

A photograph of two men in a workshop setting, both smiling and looking down. The man on the left has short dark hair and is wearing a brown sweater. The man on the right is bald with a beard and is wearing a dark blue button-down shirt. The background shows wooden planks and workshop equipment.

PUUILO

SUSTAINABILITY

IN PUUILO 2022

Sustainability in Puuilo

We must take care of people and the environment; it is self-evident to us. Similarly, it is clear to us that high-quality sustainability work will improve all areas of our business.

We believe in progress and seize opportunities: this is what has made Puuilo successful for over 40 years. Our objective is to incorporate responsibility in the work and daily life of all Puuilo employees. We acknowledge corporate responsibility as a theme that we are obligated to promote throughout the operating chain and that provides an opportunity to create value. In other words, sustainability benefits all of us: our customers, personnel and investors, in a systematic manner and in the long term. We must understand corporate responsibility in a comprehensive manner, by which we mean that it's not an assigned responsibility but should involve each and every Puuilo employee. We at Puuilo acknowledge that the choices we make have a direct impact on a large group of people both in the daily work and on the level of attitudes. Responsibility is a permanent theme in Puuilo's management teamwork and in internal communication. In 2022, we have continued with the measures in accordance with the targets set in previous year as well as continued to develop the metrics and monitoring of objectives.



PUUILO'S MATERIAL SUSTAINABILITY TOPICS

In the financial year 2021, we started to create structures for more systematic sustainability work, including objectives and metrics. For this purpose, we conducted a materiality analysis with representatives of our key stakeholder groups which we used for creating the objectives for our sustainability work. In the financial year 2022 we have updated the emphases of our sustainability topics and continued our responsibility work towards achieving the objectives.

We have categorized our material sustainability topics in three focus areas: "A responsible retailer", "A good place to work" and "More sustainable consumption". A responsible retailer refers to us and, in particular, our supply chain, which is extensive and, therefore, has extensive impacts. A good place to work means that, as an employer, Puuilo strives to be a workplace that our personnel want to commit to. We aim to build a responsible work atmosphere and attitude environment that the personnel can relate to and thus together build a responsible workplace. More sustainable consumption in Puuilo means tangible savings and streamlining measures in our own operations with regard to not only the environment but also costs.

CLEAR FRAMEWORK AND DIRECTION

With regard to our sustainability work, we have identified the following as our most significant stakeholders: customers, personnel, shareholders, the authorities, financiers, and the media. We aim to provide them with the best possible quality of service taking sustainability perspectives into consideration.

The foundation for our sustainability work is laid out by national and international laws and statutes concerning business activities, as well as employer obligations and commitments. Naturally, we operate in compliance with all of these, but in addition, responsibility,

PUUILO'S MATERIAL SUSTAINABILITY TOPICS

MORE SUSTAINABLE CONSUMPTION (ENVIRONMENT)

