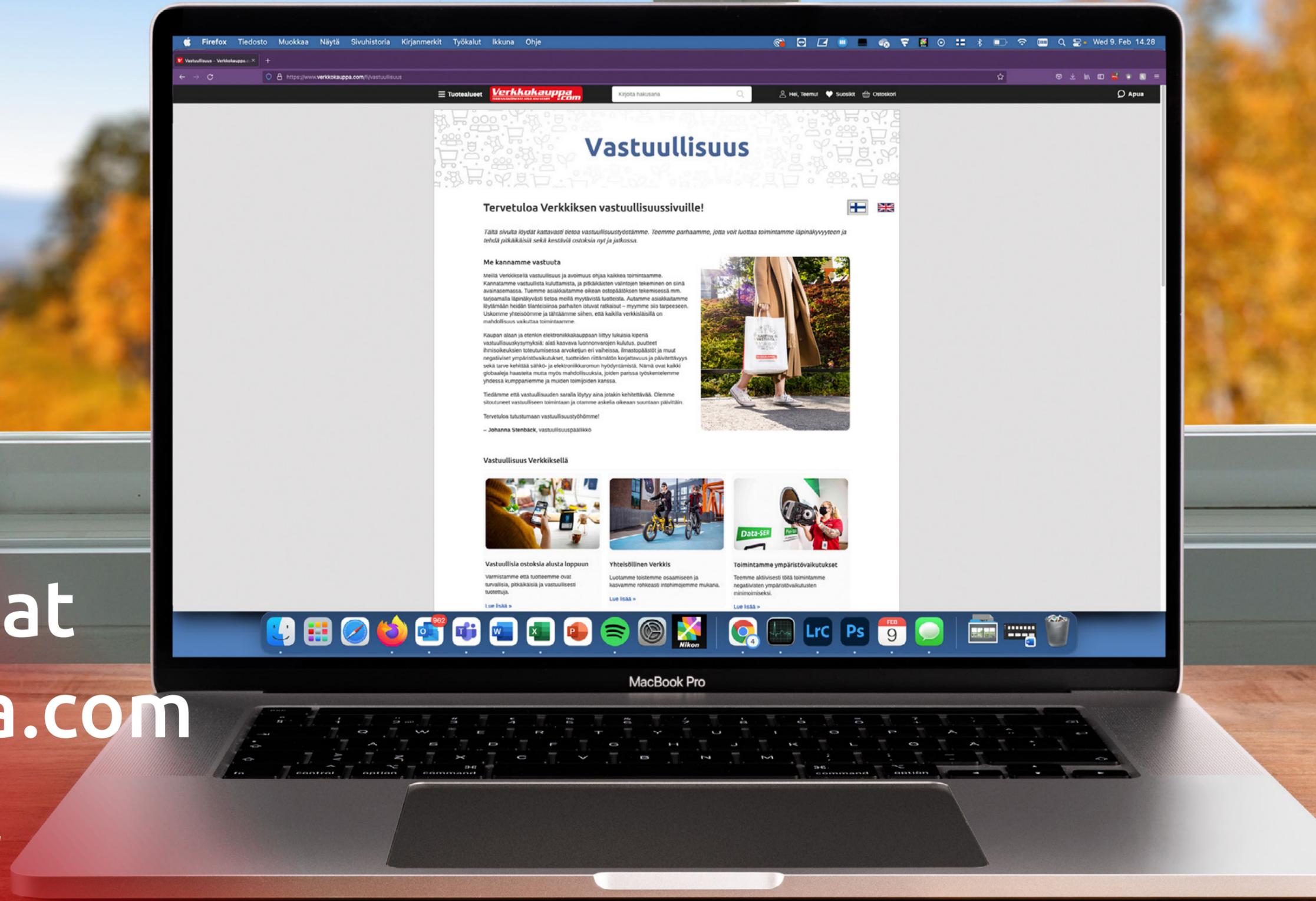




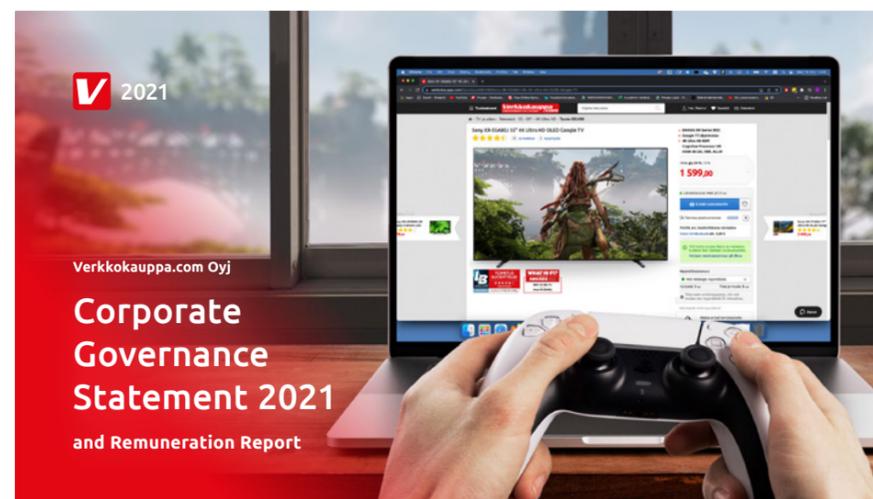
# Sustainability at Verkkokauppa.com

Statement of non-financial  
information 2021



# Verkkokauppa.com's Annual reporting 2021

Verkkokauppa.com has published four separate reports, which together form the company's Annual reporting for 2021. The reports are available in Finnish and English, and the reporting components are the Company brochure, Report of the Board of Directors and the Financial Statements, Statement of non-financial information, and Corporate Governance statement including the Remuneration report. The Statement of non-financial information is about company's sustainability work and its progress during 2021. Reports can be read and downloaded on the [Verkkokauppa.com website](https://www.verkkokauppa.com) as separate pdf files.



# Sustainability at Verkkokauppa.com

## Statement of non-financial information 2021

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Verkkokauppa.com reports on its corporate responsibility work in compliance with the requirements of the EU Directive on the disclosure of non-financial information and the Finnish Accounting Act. The information in this statement has not been verified by a third party. The financial figures presented in the financial statement and repeated here have been audited. The material references General disclosures and topic specific disclosure from Global Reporting Initiative (GRI) Standards 2016–2021.

This Sustainability review includes some complementary content to the Statement of non-financial information, part of Verkkokauppa.com's Board report, to provide supplementary information to the reader. These sections are separated by a gray background and marking 



## Operating model and value creation

Verkkokauppa.com is Finland's best known and most visited online retailer, whose goal is to be the probably always cheaper place to shop for its customers. In 2021, the company's revenue increased to EUR 574.5 million (553.6) and the profit for the period was EUR 15.1 million (14.6). Verkkokauppa.com serves consumer, business and wholesale customers in Finland through its online store and four retail stores in Helsinki, Pirkkala, Raisio and Oulu. The company's own warehouse in Helsinki and rental warehouse in Vantaa enable broad product availability in stores and fast delivery. The omnichannel service model covers different shipping and pick-up options, combining online shopping, in-store services and delivery services from logistics partners. At the end of the reporting year, the company employed 825 (818) people.

The company's product range covers more than 80,000 products in 26 product areas, from electronics to sports gear and from kitchen appliances to selected foods. In addition to international brands, the company offers a wide range of private label products produced by manufacturing partners, which in 2021 amounted to more than 1,500 products. In 2021, the company had a total of around 750 international and domestic suppliers, to which the company offers a modern distribution channel. In addition to product sales, the company's service sales include installation, maintenance and recycling services, visibility sales and financial services. The economic and social impacts of the company include direct and indirect employment and tax payments. The company is also a stable dividend payer and aims to pay a growing quarterly dividend to its shareholders.

### Sustainability as part of Verkkokauppa.com's strategy

Responsible business is a key part of Verkkokauppa.com's operations. Products that are of high-quality and safe and selling products that customers actually need are at the heart of the business. Minimizing environmental impact and waste is also important, as is investing in community spirit and personnel well-being. Verkkokauppa.com aims to remain a pioneer in e-commerce, and responsible business is seen as one of the prerequisites for keeping that position. At Verkkokauppa.com, sustainability work is viewed broadly and through materiality, and operational responsibility for the work is integrated across the organization. The objectives of Verkkokauppa.com's sustainability work have been codified into a sustainability program that covers the areas of activity according to the company's sustainability focus areas, which in turn have been chosen based on materiality and impact. The trend towards responsible consumption in its various forms, digitalization, and the shift to online commerce offer opportunities in the form of value-added services promoting responsible consumption and circular economy, as well as new products and e-commerce functionalities. In 2021, the company's efforts to meet its sustainability goals progressed as planned, regardless of the COVID-19 pandemic.