1. Energy efficiency
2. Carbon footprint
3. Circular economy, including recycling and waste
4. Sustainable logistics

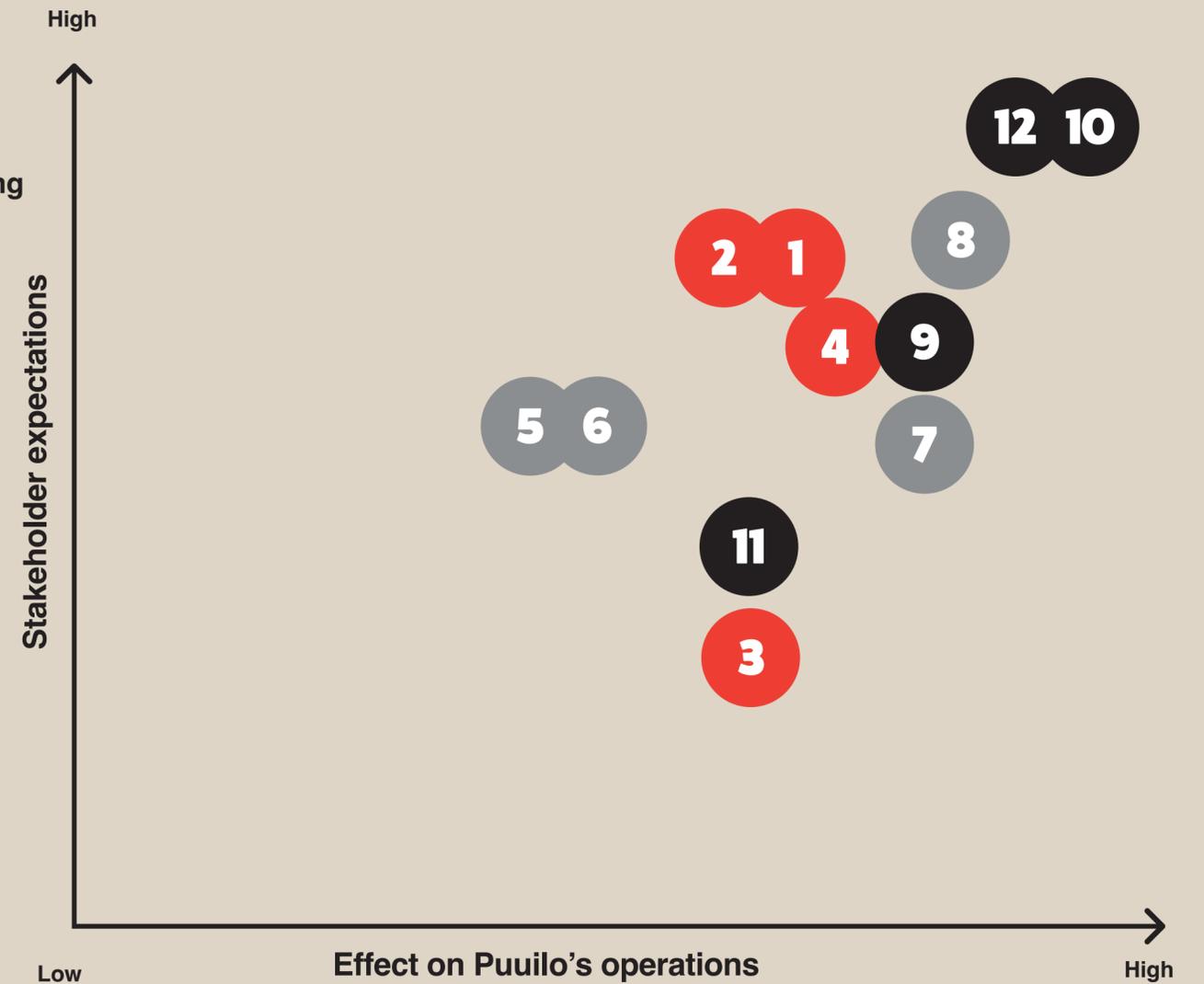
GOOD PLACE TO WORK (SOCIAL)

5. Diversity and equality
6. Respect for human rights
7. Wellbeing at work and occupational safety
8. Personnel satisfaction

RESPONSIBLE RETAILER (GOVERNANCE)

9. Responsible retailer
10. Responsible supply chain
11. Anti-corruption
12. Product quality and safety

- More sustainable consumption
- A good place to work
- A responsible retailer





more sustainable consumption and environmental issues can be seen more strongly in our operations. We continue to implement and measure the chosen commitments and sustainability measures. The impacts of our operations are reflected in the functioning and success of our business operations: personnel wellbeing indicates high-quality management and our value base, which increases commitment to and a responsible approach towards one's own work and daily actions. Selecting responsible suppliers has a positive impact on resource efficiency and the product quality, among other things. Even small acts become important when they are repeated and multiplied. The results are manifested as customer satisfaction, which translates to successful business. Our direction for the sustainability work is clear. In the coming years, we will be building sustainability in a systematic manner. Sustainability will become part of the daily work of all Puuilo employees, no matter what their position.

SUSTAINABILITY MANAGEMENT AND RESPONSIBILITY

At Puuilo, the members of the management team are in charge of sustainability work. The CEO is in charge of the financial, environmental and social responsibility overall, the Chief Purchasing Officer is responsible for the supply chain (product responsibility and logistics), and the Chief Human Resources is in charge of social responsibility with regard to personnel. The management team conducts regular sustainability reviews in accordance with the annual planning cycle, to verify the progress of plans and measures as well as the timeliness of the materiality analysis.

OPERATING ENVIRONMENT INFLUENCES SUSTAINABILITY WORK

We pay special attention to supplier selection, because our impact extends far and wide through our supply chain. A suppliers' commitment to Amfori BCSI is one way to ensure sustainability of our global supply chain and verify some of our selection criteria. Currently, the Supplier Code of Conduct will be included in the cooperation agreements with all new suppliers, and we have continued to attach the Supplier Code of Conduct to existing cooperation agreements.

Due to Covid-19 pandemic we have not been able to conduct factory and supplier visits abroad in recent years and to evaluate the operations on site.

Due to the war in Ukraine, we discontinued purchasing products manufactured in Russia and by companies with Russian owners at the end of February 2022.

A responsible retailer

A responsible retailer covers both the work carried out by Puuilo employees and activities of our supply chain to the extent that we have influence over it. In the financial year 2022 we have continued to carry forward the measures started in 2021.

A responsible retailer refers to Puuilo's management and the store supervisors but also individual salespersons and other employees. We want sustainability to be an innate part of what each Puuilo employee does in their daily tasks. However, the value chain is where our most significant impact on sustainability takes place, since Puuilo acts as a manufacturer and retailer. The supply chain needs to be involved in sustainability work to ensure both product quality and product safety. Puuilo is committed to operating ethically and requires the same of its partners.

Achievements and direction

OUR 2022 MEASURES:

- Share of foreign suppliers committed to BSCI or equivalent in our supply chain 44 %
- The Supplier Code of Conduct is included in 82% of domestic cooperation agreements whose annual purchases exceed EUR 100 thousand.
- An agreement template including Supplier Code of Conduct has been prepared for foreign suppliers.
- Due to Covid-19 pandemic we have not been able to make factory and supplier visits abroad in recent years.
- We have strengthened our purchasing organization with a person responsible for product development and quality.
- In February 2022 donated EUR 40 thousand to Ukrainian children through Unicef.

OUR OBJECTIVES FOR 2023:

- Share of foreign suppliers committed to BSCI or equivalent will be increased, our goal is 80% by the financial year 2025.
- Factory and supplier visits abroad will be continued.
- We will continue to include Supplier Code of Conduct in cooperation agreements. Our goal is that by the end of the financial year 2025, 80% of domestic cooperation agreements whose annual purchases exceed EUR 50 thousand are included.

MORE SUSTAINABLE PROCUREMENT

Puulo has an extensive product assortment, consisting of over 30,000 items. Our prices are proven to be affordable. The prerequisite of upholding and developing these strengths is an appropriate supply chain that makes products available to our customers. The selection of suppliers and partners is a key part of our sustainability work. At the end of the financial year 2022, our supply chain included nearly 700 suppliers. We want to develop our operations with suppliers and partners on a long-term basis. We encourage everyone to report any concerns detected in our operations or in our supply chain. We bear our responsibility by investigating each situation and taking corrective measures in cooperation with the other members of the chain.

We expect our suppliers and partners to commit to promoting sustainability with us. Puulo is committed to the ethical operating principles of Amfori BSCI system and thus complies with the principles of the UN Global Compact, as well as the OECD Guidelines for Multinational Enterprises. In addition to compliance with laws and statutes, we require that our suppliers and partners commit to the same or equivalent principles and encourage them to proactively develop sustainable production and a sustainable product assortment. In 2021, we joined the the Amfori BSCI system and committed to its operating principles. Approximately 44% of the foreign suppliers used in 2022, are committed to BCSI or equivalent principles. Purchases from these suppliers accounted for approximately 77% of Puulo's foreign purchases. In 2023 we will continue to increase the share of Amfori BSCI or equivalent commitment. Our objective is 80% by the end of the financial year 2025.