# The address of all passions

## Resources and enablers:

**Professionals of Verkkokauppa.com**  
 • Company employed an average of 776 persons in 2021

**Omnichannel marketplace**  
 • The most popular webstore in Finland\*  
 • Four megastores  
 • Maintenance and value-added services

**Enablers of business**  
 • Supply chain and supplier relations (approx. 750 suppliers)  
 • Local warehouses  
 • Fast and versatile deliveries  
 • Company's own and continuously evolving ERP system and webstore platform

**Intellectual capital**  
 • Brand image and brand awareness  
 • Concept of omnichannel customer experience  
 • Product knowhow and category management  
 • Customer and transaction data  
 • Product information and reviews

**Financial Resources**  
 • Balance sheet total EUR 172.3 million  
 • Cash and cash equivalents EUR 20.9 million

**Owners**  
 • 18,811 shareholders (31.12.2021)



## The address of all passions

Excellent customer  
experience and  
strong brand

Efficient  
order-to-delivery  
process

Unparalleled  
technical back-end  
system

Broad assortment  
of products

Competitive cost  
structure

## Added value and its effects:

**Personnel**  
 • Career paths and developing competence  
 • Community and employee engagement  
 • Wages and salaries EUR 28.9 million

**Customers**  
 • More than 80,000 products  
 • Probably always cheaper  
 • Easy and fast shopping on all devices  
 • Personalized customer experience for consumer, corporate and wholesale customers  
 • Tailored services for businesses of all sizes  
 • More than 50,000 active  
 • Customer satisfaction, NPS 72

**Suppliers**  
 • A modern distribution channel to reach consumer and corporate customers  
 • Purchases over EUR 490 million

**Shareholders**  
 • Operating profit for the financial year EUR 15.1 million  
 • Increasing quarterly dividend  
 • Dividends paid in 2021 EUR 20.1 million

**Society**  
 • Taxes and tax-like payments EUR 38.9 million  
 • All taxes are paid to Finland

**Environment**  
 • All electricity procured by the company 100% renewable  
 • Greenhouse gas emissions from own operations 319 tCO<sub>2</sub>  
 • Waste recovery rate 100%, recycling rate 81%  
 • Recycled e-waste 351 tonnes

## Our values

Courage



Transparency



Agility



Community

\* Source: Postin suuri verkkokauppatutkimus 2021

## The company's way of working

Verkkokauppa.com wants to operate in an open and responsible way. Commitment to responsible business is an integral part of the culture, success and values of the company. Responsibility and confidentiality are also key in the relations between Verkkokauppa.com Oyj and its stakeholders. The company's operations are based on compliance with the Code of Conduct, good governance, and strict adherence to currently applicable requirements. Verkkokauppa.com complies with applicable local laws, rules and regulations. Taxes and other payments are performed in accordance with local legislation.

### Managing sustainability

The company's Board of Directors outlines and approves the sustainability targets and the content related to their disclosure. The progress and monitoring of the company's sustainability work is reported to the Audit Committee of the Board of Directors twice a year. The Board of Directors approves the company's operating principles, the sustainability focus areas selected through materiality analysis and the sustainability program, as well as the statement of non-financial information required by the Accounting Act, which is published in the annual report as part of the Report of the Board of Directors. The Board of Directors oversees operations from an environmental and social responsibility perspective, including climate risks and opportunities, which are assessed as part of the company's risk management and materiality process. The monitoring of the company's sustainability work follows a defined annual calendar and process. The sustainability Steering Group, established in 2020, acts as a preparatory and follow-up body within the company. In 2021, the sustainability Steering Group met 9 times and its members included the CEO, the Director of Marketing and Communications, the CFO, the Commercial Director, the HR Director, the Head of Legal, the Sustainability manager, and, as needed, persons in expert roles. The Steering Group is chaired by the Director of Marketing and Communications, who is part of the

management team, and is responsible for the company's sustainability work. Under him, the Sustainability Unit is responsible for coordinating and reporting on sustainability work together with the members of the Sustainability Steering Group. Operational responsibility for the plans is shared across the organization. Sustainability issues are also regularly discussed at the meetings of the Management Team, which decides on the measures to be taken and monitors their implementation in accordance with the normal annual cycle.

### Materiality and sustainability focus areas

Verkkokauppa.com's sustainability work focuses on topics identified through materiality analysis and active dialogue with stakeholders. Material topics have been defined based on the environmental, social and economic impacts of the company's activities, the expectations of key stakeholders and the company's values and strategic priorities, taking into account the specific characteristics of the business and operating environment, key international agreements and evolving reporting requirements. The materiality analysis was carried out between 2020 and 2021. A stakeholder survey on sustainability topics was conducted to identify stakeholder expectations, which received 2,600 responses from the company's key stakeholders. In addition, the results of personnel surveys and the procurement terms and conditions for business customers were also used. The identified material topics were grouped into focus areas, and Verkkokauppa.com's sustainability program consists of goals that are built on those focus areas. In addition, the company assesses material issues for reporting purposes on an annual basis.

### Sustainability program and targets

Verkkokauppa.com's sustainability program is based on materiality and sets the goals for the company's sustainability work for the 2021-2025 strategy period. The program acts as an internal management

tool, with a designated person responsible for each goal, along with a sponsor. Progress is monitored internally on a quarterly basis within the framework of the sustainability steering group and reported externally annually as part of the company's sustainability reporting. In addition to the indicators of the sustainability program, the company also reports other non-financial indicators as part of its reporting. The program covers a wide range of sustainability work areas and requires cooperation between different parts of the organization. The program is the first of its kind for Verkkokauppa.com and introduces new indicators to monitor in the company's operations. Sustainability work is carried out in line with the principle of continuous improvement, and indicators and goals can also be refined over the strategy period.





## At the customer's service and on their side



Focus area	Target	Indicator (KPI)	2025 KPIs	Status and development in 2021
<b>We sell products that customers actually need: our products are safe and of high quality, and product information and communications are transparent</b>	We minimize customer returns	Product return rate	1.0%	1.1% (1.0)
	We support our customers in making responsible choices	New services, functionalities and products	New launches	We launched a household appliance energy efficiency class comparison tool on our online store.
<b>We offer services supporting sustainable consumption</b>	We extend the life cycle of private label products	Private label products for which maintenance services or spare parts are provided	Growth	We identified areas for development, mapped service partners and created a service process for the first product areas
	We offer services that support circular economy	New services	New launches	We mapped partners to provide circular economy services
<b>We promote responsible working conditions and environmental practices throughout the supply chain</b>	We promote responsible working conditions and human rights in our private label supply chains	Percentage of tier 1 suppliers in high-risk countries with a valid social responsibility audit	100%	82% (62)
	We promote responsible environmental practices in our private label supply chains	Identification, piloting and expansion of an appropriate environmental liability scheme or process	Process in action	We have identified the need to improve environmental practices. The process of developing responsible practices is first created from a social responsibility perspective and then extended to environmental practices.
	We set sustainability requirements for our suppliers	Established suppliers who have signed the Supplier Compliance Policy, %	100%	We have identified the need to extend the Supplier Compliance Policy which is part of our purchase agreements.



## Smaller environmental impact



Focus area	Target	Indicator (KPI)	2025 KPIs	Status and development in 2021
<b>We minimize our impact on climate</b>	Zero greenhouse gas emissions from our own operations (scope 1 & 2)	Greenhouse gas emissions, tons CO <sub>2</sub> Emissions intensity: tons CO <sub>2</sub> /revenue (MEUR)	0	319 (481) tons of CO <sub>2</sub> , down 34% on the previous year 0.56 (0.87) tons CO <sub>2</sub> /MEUR We published the company's first emissions calculation
	We reduce the indirect climate impacts of our activities (scope 3)	Greenhouse gas emissions, tons of CO <sub>2</sub>	To be established later	We launched the Scope 3 emissions calculation
<b>We promote the use of responsibly sourced materials and material efficiency</b>	We minimize the environmental impact of our own packaging materials	Share of recycled material in postal packaging	Increase	We started to work on increasing the recycled content of packaging materials, further reducing use of plastic and improving measurement. We introduced new options in our shopping bag range made from more sustainable materials. All packaging materials are 100% recyclable. Monitoring will start in 2022.
		Plastic shopping bags: unit / purchase	Decrease	
	We improve the material efficiency and recyclability of private label packaging	Number of products screened, units	No numerical target	Sustainability aspects of packaging materials, such as the reduction of plastic and the requirement to use FSC-certified material for paper products, are part of the contract negotiations. Monitoring will start in 2022.
<b>We promote the circulation of materials</b>	Further developing the collection of electrical and electronic waste (WEEE) from our customers	Percentage of our customers who know how to sort WEEE waste	Increasing the share	We started a development project to improve sorting readiness and accuracy, as well as battery safety. 351 tons of WEEE waste was directed for recycling. The recycling of WEEE increased by 11% in tons and 8% in relation to the revenue compared to the previous year.
		WEEE sent for recycling, tons, and development in relation to revenue	Stays at least on the same level while the revenue grows	
	We improve the waste recycling rate	Recycling rate (incl. pallets), %	Improvement	81% (78) We renewed waste collection bins and added new waste fractions to be collected in personnel break areas
	We look for new use for end-of-sale and decommissioned products	Products donated or otherwise found a new use	No numerical target	We piloted the donation of end-of-sale and end-of-life products to charity. Furniture remaining after office and store remodeling was sold to personnel.



## Verkkokauppa.com as a Community



Focus area	Target	Indicator (KPI)	2025 KPIs	Status and development in 2021
<b>We invest in leadership and culture</b>	We foster a sense of community	Engagement	*	We discussed the results of the personnel survey in workshops. We continued close co-operation with personnel representatives, regular dialog and reviewing changes. We took the decision to introduce a 6.67% Verkkis-extra on top of hourly salary.
	We develop the work of supervisors	Leadership Trainings organized	* No numerical target	We organized training and coaching sessions for supervisors on topics such as challenging managerial situations and coaching leadership, monthly supervisor morning meetings and a supervisor day. We revised the recruitment process and the guidelines for supervisors.
<b>We promote well-being and support professional development</b>	We invest in employee well-being, safety and coping with work	Willingness to recommend employer (eNPS) Ability to work	*	We carried out a well-being survey and developed a well-being strategy. We developed the work of the health and safety committee and launched a near miss notification channel. We updated the early intervention model and introduced a replacement work model, improved shift
	We strengthen our skills and create a growth environment for our top performers	Experience of development and growth	*	We invested in skill development, drew up a development plan for 2022, trained part of our personnel through workplace coaching and piloted a program of vocational qualification in business.
<b>With us, you can be as you are</b>	We value different backgrounds and discriminate against no-one	Experience of being valued regardless of one's background	*	We addressed the issue of diversity in our supervisor meetings and took this aspect into account in the development of a harmonized recruitment process, in the guidelines for supervisors. In the Employer Image Project, personnel identified "you can be as you are" as one of the main messages.
	We act on equal terms	Women as a percentage of supervisors Women as a percentage of managers and deputy managers	Over the proportion of women in the entire personnel: > 28% (27)	32% (37) 22% (21)

\* To be set with the revised personnel survey to be launched in 2022



## Profitable business and good governance



Focus area	Target	Indicator (KPI)	2025 KPIs	Status and development in 2021
<b>We run profitable business operations</b>	We run profitable business operations	Operating profit (EBIT), %	5.0%	3.5% (3.5)
	We are a responsible taxpayer	Taxes paid (income tax, VAT, transfer tax and social security contributions)	Tax footprint reporting	Decision on tax footprint reporting
<b>We adhere to good governance principles and manage risks</b>	We train our personnel on the Verkkokauppa.com Code of Conduct	Annual Code of Conduct training completed, %	100%	82% (-) We introduced the Code of Conduct training. The training was included in the new employee orientation program.
	We comply with the Securities Market Association's Corporate Governance Code	Possible deviations from the Governance code	No deviations	No deviations
	We communicate with stakeholders on our key sustainability topics	Sustainability reporting under the evolving legislation	Yes	We published the non-financial information statement as part of the Report of the Board of Directors
	We implement systematic risk management	Number of critical sustainability-related risks Management team members trained in risk management	0 100%	0 (0) 100% (100)
<b>We ensure strong information security</b>	We train our personnel on the company's information security and privacy policies	Annual data security and privacy training completed, %	100%	74% (82) The training was included in the new employee orientation program.
	We protect customer privacy	Number of significant data protection breaches, units	0	0 (0)
	We ensure the information security of our online store	Number of significant information security breaches, units	0	0 (0)

## Verkkokauppa.com's Code of Conduct



**On our customers' side and at their service**



**Our brand is bold, and we communicate actively**



**We build our story together**



**We work with reputable partners**



**We are incorruptible and do what's right**



**We respect human rights and labor rights**



**We secure our information**



**We care about the environment**



**We comply with laws and regulations**



**Concerns can be brought forward**

### Code of Conduct and policies

The Company's Code of Conduct and values define the way the company operates and apply to all employees and management. The Code of Conduct is public and available on the company's website, and the company also expects its partners to adhere to it. At the heart of the Code is the company's desire to operate openly and responsibly. The Code of Conduct covers the company's policies and practices on customer focus, communications, marketing, disclosure of information, personnel and company culture, cooperation with partners, anti-corruption and anti-bribery, human and labor rights, information security and data protection, environment, legal compliance, and reporting channel. The Code of Conduct is supplemented and refined by other company policies, the most important of which are the Anti-Corruption and Anti-Bribery Policy, the Personnel Policy, the Supplier Compliance Policy, the Disclosure Policy, the Risk Management Policy, the Data Security Policy and the Insider Policy. The company also has various internal policies and guidelines. The company complies with the law on the prevention of money laundering and terrorist financing. The company's Board of Directors has approved the Company Code of Conduct and policies.

The updated Code of Conduct was published in February 2021 and during May-June internal communications was implemented to familiarize personnel with the content of the Code of Conduct, along with introducing an online training for all personnel, which was made part of the new employee orientation program. At the end of the year, 82% of employees had completed the training.

### Respect for human rights

Verkkokauppa.com respects and promotes internationally recognized human rights from the perspective of customers, the supply chain and the work community. Respect for human rights is included in the company's Code of Conduct. In addition, the requirement to respect human and labor rights is specified in the Supplier Compliance Policy, taking into account collaboration with partners in countries where human and labor rights are not adequately protected by law. In addition, Verkkokauppa.com's operations are guided in the big picture by international declarations,

conventions and recommendations, such as the United Nations (UN) Universal Declaration of Human Rights and the Convention on the Rights of the Child, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The company's due diligence practices for its procurement activities are described in the section, "Working conditions and environmental practices in supply chains" and human rights risks in the section, "Sustainability-related risk management".

**Anti-corruption and anti-bribery**

The company has a zero tolerance i.e., it does not tolerate any form of bribery, corruption or other form of unethical influence in its business. The Company's principles on anti-corruption and anti-bribery are stated in the Company's Code of Conduct and further elaborated in the Company's Anti-Corruption and Anti-Bribery Policy. The policy is designed to help identify and prevent situations where there is a risk of unethical influence. The policy provides guidance on how employees and management are permitted to accept or give gifts, hospitality, product giveaways or discounts, participate in trips or sales competitions, and defines the company's approval process for these. It also sets out principles for avoiding conflicts of interest, dealing with public authorities, sponsorship, charity and donations. In 2021, the Company was not aware of any corruption-related cases, lawsuits or investigations against the Company for 2021. The allegations of personnel misconduct reported during the year were not related to corruption. In 2021, there were no legal actions or judgments relating to antitrust infringements, cartels or abuse of dominant position on the market.

**Reporting channel for suspected violations**

The company has a reporting channel through which employees and other stakeholders can report concerns about misconduct or violation of the Code of Conduct. The channel can be used anonymously if necessary and all reports made through the reporting channel will be subject to internal investigation and will be investigated in accordance

with the reporting procedure. In 2021, one notification was reported through the reporting channel (2020: 1). There was no reason to suspect misconduct in the case.