Puuilo is committed to sustainable procurement. The basic principles and expectations suppliers should comply with are provided in the Supplier Code of Conduct available on our website puuilo.fi. The commitment is included in all our cooperation agreements of Finnish suppliers made or renewed after spring 2021. At the end of the reporting period, 82% of Puuilo’s active suppliers, whose annual purchases exceed EUR 100 thousand, were covered by the commitment. The share of these suppliers corresponded to approximately 70% of the domestic purchases. In 2023, we will expand our target to cover all the suppliers whose annual purchases exceed EUR 50 thousand. An agreement template including Supplier Code of Conduct has also been prepared for foreign suppliers.

Our primary method of ensuring the quality of products is to select suppliers carefully. Supplier selection includes verification of product safety and quality documents as well as review of customer references. In addition, we test and check both the product samples and the products themselves before distribution in Finland. In order to improve our product quality, we have strengthened our purchasing organization with a person responsible for product development and quality in 2022.

WE PROMOTE ETHICAL BUSINESS

Puuilo is committed to conducting its business in an ethical manner internally as well. During the financial year 2022, we prepared a written Puuilo Internal Code of Conduct and communicated it to our personnel.

A whistleblowing channel, open to everyone, is available on Puuilo’s website. Anyone can use the channel to anonymously report a violation of Supplier Code of Conduct, such as corruption or other unethical behaviour, or suspicions thereof to Puuilo’s management. A team established by the management will review the reports, take corrective measures and communicate their decision to the person who

reported the issue. In the financial year 2022, we received 13 (20) reports, all of which concerned internal, local work arrangements. The reports were handled in accordance with the agreed process and actual violations, or serious concerns were not detected.

Due to Covid-19 pandemic we have not been able to make factory and supplier visits abroad in recent years, but visits will be continued in 2023. To show support for Ukraine, we have discontinued the procurement of products of Russian and Russian-owned companies in February 2022 and donated EUR 40 thousand to Ukrainian children through Unicef.



We want sustainability to be an innate part of what each Puuilo employee does in their daily tasks.

A good place to work

Strong and sustainable growth is possible only when personnel are skilled and motivated. That is why Puuilo wants to be a good place to work.

One of the three focus areas of our sustainability work is personnel: we want to be a good place to work, that our personnel want to commit to. Puuilo has developed a clear corporate culture that represents our values. These principles have been present in Puuilo's everyday life for years. In 2022, we have crystallized our common principles and documented Puuilo's values based on them. These values guide our everyday life and create a framework for our activi-



These values guide our everyday life and create a framework for our activities.

Achievements and direction

OUR 2022 MEASURES:

- In 2022 we have crystallized our common principles and documented Puuilo's values based on that.
- We have prepared a Puuilo Internal Code of Conduct and communicated it to the personnel.
- Regular interaction and cooperation between management and personnel has been increased by developing co-operation advisory board work and increasing cooperation within the teams throughout the organization.
- Orientation model for new employees and tutor training introduced in 2022. In addition, supervisor and occupational safety trainings have been continued.
- Offering primarily full-time employment contracts continued as planned.
- The new share-based incentive plan launched during the financial year. The target group consist of management team and other key personnel. In addition, we paid an additional sales bonus to a major part of store personnel for last summer's solid sales development.
- In order to improve the wellbeing Puuilo offers a wellbeing benefit for the entire personnel, which can be used for sport, culture and wellness services of own choice.
- As in previous years, we have conducted a job satisfaction survey. According to the survey personnel satisfactory is on retail sector average.

OUR OBJECTIVES FOR 2023:

- Continue to communicate and implement Puuilo values published in 2022.
- Continue to implement the Internal Code of Conduct in our organisation.
- Continue personnel and, in particular, supervisor training for management excellence and occupational safety.
- Continue to provide occupational safety training and measure accident frequency in order to reduce accidents.
- Continue to offer primarily full-time employment contracts.
- Continue to improve our employer activities and to build the employer image.
- Conduct an annual job satisfaction survey.

Puulo's values

DISTINCTIVENESS

There's a lot of power in being distinctive. We are a unique company, and proud of it. We also encourage our employees to be themselves. Because the best results are achieved that way.