**Safety**

The company's safety work aims to create a safe working and customer environment for all Verkkokauppa.com stakeholders, both in its premises and online. Safety work covers occupational safety, physical safety, personal safety, product safety, information security and data protection. Security is maintained through technical solutions, processes, training and supervision. Any detected deviations are reported and discussed with the stakeholders as appropriate. The responsibility for maintaining overall safety lies with all personnel. In addition, the company has defined task and responsibility-specific safety roles. Occupational safety is covered in the section on 'Well-being and safety at work, job satisfaction'.

*Product safety*

Together with its suppliers, Verkkokauppa.com is responsible to the final users of its products for ensuring that the products comply with Finnish and EU legislation, are safe to use and meet the specified quality standards. Quality and product safety control is carried out by testing samples and through quality assessments at suppliers' factories. Labeling complies with the requirements of the legislation and the recommendations of the authorities. In 2021, there were no product recalls concerning the Company's private label products or own imports. During the year, the Finnish Safety and Chemicals Agency (Tukes) designated Verkkokauppa.com as the responsible party in a product recall case where, however, Verkkokauppa.com was not the importer.

*Data security and privacy*

Data security and confidentiality are critical success factors for Verkkokauppa.com in providing high-quality and reliable online services. The operating models and principles for ensuring the security of personal information and information systems are set out in the



company's information security policy. The development of information security practices is an ongoing effort that is regularly recognized as part of risk management, process development and planning. The development of information security and privacy management systems has progressed in line with the action plan and strategy, and the roles and responsibilities of the information security organization are continuously strengthened. Information security and data protection training is updated and provided annually to all personnel through online training. By the end of the year, 74% (82) of personnel had completed the latest training. In the future, training will also be part of the new employee's orientation. There were no significant data security incidents at Verkkokauppa.com during the year. All information security deviations and events were investigated in accordance with the process and did not cause any significant harm or disruption to the business. The company receives between ten and twenty inquiries a month regarding the processing of personal data, all of which are answered as quickly as possible. The total number remained the same as in the previous year. There were no significant customer privacy incidents during the reporting year. As a precautionary measure, Verkkokauppa.com informed the affected data subjects and the Finnish Data Protection Authority about one limited data security and protection case.

### Marketing communications

In accordance with the company's Code of Conduct, the company's marketing may be bold and thought-provoking, while ensuring that all communications are truthful and in accordance with good practice. In 2021, the company did not receive any comments from the Council of Ethics in Advertising, which issues statements on the compliance of advertisement good practices in Finland, applying the marketing rules of the International Chamber of Commerce (ICC).

### Stakeholder relations

Verkkokauppa.com engages in active and continuous dialog with its stakeholders in order to strengthen relationships and understand their expectations and wishes. The company's key stakeholders are its customers, employees, partners and owners.

## Interaction with key stakeholders



Stakeholder group	Interaction and cooperation	Key issues in 2021	Meeting expectations and development in 2021
Customers	Daily customer engagements in stores and B2B sales, 414,600 customer interactions handled through customer service channels, social media, surveys, customer panels, newsletters, customer satisfaction surveys	<p>Communication challenges from pick-up congestion at the Helsinki and Vantaa warehouses.</p> <p>In customer service: inquiries related to repair, delivery time, product information and availability, availability challenges for specific components and interesting new products.</p> <p>Business customers: procurement conditions and codes of conduct, online quality development of customer service for small and medium sized business customers, environmental and quality systems</p>	<ul style="list-style-type: none"> <li>Improving the customer experience in stores: the concept of Encounters as a guideline for customer service interactions.</li> <li>Arrangements for corona virus safety in stores, providing free masks for customers while they shop.</li> <li>Better communication of product and price information with the introduction of electronic price tags</li> <li>Tool for communicating exceptional practices in the run-up to the end-of-year season</li> <li>Renewing customer promises</li> <li>Development of a customer service chat channel and a chatbot: in 2021, 38% of customer interactions were handled via chat, and of those, 77% via chatbot.</li> <li>Developing self-service and guidance for consumer and business customers</li> <li>Launch of a website on sustainability work</li> <li>New credit account payment method option</li> <li>Conclusion of supply contracts with major new business customers</li> </ul>
Personnel	Daily interaction, personnel survey and other surveys and participation, development discussions, weekly newsletters, informative cooperation with personnel, workplace communication and discussion channels, supervisor coaching, trainings, personnel briefings, idea box for personnel ideas, reporting channel, task force	Concerns, coping with work and practices related to the COVID-19 pandemic, working time ergonomics and compensation system, arrangements regarding remote work, coping with work	<ul style="list-style-type: none"> <li>Mapping the status of well-being and developing a well-being strategy</li> <li>Introduction of a new recruitment system</li> <li>Development of employer image</li> <li>Reforming the early intervention model</li> <li>Reforming the monitoring of safety at work and near misses</li> <li>Identifying, developing and digitalization of employee benefits</li> <li>Decision to introduce a 6.67 % Verkkis-extra on top of hourly salary</li> <li>Expanding low-threshold rewards</li> <li>Improving shift planning and ergonomics</li> <li>Task force to coordinate and communicate COVID-19 pandemic information</li> <li>Piloting extended occupational health services and paying attention to remote work ergonomics</li> <li>Developing workplace communications, introducing an internal tone of voice guideline</li> </ul>
Suppliers and other partners	Partner meetings and daily interaction. With suppliers also trade fairs, supplier compliance policy, sustainable import plan, audits, surveys, reporting channel	<p>Suppliers: product availability, Amfori BSCI program.</p> <p>Logistics partners: freight schedules, greenhouse gas emissions calculation</p>	<ul style="list-style-type: none"> <li>Joining Amfori BSCI to improve working conditions in private label supply chains</li> <li>Going through the sustainability program with the purchasing organization</li> </ul>
Owners and the capital market	Active dialog with shareholders, Annual General Meeting, interim reports, investor and analyst reports, annual reporting, investor pages, press and stock exchange releases, investor and analyst meetings, responding to surveys and reviews	ESG (Environmental, Social, Governance) reporting, in particular climate issues, supply chain, product safety and circular economy, impact of the COVID-19 pandemic	<ul style="list-style-type: none"> <li>The company's first Capital Markets Day</li> <li>Commenting in the financial media</li> <li>Extending ESG reporting in annual and interim reporting</li> <li>Starting greenhouse gas emissions reporting for the company's own operations</li> </ul>

### Sustainability-related risk management

Sustainability-related risks are identified, assessed, evaluated and managed as part of the company's overall risk management activities. Sustainability is integrated into the risk management principles, process description and guidelines. Risk management is part of the company's management system, which is managed in accordance with an annual plan. Sustainability topics, including from a risk perspective, are regularly discussed in the Management Team meetings and are also part of the reporting received by the Board. The Audit Committee supports the Board of Directors by preparing the monitoring and control tasks that fall within the Board's remit, such as the effectiveness of risk management systems. The company's risk management is based on the ISO 31000 standard and other well-known good practices, such as the Ministry of Finance guidelines on digital security, VAHTI. Risk management is carried out in accordance with the company's risk management policy. The risk management policy approved by the Board of Directors describes the company's risk management principles, responsibilities and practices. In line with the policy, the aim is also to proactively prepare for sustainability-related uncertainties or deviations, and the Code of Conduct introduced in the reporting year and their training for all personnel support this objective.

The identification and management of sustainability-related risks includes the assessment of potentially harmful social, human rights and environmental impacts in the company's own operations and at different stages of the value chain, including risks related to climate change. The main sustainability-related risks and uncertainties concern weaknesses in the management of social or environmental responsibility at different stages of the long and complex value chains of the products sold, including risks related to raw materials, in particular the so-called conflict minerals used especially in the manufacture of electronic products. Other identified sustainability-related risks include risks related to product safety, information security, personnel health and safety, bribery and corruption, as well as climate change. The above, if materialized, may lead to human

rights violations, environmental damage, additional costs, financial loss, loss of stakeholder confidence, and hamper the company's sustainability work. If a risk is assessed to be significant, management procedures are put in place and monitored.

### Risks and opportunities related to climate change

#### *Transition risks and opportunities*

Increasing regulation requires changes to business operations, partner relationships and reporting and will result in additional costs, and may affect the company's operational or financial costs in the short, medium and long term.

In the medium and long term, changing consumer behavior towards sustainable consumption, such as declining consumption, interest in second-hand products and product repair, changing ownership, peer-to-peer trading, or some other disruption in consumer behavior may require changes in business models to meet the expectations of customers and other stakeholders, while also providing opportunities, for example in the form of value-added services promoting sustainable consumption and circular economy, as well as new products and e-commerce functionalities.

#### *Physical risks*

An increase in extreme weather events can affect the availability of products or cause disruptions in the logistics chain in the short, medium and long term. The company's broad product range and supplier pool diversify the risk.

#### *Climate impact of operations*

The company's climate impacts are mainly indirect: the impact of products and services sold throughout their life cycle, and the greenhouse gas emissions caused by energy choices and consumption throughout the value chain.



## On the customer's side and at their service

It is at the heart of Verkkokauppa.com's sustainability work to be on the customer's side and their service, selling products that customers actually need while minimizing customer returns and wastage. This is achieved by providing quality, long-lasting products that meet customers' needs and transparent information to support their purchasing decisions, including the most detailed product information possible, product-specific service and return rates, and more than 400,000 customer reviews. Customer service agents help customers honestly and professionally, and the sales concept does not include commission or pushiness. The lifetime of products is extended by providing easily accessible maintenance services. Products are covered by an extensive exchange and return policy and warranty policy, including an extended three-year warranty for computers, TVs, cameras and tablets.

The company had a low return rate for an online retailer\*: 1.1 % (1.0). Product waste from returns is minimized by selling returned products in store outlets and in the online outlet which was launched at the end of 2020. The online outlet and the expansion of outlet operations to all stores in 2021 led to increased efficiency and outlet sales in pieces grew by 29% in 2021.

Verkkokauppa.com wants to support its customers in making responsible choices with new services, e-commerce functionalities and products. In 2021, the online store launched a functionality to review the range of household appliances based on energy efficiency. The product range is constantly expanding also with products that represent responsible consumption.

### Services supporting sustainable consumption

Extending the life cycle of the products sold is an important part of Verkkokauppa.com's work to reduce its environmental impact. Depending on the product, customers are directed to either brand-

specific or the company's own maintenance services, which are constantly being developed. Maintenance and returns data are closely monitored and fed back into the purchasing organization's decision making. Verkkokauppa.com aims to extend especially the life cycle of its private label products. In the reporting year the company started development work to improve the maintenance services, serviceability and availability of spare parts. The work started by identifying the most important product areas for maintenance services, mapping service partners, and creating a process for the product areas prioritized as most important. Other services promoting circular economy included recycling services provided in connection with delivery and in-store recycling campaigns for frying and cooking pans as well as cameras, in cooperation with partners.

### Working conditions and environmental practices in supply chains

Verkkokauppa.com selects its suppliers carefully according to its procurement process and aims for long-term partnerships. The way of working is based on fairness and transparency. In 2021, the company had a total of around 750 international and domestic suppliers, who are expected to adhere to the company's Code of Conduct and to commit to a more detailed Supplier Compliance Policy, which is part of the contract terms. The company has no production facilities of its own. The company complies with all applicable trade sanctions and customs regulations on import and export.

Verkkokauppa.com aims to promote responsible working conditions and environmental practices in its supply chains, with a particular focus on its private labels and own imports, where it has the most influence. Verkkokauppa.com has private label products in several product groups and their sourcing follows the company's sustainable import plan set for the years 2020-2022, where sustainability issues

are part of the contract negotiations. The vast majority of private label products were manufactured in the so-called risk-countries, where the risk of human and labor rights violations is high, based on the World Bank's Worldwide Governance Indicators. Verkkokauppa.com requires its private label suppliers in high-risk countries to provide evidence of or agree to a third-party social responsibility audit before placing an order. The company has, as a matter of due diligence, identified the need to extend the requirements of the Supplier Compliance Policy to cover risk materials such as the so-called conflict minerals.

In September 2021, Verkkokauppa.com joined the international Amfori BSCI association to develop social responsibility in the supply chains according to the principle of continuous improvement. In 2021, the company informed its private label suppliers about the introduction of the scheme and encouraged them to join. The roll-out of the system and the consolidation of new practices will continue in 2022.



**Member of amfori, the leading global business association for open and sustainable trade.**  
For more information visit [www.amfori.org](http://www.amfori.org)

**Amfori BSCI** is a scheme set up by companies to develop and monitor social responsibility in the supply chains. By becoming a member, Verkkokauppa.com is committed to the BSCI principles and to continuous improvement. Membership helps the company to exercise due diligence and to develop and monitor human and labor rights in its private label supply chains, in cooperation with suppliers. The membership will increase the coverage and verifiability of controls and will also benefit suppliers, who will have better opportunities to improve their operations, including through trainings that are of no-charge for the suppliers.

\* In 2021, 1–5 % of Finnish consumers returned their online purchases in product categories that Verkkokauppa.com offers. For example, 5% of respondents had returned consumer electronics. Source: Statista Global Consumer survey (GCS), 2/2022.



Anton Oliver.

FUJITECH

ergowork

PROCASTER

GZR

OPTICAM

BLACKSTORM

STRÖME

EVOLVER

**Private label products in 2021**

Over 1,500 products sold under 48 brands

Major product categories: TVs, small appliances, sports products, peripherals and ergonomics

Suppliers: 61 contracted suppliers in high-risk countries, of which the 10 largest account for 68% of production\*

Manufacture: 70% in China, 18% in Turkey\*

Control: 82% have an valid social responsibility audit no more than 24 months old\*

\*) measured in purchase prices

In addition to BSCI audits, other social responsibility audits approved by the company include SMETA and SA8000, as well as third-party audits commissioned by the company itself, using reliable and internationally recognized companies with the relevant credentials. In recent years, the company has been partnering with the research company SGS, using the research company's audit framework which is adapted from the SA8000 standard, and focuses on employee well-being, health, safety, wages and working hours, among other things. With Amfori's BSCI membership, audit practices and reporting are being renewed and development work is ongoing. In 2021, the definition of private label products was refined, bringing the number of own-brand products to just over 1,500 (3,000) and the number of suppliers in high-risk countries to 61 (116). The most important manufacturing countries in terms of purchase prices were China (70%) and Turkey (18%). The company's aim is that all its tier 1 private label suppliers in high-risk countries have a valid social responsibility audit. In 2021, the share was 82% (62) in terms of purchase prices, i.e., the supplier had an approved social responsibility audit no more than 24 months old. Most of these were BSCI audits, with the most typical audit grade being C on a scale of A-E.

In 2021, Verkkokauppa.com carried out a total of 17 (13) SGS social responsibility audits, of which 8 (11) were passed and 9 (2) failed. The factories audited were new suppliers to the company and the co-operation continued with some of them after they had passed a re-audit, while with others the co-operation ended after the test order. In accordance with the company's practice, the first order may have been placed before the audit, on the basis of agreeing to an audit. Reasons for failing an audit included deficiencies related to emergency exits, monitoring of working time, submission of payroll data, and the location of the residential facility in the same building as the warehouse or production facility. The suppliers must draw up a corrective action plan for all significant audit findings and, in the case of a failed audit, new orders can only be placed once the critical deficiencies that led to the rejection have been corrected. Common shortcomings in audits relate to issues such as health and safety, pay, overtime and environmental practices.

In line with its supplier compliance policy, the company requires its suppliers to use natural resources responsibly, comply with environmental legislation and international agreements, processes and regulations regarding waste management, chemicals and hazardous substances, and to handle emissions in accordance with the law.

Suppliers are also required to take the environment into account in their own supply chain. The monitoring of environmental practices is part of the Amfori BSCI program on an overall level. Verkkokauppa.com has identified the need for more detailed development of environmental practices in the supply chains of its private labels, for example concerning the monitoring of greenhouse gas emissions. The plan is to develop sustainability practices and processes in the supply chain, first from a social responsibility perspective and then expanding to environmental practices.

The company has a zero tolerance i.e., it does not tolerate any form of bribery, corruption or other form of unethical influence in its business. As stated in its supplier compliance policy, the company requires its suppliers to take all necessary and appropriate measures for preventing bribery and corruption in its operations and comply with all applicable anti-bribery and anti-corruption laws.