COST AWARENESS

Price awareness means that we do not waste money. This applies to us, but especially to our customers. Except when it gives joy or benefits in which case it is not waste of money.

DETERMINATION

As they say, fortune favours the brave. We set our goals high and move forward determinedly towards our goals. Our customers do not buy from us to test products but to use them. In this way we develop as people and as a company.

JOY

It is a pleasure and easy to visit our stores. The joy begins with us, our desire to work here. The darker it is around us, the more important it is for us to bring joy and compassion around us.

PROPRIETY

It is important to us that we can stand behind every decision. This means that decisions, whether they are big or small, are carefully weighted considering also the long-term effects. This applies to the environment, society and our own personnel. In other words, we hold on to our values.





Supervisors bear great responsibility in their work, and we help them by providing training and coaching. We support our entire personnel in their learning and career advancement, provide safe working conditions and fair employment terms and treat everyone equally. Regular interaction and cooperation between management and personnel has been increased, for example, by expanding the composition of the cooperative advisory board and by arranging advisory board meetings more often. In addition, cooperation within the teams has been increased with regular weekly and monthly meetings throughout the organization.

We want our employees to be motivated and skilled. Therefore, we pay attention in personnel retention. Almost eighty per cent of our employment relationships are permanent and full-time. We aim to maintain this level in future as well, because we believe that competence increases best in permanent employment relationships. Our product assortment is extensive and also includes more special tools and supplies. Experienced personnel improve the quality of customer service. Our goal is to be the best and most sought-after employer in the retail sector. We are not quite there yet, but we work towards the goal systematically and measure our success by means of an annual personnel satisfaction survey. According to the survey carried on at the end of 2022, personnel satisfactory is on retail sector average. We are doing well in terms of recruiting new employees, with occasional challenges in the availability of workforce only in the Helsinki Metropolitan area. We have communicated Puuilo's strategy and values to personnel, so that everyone could apply and identify them in their work. We believe that this will also improve our personnel satisfaction.

We pay all employees' salaries at least in accordance with the collective labour agreement. The employees have the right to belong to a union, and employee representatives have been elected per each personnel group. In addition, we paid additional sales bonus to a significant share of personnel for positive sales development last summer.

At the end of the financial year 2022, the number of personnel converted into full-time employees (FTE) was 693 (663). We opened three new stores, and the number of employees will continue to increase with the expansion of the store network.

OCCUPATIONAL HEALTH, WELLBEING AND SAFETY

We promote personnel wellbeing and coping at work by focusing on supervisory work excellence, occupational safety, personnel competence, as well as smooth daily operations and a manageable workload. In addition, we provide employees with occupational health services with medical care coverage. We have a functioning model of cooperation in place with our partner Terveystalo, which enables us to proactively address issues related to health through the shared objectives and monitoring their realisation. We have established an early support model as well as a model for both reduced work and replacement work in various health-related challenges.

In order to improve the wellbeing Puuilo offers a wellbeing benefit for the entire personnel. The benefit can be used for sport, culture and wellness services of own choice.

All of our employees take Puuilo's occupational safety training annually. It is also incorporated in the orientation of new employees. We closely monitor the realisation of occupational safety through the occupational safety committee, which supports the supervisors by actively promoting matters concerning safety in the daily activities. We measure accident frequency in a systematic manner. Personnel are encouraged to report hazardous and near-miss situations through our internal reporting system, and the relevant supervisor reviews the reported cases. The occupational safety committee monitors the number of reports and the measures taken. The system also provides information on the assessments of hazards and risks and includes an action plan for occupational safety and health.

FOCUS ON ORIENTATION AND MANAGEMENT COMPETENCE

We are growing strongly, and new employees are hired to 3–4 new Puuilo stores annually. In 2022, we continued to focus on orientation of new employees and improving it, which was positively acknowledged in work satisfaction survey. We have designated employees in charge of orientation in each location, and they receive training in their duties. Orientation includes occupational safety training as well as coaching on Puuilo’s strategy, objectives and practices concerning disruptive situations, such as bullying or improper conduct. Every Puuilo employee takes the training as part of their orientation and knows how various situations are handled at Puuilo.