## Environment

The main principles of Verkkokauppa.com’s environmental work are stated in the company’s Code of Conduct. Verkkokauppa.com monitors its environmental impact and aims to improve its environmental performance by minimizing negative environmental impacts and promoting positive impacts. In terms of the direct environmental impacts of the Company’s activities, material issues include responsible selling, offering services supporting sustainable consumption, energy choices and energy efficiency at its premises, packaging material choices and material efficiency, minimizing product waste, reducing waste and directing material for reuse. Indirect impacts relate to the manufacture, transport, use and disposal of the products sold. The company exercises due diligence by using well-known partners, either directly or through a network, and ensures that they have the necessary certifications. The Company purchases sustainability-certified energy in cases where the Company is not obligated to purchase energy from a certain provider. Suppliers are required to take environmental considerations into account in accordance with the company’s Supplier Compliance policy.

### Minimizing climate impacts

#### Greenhouse gas emissions from own operations

Verkkokauppa.com aims to achieve zero greenhouse gas emissions from its own operations by 2025. The company invests in renewable energy and energy efficiency, and has achieved significant reductions in indirect emissions from purchased energy (scope 2). However, greenhouse gas emissions from own operations (scope 1 and 2) represent only a small part of the climate impact of the business, and the largest climate impact comes from indirect emissions in the value chain (scope 3).

#### Energy choices and efficiency

All electricity purchased by Verkkokauppa.com is 100% renewable, covering electricity consumption in stores, warehouses and offices.

In 2021, the electricity purchased by the company was generated by hydropower. From 2022, the company will start sourcing EPD-certified renewable energy with an environmental label. Part of the electricity is generated by solar power plants on the roofs of the stores: solar energy was taken into use in Oulu in late 2020 and in Raisio in September 2021, and the production is estimated to cover 15-20% of the annual electricity consumption in those locations. The owner of the Pirkkala store property has also explored the possibility of generating solar energy and Verkkokauppa.com has committed to purchasing solar power in those locations where it will be deployed.

Renewable district heating was introduced in Helsinki in July 2021. The decision reduced Verkkokauppa.com’s scope 2 emissions by around 40 tons in 2021 and going forward, will reduce emissions by around 240 tons per year, which is a reduction of almost 50% compared to scope 1 & 2 emissions in 2020. The Pirkkala store has been using geothermal heating as part of its heating system since 2019. Otherwise, district heating is used for heating the premises. In the Helsinki store, cooling is provided by environmentally friendly district cooling.

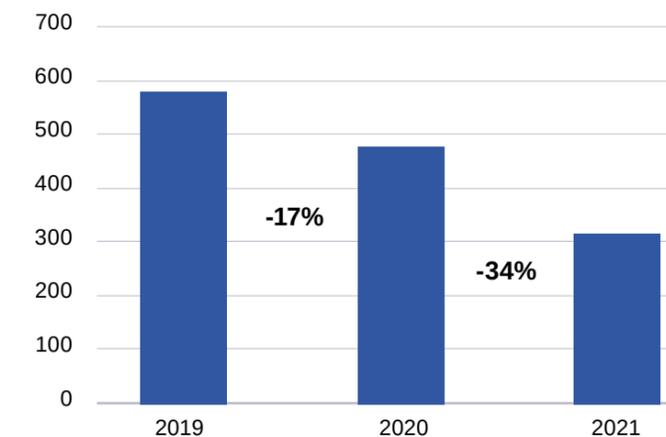
Verkkokauppa.com is constantly looking for ways to improve energy efficiency and thus reduce emissions. In the reporting year, the lighting in the Helsinki premises was fully replaced with LED technology and in 2022, the Oulu store will undergo an LED conversion, with all branches being equipped with energy-efficient LED technology.

The specific electricity consumption for Verkkokauppa.com decreased slightly and was 17.4 kWh/m<sup>3</sup> (18.9), mainly due to the LED lighting change in Helsinki, which was implemented during the reporting year. The result was 67.3% (68.5) compared to the reference group, which reflects the relative energy efficiency of Verkkokauppa.com’s operations compared to the reference group, which was 25.8 kWh m<sub>3</sub> (27.6).

### Greenhouse gas emissions

	tCO <sub>2</sub> 2021	tCO <sub>2</sub> 2020	tCO <sub>2</sub> 2019
<b>Direct emissions (scope 1)</b>			
Solid combustion	1	0	0
Refrigerants	0	0	0
<b>Indirect emissions from purchased energy (scope 2)</b>			
Purchased electricity (market-based)	0	65	87
Purchased electricity (location-based)	430	370	531
Heating and cooling	318	416	494
<b>Total Scope 1 and 2 emissions</b>	<b>319</b>	<b>481</b>	<b>581</b>

### Development of emissions 2019–2021



■ Direct emissions (Scope 1)  
 ■ Indirect emissions from purchased energy (Scope 2)

Scope 1 emissions are minor and come from the fuel in the backup generator and from refrigerants used to cool the refrigeration equipment.

Scope 2 emissions consist of emissions from electricity, heating and cooling purchased for stores, offices and own storage facilities. Location-based emissions are calculated using Fingrid’s emission factor for electricity consumed in Finland. The emissions calculation has been carried out in accordance with the GHG protocol.

### Recycling and recovery of waste

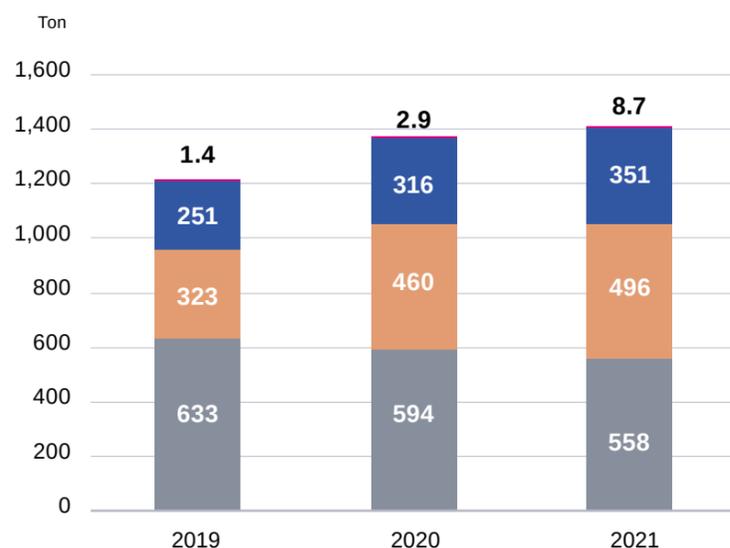
	2021	2020
Recycling rate including pallets <sup>1</sup>	81%	78%
Recycling rate without pallets <sup>2</sup>	65%	61%
Waste recovery rate <sup>3</sup>	100%	100%

<sup>1</sup> Recycling rate includes pallets diverted for re-use

<sup>2</sup> Only broken pallets are considered as waste and pallets diverted for re-use are excluded

<sup>3</sup> All waste is utilized: 45% is reused, 36% is recycled as material and 19% is recovered for energy production. Waste is not sent to landfill.

### Waste and recycling



- Batteries and other hazardous waste\*
- Waste electrical and electronic equipment (WEEE)\*
- Pallets directed to reuse
- Ordinary waste

\* Includes waste collected from customers and waste generated in own operations

### Other indirect greenhouse gas emissions from operations (Scope 3)

As is typical in the retail sector, most of Verkkokauppa.com’s climate impacts arise from indirect emissions in the value chain (scope 3), which are currently being mapped by the company. Identified Scope 3 emission sources include transportation and distribution, purchased goods and services, business travel, employee commuting, and the manufacture and use of products sold. As a rule, sales products from outside Europe are transported to the company’s warehouses as sea freight, with the exception of small urgent consignments, which are brought in by air freight. From Europe, products are transported by truck and sea. The majority of Verkkokauppa.com’s customer shipments are delivered as carbon neutral Posti Green deliveries. Business travel abroad was low in 2021 due to the continuation of the COVID-19 pandemic. Extensive remote working reduced commuting in expert positions in 2021.