We provide continuous coaching for supervisors to develop their management competence. Our goal is management excellence. We provide both on-site and online training. In the financial year 2022, we have continued the comprehensive manager training launched the previous year and extended the target group. We promote personal development with regular interaction. Supervisors evaluate the performance and competence of their employees in regular management discussions and annual performance development discussions.

COMMITMENT TO EQUALITY AND NON-DISCRIMINATION

Puuilo’s objective is to be a successful company whose employees have equal opportunities to perform well and develop in their jobs. Puuilo’s equality, non-discrimination and personnel development plan sets framework for this work. Our goal is a work community where employees treat each other equally and do not discriminate. It is our responsibility to advance this both in our daily activities and in all decision-making. Discrimination on the basis of a person’s

gender, age, origin, nationality, language, religion, belief, opinion, political activity, union activity, family relationships, health, disability, sexual orientation or other personal characteristic is not permitted. We have operating models in place for addressing bullying, harassment and unprofessional treatment.

Puuilo has a whistleblowing channel that anyone can use to anonymously report violations or suspected violations of our operating principles. The person reporting will be informed of the processing of and the measures taken based on their report. In 2022, the channel was used to submit 13 (20) reports. All reports were handled in accordance with the process, and actual violations or serious concerns were not detected.

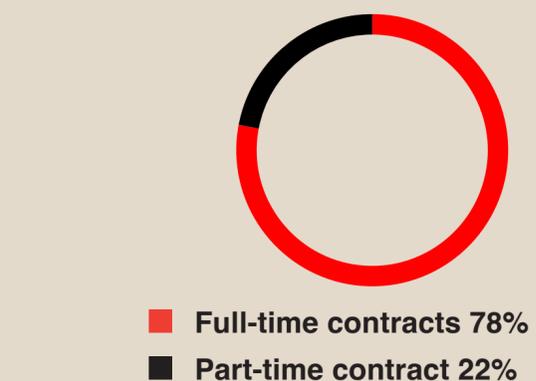
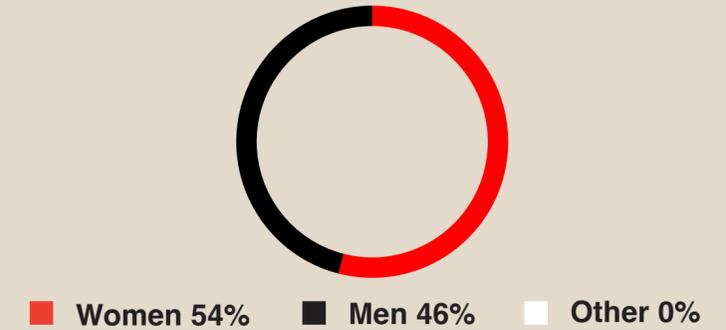
The HR function and the Head of Human Resources, who is a member of the management team, are in charge of the HR management practices. We emphasise cooperation and open discussions with both supervisors and personnel representatives. The cooperation is close and includes both formal meetings and informal discussions and pondering. Focus is placed, in particular, on internal communication, which is active online and in which all Puuilo employees can participate.

PERSONNEL

693 (663)

full-time equivalent

PERSONNEL 31 JANUARY 2023



* Applies to premanent employment relationships.

The figures are average figures for the financial year 2022.



CASE

COMPETENT AND MOTIVATED PERSONNEL IS THE BEST COMPETITIVE ADVANTAGE

We are strong fast, and new employees are hired for up to 5 new stores annually. During the past two years we have put significant effort on orientation and its development.

We developed our orientation process by assigning at least two tutors to each store. All of our more than 70 tutors completed partial degree Orientation and guidance for work organized in co-operation with Taitotalo. The degree is completed on the side of the job and students get to apply their new skills in practice. In addition, we train all our tutors internally for our own orientation process. We also have annual orientation development days where tutors participate in developing our procedures and orientation.

Our goal is to be the best and most sought-after employer in the retail sector and that is only possible with skilled and motivated personnel. A high-quality orientation process provides a good start to the employment relationship and affects the entire employer's image, which is why we want to increase orientation skills in a determined manner. In Puuilo, the orientation is carried out by a tutor in cooperation with store supervisors. According to the feedback, orientation gives an excellent starting point for the new employees to succeed. Our tutors experienced that the degree increased their professional skills and understanding of the importance of orientation. In addition, many of the tutors that completed a partial degree wanted to further develop their skills and applied to PuuiloOpisto to complete a vocational qualification.

We want to provide our personnel opportunities to study on along their jobs, because regardless the job, people tend to be interested in developing themselves. In future, we aim to further expand our training offering in order to support the professional competence of our personnel. In addition to PuuiloOpisto, we offer both internal and external training to promote professional development. We also put emphasis on supervisory skills by offering various trainings and specific career path towards more demanding positions. Because personnel play the most important role in retail industry, supervisors have a significant role in commitment and well-being and at work. Therefore, our goal is to be the best in supervisory work in retail industry.

What is PuuiloOpisto?

PuuiloOpisto is a place where Puuilo personnel can develop their knowledge and skills. It offers Puuilo's employees a possibility to improve their professional skills and gives readiness to get ahead in more demanding positions. PuuiloOpisto is organised in cooperation with Taitotalo.

PuuiloOpisto offers following training programs:

- Qualification in Business (basic degree)
- Further Vocational Qualification in Business
- Further Qualification in First-Level Management
- Specialist Vocational Qualification in Business
- Orientation and guidance for work, partial degree

PUUILO CAREER STORIES

Perfect match

For the past two years, **Nenne Pesonen** has worked as Head Cashier. Together with her colleague, she monitors the payment transactions of the stores and participates in the prevention and detection of fraud. Her job also includes reporting and other individual tasks from maintaining user rights to insurance declarations. Nenne has worked in Puuilo for almost 10 years.



Nenne Pesonen
Head Cashier

"I started in fall 2013 at Puuilo Hämeenlinna store. One of my first jobs was to organise different coloured bags. At that time, some of the purchase orders were still sent by fax. I worked in Hämeenlinna store for a few years until I decided to move to Helsinki Metropolitan area and started to work in Puuilo Vantaa. In Vantaa, I had an opportunity to work in Puuilo's Online store for a few weeks, so the online store operations became very familiar. A bit later, I started in Järvenpää in Sales Support role. I worked there a couple of years until I had an opportunity to move on to my current role as Head Cashier in Chain Support. The ten year long Puuilo career has been filled with a lot. Puuilo has always felt like a safe place to work, and it has proven that one can advance in their career by working hard. At the moment, I am doing a job where I can be myself and which I really like! In my current job, I have also been able to see Puuilo stores and meet other Puuilo employees around Finland, which

has been amazing! In Puuilo, I've met awesome people, from whom I've learned a lot. Some of them I can actually call my close friends."

From store manager to coach

Noora Aaltonen works as HRD Manager in Puuilo's HR. Noora is responsible for human resource development and orientation, development recruitment and guidance processes, as well as the development of employer image.

"I started as store manager in Puuilo in 2019. I wanted to work in Puuilo, because I was fascinated by the comprehensive product assortment and slightly different commercial approach compared to other chains. I am an artemon restorer by training, so the tools and DIY selection naturally attracted me. In Puuilo, the store manager's role is a very comprehensive and responsible position, where you get to manage your own unit with a very retailer-like approach. Naturally, the most important thing is competent and motivated personnel, who enable Puuilo's success and growth in the future as well. At the moment, I work as HRD Manager. In this role I have an opportunity to develop the processes of a growing company and build a foundation that supports our growth strategy"

Noora moved on to Puuilo HR from a store manager's position.