### Material choices and efficiency

Verkkokauppa.com strives to select packaging materials that are best for the environment and use them efficiently. Whenever possible, mailing will use the product’s own packaging and avoid unnecessary additional packaging. Packaging uses recyclable fiber materials, i.e., cardboard bags, boxes and fillings, and avoids plastic. The company monitors developments in the industry and tests new packaging products. Verkkokauppa.com has made a social commitment to sustainable development to reduce the use of plastic bags in its stores. In early 2021, the company renewed its shopping bags by replacing paper bags with reusable shopping bags made from renewable Paptic material, and by increasing the proportion of recycled material in plastic bags from 40% to 80%. Paper with PEFC or FSC certification for sustainable forest management is preferred in the Verkkokauppa.com advertising leaflet. Paper use has been reduced in a planned way since 2018, by reducing regular circulation, the number of distribution

weeks and the thickness of the paper, as well as in the reporting year by reducing the size of the advertising leaflet. With these actions, paper consumption has been reduced by 60% since 2018 and was 1 345 (1 329) tons in 2021.

### Waste, circulation of materials and waste prevention

Verkkokauppa.com’s waste management policy is based on order of priority, where the primary aim is to avoid waste and then to promote reuse and recycling of materials. When a product sold reaches the end of its life cycle, customers are helped to recycle it properly, especially for waste electrical and electronic equipment (WEEE) and batteries, to recover valuable materials and to dispose of hazardous waste safely. All Verkkokauppa.com stores accept WEEE waste and batteries in accordance with producer responsibility. Verkkokauppa.com aims to further improve the recycling rate of waste. During the reporting year, the waste recycling bins in the personnel break rooms were renewed and the number of fractions to be collected was increased.

### Other environmental impacts

The company’s own operations have not been identified to have specific impacts on biodiversity, nature loss, air pollution, land use or water systems. The water consumption of Verkkokauppa.com’s own operations is very low and there is no shortage of water in the areas of operation. Water consumption is monitored and minimized. The establishments are located in urban areas zoned for commercial activities. Verkkokauppa.com’s four stores are located within easy reach of public transport in major urban centers, and accessibility by public transport has been part of the overall consideration when deciding on the location of the sites. Indirect environmental impacts, for example on biodiversity, water systems and land use, can arise in supply chains, use and disposal of the products sold, as well as during transport. Impacts are considered as part of the materiality assessment and risk management.

## Personnel

In Verkkokauppa.com's strategy, the personnel play a key role in achieving the company's business objectives. In line with the values defined together with the personnel, the company wants to foster a bold, agile and transparent organizational culture and invest in the sense of community. The personnel policy complements and refines Verkkokauppa.com's Code of Conduct. The role of the personnel policy is to ensure that the company has the human resources and practices in place to achieve its objectives. The personnel policy is available on the company's website and covers the following topics: values, culture, respect for diversity, equality and fairness, non-discrimination and non-harassment, recruitment practices, leadership, internal communication, occupational safety, well-being at work, job satisfaction, skills development, remuneration, rewards and benefits, and cooperation. The annually updated internal personnel development plan describes, among other things, the goals and measures to develop and maintain the competence of the personnel and to promote well-being at work. Other guidelines for all personnel include the Code of Ethics for Workplace Communication, which aims to promote interaction and cooperation throughout the organization.

### Employment

The company employed an average of 773 (730) people during 2021. The number of people was at its highest during the high season at the end of the year. Verkkokauppa.com strives to hire personnel under permanent employment contracts, using fixed-term contracts only for justified reasons. The majority of the jobs are full-time, but due to the nature of the work, some are part-time. The company does not have zero-hours contracts, where working hours are not defined. Agency-hired workers are used for sudden or short-term needs, mainly in logistics department. The use of self-employed or freelance workers is limited to individual cases in expert positions.

### Diversity, equality and equity

Verkkokauppa.com wants to foster its community culture and promote fairness, equality, diversity, inclusiveness and appreciation of different backgrounds. Gender, age, world-view or family matters must not create inequalities between people in terms of company pay, remuneration, organizational changes, training or recruitment. Diversity and gender mainstreaming will be considered in the development of activities, including by drawing attention to and dismantling possible gendered practices and improving inclusiveness. During the year under review, a harmonized recruitment process was developed, while paying attention to the attractiveness of recruitment advertisements in terms of equality and diversity, among other things. Similarly, the need for and sensitivity of the background information requested was examined in the context of the renewal of the personnel survey from a diversity perspective, and the renewed personnel survey to be launched in 2022 will include a measure of the experience of equality. Valuing different backgrounds was discussed at a supervisors' meeting.

The proportion of men and women in supervising positions and as Heads of Department and Deputy Heads of Department is monitored, with the aim of ensuring equal opportunities to progress to supervising and managerial positions regardless of gender. The company uses equal job titles to reflect the accessibility of jobs for all, regardless of gender or other personal characteristics. Equal pay is promoted, for example through pay scales, and progress is monitored as part of the personnel development plan. During the reporting year, the equality of allowances for people working in different locations was examined and the equality of the paid lunch break benefit was developed between part-time and full-time workers.

### Employment

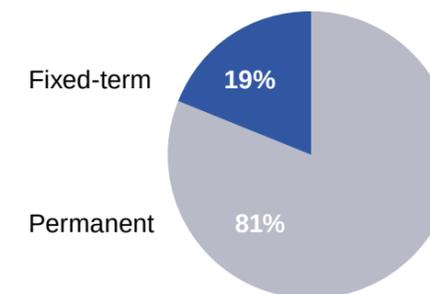
	2021	2020
Personnel on average	773	730
Personnel at the end of the year	825	818
Full-time / part-time (%)	74/26	74/26
Permanent / fixed-term (%)	81/19	81/19
Workers hired by agency on average	35	35
Workers hired by agency at the end of the year	38	60
Summer workers	66	50
Seasonal workers for the end-of-year season	102	115
Average age (years)	32.4	31.9

### Employee turnover

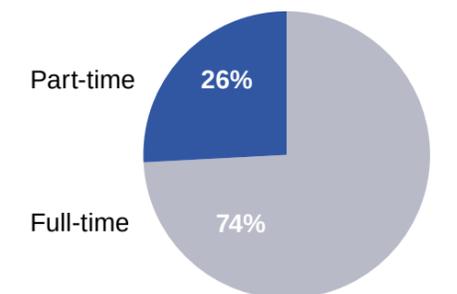
	2021	2020	Lisätiedot
Total turnover rate %	10.3	12.1*	Does not include seasonal workers
New employees	284	261	Including seasonal workers
Terminated employments	268	226	Including seasonal workers
Internal transfers	24	56	Moving to a more demanding role

\* Data corrected after 2020 reporting

### Permanent and fixed-term



### Full-time and part-time



Situation at the end of the year if not stated otherwise

### Diversity of the Board of Directors and management

The members of the Board of Directors of Verkkokauppa.com Oyj shall represent a diverse range of skills and professional backgrounds so that work and international experience, age and gender support and complement each other for the benefit of the company's business and to increase shareholder value. When preparing the proposal for the composition of the Board of Directors, the Shareholders' Nomination Board takes into account not only the requirements of the company's strategy, operations and stage of development, but also the need for sufficient diversity on the Board. In addition to the qualifications required for the post, the person elected to the Board must have the opportunity to devote sufficient time to the task. The Board members had a diverse and multidisciplinary range of experience and educational backgrounds, and several of them also had experience in international business. The principle of diversity also applies to the Verkkokauppa.com management team.

### Non-discrimination

Any form of harassment, bullying or discrimination is strictly prohibited at Verkkokauppa.com. Incidents can be brought forward via an employee representative, HR, and one's supervisor. In addition, it is possible to report incidents through the reporting channel. Cases are dealt with as soon as they arise and confidential hearings are held to clarify the situation. In 2021, there were no known cases of discrimination.

### Well-being and safety at work, job satisfaction

Occupational safety and well-being are monitored and developed in cooperation with HR, the Health and Safety Committee and occupational health. The health and safety committee, which meets on average four times a year, defines a health and safety action plan that is approved by the company's management team. Ensuring a safe working environment means preventing accidents and identifying and avoiding hazards and near misses. To prevent incidents, personnel are trained in safety at work and safety risks are regularly reviewed, for example through safety walks. An annual occupational health action

plan guides the development and priorities for well-being at work. The work community is supported by an early intervention model that takes a holistic view of the employee's wellbeing, taking into account not only health and fitness challenges but also any other performance challenges. During the reporting year, the early intervention model was increasingly developed in the direction of mediation and a custom work model was introduced. Well-being indicators and statistics on accidents at work are regularly monitored by the management team. During the reporting year, a statutory workplace survey was carried out in the Helsinki store, kiosk, outlet and service department, and in the Oulu branch, including topics related to occupational safety, work ergonomics and employee experience. The near miss notification form was renewed, and the renewal was communicated internally. During the reporting year, a study and a plan for the development of battery safety was commissioned and the implementation of the measures has started.

The various aspects of well-being are developed and supported comprehensively during the life cycle of the employment relationship. Personnel wellbeing and job satisfaction were surveyed and personnel voices were heard through a number of surveys and projects during the year, including in connection with the employer image work. Job satisfaction was measured by the eighth annual personnel survey, to which 85% (83) of personnel responded. As in the previous year, the overall average job satisfaction score was good, the grade being 3.6 (3.6) on a scale of 1 to 5. The job satisfaction survey will be renewed in 2022 and the survey will be conducted four times a year, with the aim of giving every employee a greater say in their working environment and allowing quick response to possible changes in job satisfaction. The well-being at work survey carried out in the reporting year examined, among other things, the perceived state of well-being and the adequacy of the employer's measures to support well-being. The results led to the launch of a well-being strategy, the implementation of which was immediately started, including the introduction of new occupational health and mental well-being services and the development of employee benefits from a well-being at work perspective.

### Diversity of personnel and governing bodies

By gender	Men		Women	
	%	persons	%	persons
All personnel	72%	595	28%	230
Management team	88%	7	13%	1
Board of Directors	71%	5	29%	2

By age group	Under 30 years		30–50 years		Over 50 years	
	%	persons	%	persons	%	persons
All personnel	39%	321	60%	492	1%	12
Management team	-	-	100%	8	-	-
Board of Directors	-	-	71%	5	29%	2

Situation at the end of the year

### Sickness absence and accidents

	2021	2020	Further information
Sickness absence rate	4.3	5	Theoretical regular working time
Accident frequency	7.3	3.8	Accidents at work /million hours worked, calculated on actual hours worked. Does not cover workers hired by agency. **
Accidents at work (units)	8	4*	**
Accidents on the way to work (units)	10	6	**
Occupational disease suspicions (units)	0	0	
Early retirement on disability pension (units)	1	1	

\* Data corrected after 2020 reporting

\*\* Excluding minor accidents, i.e., accidents resulting in an absence of less than three days.



**Benefits**



In 2021, the benefits offered to all personnel included occupational health care, personnel discount, break room service, Christmas and summer gifts, as well as metropolitan area flat-rate salary in all locations. From 2022, the paid lunch benefit for working days of more than 7 hours will become a 6.67% Verkkis-extra on top of hourly salary and applies regardless of the length of the working day. In addition, benefits that require a certain minimum length of service included a sports and culture benefit which as extended in the reporting year, an internet connection benefit, a commuting allowance and a lunch benefit depending on the job. A possibility for seasonal flu vaccination was offered. Long-serving employees are rewarded annually with a celebration and a cash bonus. In 2021, seven (five) people were awarded for a 20-year career and 48 (13) for a 10-year career.

**Impact of the COVID-19 pandemic on personnel**

The task force, established in 2020, coordinates the specific response to the COVID-19 pandemic at Verkkokauppa.com, with the task of ensuring the safety of employees and customers and communicating the response. The persistence of the pandemic was reflected in updated guidelines and safety practices for personnel, which were carefully followed. Remote working was extensively used in expert positions and in the reporting year a decision was taken to allow free remote working in the future, and a project was launched to upgrade office space to fit the post-pandemic working model based on personnel preferences. The pandemic situation did not require any closure or restriction of business. The worsening of the pandemic situation towards the end of the year increased sickness absence and its costs, with total costs in 2021 ending up at the same level as in 2020. Workers were offered corona virus testing at the occupational health clinic to speed up the result and corona virus vaccination until the benefit was withdrawn at the end of the year with the good availability of the national vaccine program.

**Skills development**

The skills of all personnel are developed extensively through orientation and training and by making use of job rotation and internal career paths. Leadership by immediate supervisors was developed systematically as part of the company’s strategy through training sessions, monthly supervisor morning meetings and a supervisor day. The professional skills of shop personnel are maintained through regular training provided by manufacturers, as well as internal trainings using peer training and own experts. The implementation of the stores’ new customer service concept, the “Encounters” concept, was launched in 2021 and enrolled by supervisors. A two-year pilot of an apprenticeship-based vocational qualification in business program started in Helsinki with 24 people. The orientation process for new personnel was reformed and harmonized, and more resources were allocated to skills development.

**Rewards and benefits**

Good performance is rewarded in line with the company’s reward and benefits policy, with the aim of inspiring and encouraging success as well as taking initiative and responsibility. Everyday successes are recognized through the Nopsa awards for quick rewards, and this low-threshold reward scheme was further expanded and made more agile in the reporting year. Other forms of reward included sales competitions, employee and supervisor of the month and of the year, as well as rewarding new ideas through the idea box. No commission is paid.

Verkkokauppa.com invests in comprehensive employee benefits for all personnel. There were no benefits that require a permanent employment contract. The benefits were mapped during the reporting year and developed by listening to the wishes of personnel.

**Employee-employer relations**

The company complies with the legislation and agreements on collective bargaining and maintains an active and transparent dialog with its employees and their representatives, with the aim of achieving good cooperation to achieve common objectives. Informative collective bargaining is used extensively and purposefully. The Chief Executive, the Managing Director, the HR Director and the CFO meet quarterly, and during the year there are also collective bargaining meetings on temporary changes to opening hours, changes to job descriptions, organizational changes and personnel benefits. During the reporting year, Verkkokauppa.com joined the trade association, the Finnish Commerce Federation.

**Contact point for sustainability reporting:**

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**More information:**

[www.verkkokauppa.com/en/sustainability](http://www.verkkokauppa.com/en/sustainability)

## Information on the EU taxonomy for sustainable finance

The EU taxonomy is a classification system for sustainable finance that aims to steer capital flows towards sustainable investment and help achieve a climate-neutral European Union by 2050. The EU has regulated the matter with a decree (2020/852), which has been included in the Finnish Accounting Act as part of the statement of non-financial information. The Taxonomy Regulation establishes six environmental objectives: 1. Climate change mitigation, 2. Climate change adaptation, 3. The sustainable use and protection of water and marine resources, 4. The transition to a circular economy, 5. Pollution prevention and control, 6. The protection and restoration of biodiversity and ecosystems. The reporting obligation for 2021 requires the reporting of taxonomy eligible and non-eligible turnover, capital expenditure and operating expenditure for the first two environmental targets, climate change mitigation and climate change adaptation.

In 2021, Verkkokauppa.com's turnover consisted of retail sales and the sale of supporting services. Verkkokauppa.com has analyzed its business by mirroring its economic activities to NACE industry classifications and their descriptions of economic activities. According to Verkkokauppa.com's analysis, the company did not have taxonomy-eligible turnover in 2021. In 2021 Verkkokauppa.com invested in measures to strengthen its responsibility work and environmental goals. According to the company's interpretation, of these, investments in energy efficiency can be considered as taxonomy-eligible capital expenditure, the main purpose of which is to mitigate climate change. No items have been identified in the company's operating expenses that could be classified as taxonomy-eligible. For example, the renewable energy used by the company or the carbon-neutral delivery services are procured from third parties and are not the company's own operations. The company will continue to assess taxonomy eligibility and alignment during 2022 to meet evolving reporting requirements.

	Share of taxonomy eligible economic activities	Share of taxonomy non-eligible economic activities	Accounting principle
Turnover	0%	100%	
Capital expenditure	2%	98%	Calculated the share of LED investments that improve energy efficiency in the company's investments, which amounted to EUR 4.9 million in 2021.
Operating expenditure	0 %	100 %	



# Verkkokauppa.com

empowers its customers to follow their passion by providing a wide product assortment of around 80,000 products. Verkkokauppa.com Oyj serves its retail and corporate customers through its webstore, megastores, 24h kiosk and network of collection points as well as fast deliveries and various services. As Finland's most popular and most visited domestic online retailer, its deliveries cover around 75 percent of the Finnish population within the next day. The Company has four megastores: in Oulu, Pirkkala, Raisio, and Helsinki, where its headquarters is also located. Verkkokauppa.com employs more than 750 people and its shares are listed on the Nasdaq Helsinki stock exchange with the ticker VERK.



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