"It was my long-time dream, that I could make better use of my own experience as a supervisor. Supervisory work has a significant impact on wellbeing, which in turn has a significant impact on company's performance indicators. I ended up applying as an HR intern for six months, because I wanted to participate in developing Puuilo's processes and wellbeing. Thanks to the intern, I learned a lot about different HR functions and had an opportunity to participate manager training as a coach. Then, at the latest, I knew that I wanted to work in Human

resources. After my internship, I got a position in the HR team as an HR specialist and was able to use my own supervisor experience and develop our operations in close cooperation with the sales organization and stores. Since the beginning of the year, I have been working as an HRD manager and I have an opportunity to develop the skills of the entire personnel, recruitment, orientation and much more. In addition, I get to offer daily support to and cooperate with the store managers and our salespersons"

"The best part of my job is definitely the excellent team and Puuilo's relaxed atmosphere. Developing and decision making is easy when the atmosphere is open and there is little bureaucracy. Our team is very experienced and they are actively sharing their professional skills. In addition, I still have an opportunity to work with our store network on a daily basis, although from a different perspective. The most rewarding part of my job is that I can influence the wellbeing of the entire personnel with my own expertise and contribution and that I get to be a part of Puuilo's great growth story"



Noora Aaltonen
HRD Manager

Consume more sustainably

Puulo wants to operate in a resource-wise manner and ensure that we have a clean and life-sustaining environment in the future as well. That is why we have defined more sustainable consumption as one of our three main focus areas.

For us, more sustainable consumption means that we monitor the resource use and environmental effectiveness of our own operations and the supply chain, and aim to make it more sustainable whenever we have influence over it. Among other things, it means choosing our logistics partner carefully, increasing energy efficiency and aim to decrease carbon footprint. We consider product quality to be part of more sustainable consumption: when products are durable and customers are satisfied with them, product returns, transports and waste are decreased, which in turn reduces environmental burden. During the past few years, we have paid even more attention to waste generation and renewably energy. In Puulo, the CEO together with the Chief Purchasing Officer (CPO) and Chief Sales Officer (CSO) is in charge of environmental sustainability. The CEO is responsible for improving energy efficiency while the CSO is responsible for the waste recycling and energy efficiency. Puulo also has a property manager, whose duties includes the aforementioned tasks.

Achievements and direction

OUR 2022 MEASURES:

- In cooperation with our partner, we have built relevant metrics to measure the emissions load of transport Puulo has control over.
- 100% of the electricity procured by Puulo itself, comes from renewable sources of energy.
- Energy efficiency was improved by switching to LED lights in several stores.
- The comparable electricity consumption decreased by approximately by 2% from the previous year.
- Alternatives to install electric car charging stations in connection with Puulo's stores have been investigated and it has been decided to implement them through a partner.
- Three more solar power stations to our stores.
- Our comparable recycling rate increased to 69% (68%).

OUR OBJECTIVES FOR 2023:

- Together with our logistics partner, we continue to assess the climate impacts of transport and develop measurability.
- We continued to improve energy efficiency for example by continuing switching to LED lights.
- We will further decrease the comparable electricity consumption.
- During 2023, our partner will open wind-powered high-power charging stations in connection with Puulo stores.
- Six new solar power stations to our stores.
- We will develop the handling and sorting of waste and improve the recycling rate: the goal is 73% by the financial year 2025.



The CPO is in charge of the sustainability of the supply chains and logistics. The timeliness of the materiality matrix and the progress of sustainability work are regularly reviewed in management team meetings.

CARBON NEUTRALITY OF WASTE GENERATION

In 2022, we continued to monitor and manage the waste generation and carbon footprint. We were able to reduce the amount of mixed waste by increasing the sorting of plastic and energy fraction. The waste generation is measured in a way enabling store managers to monitor it on both store level and the chain level. Our personnel are trained in order to promote more effective sorting. Waste manage

ment equipment is replaced on a regular basis and added as needed.

Puulo's waste management operations are carbon neutral. We compensate for the carbon dioxide emissions we generate by planting forests thus creating permanent carbon sinks in cooperation with a waste management partner. We also strive to improve the reuse of the waste fractions we generate. In the financial year 2022, the waste generation totalled 1,156 tonnes (1,213) and the recycling rate was 69% (68%). Our goal is to increase the recycling rate to 73% by the end of the financial year 2025 and to annually slow down the increase in the total amount of waste and in the carbon footprint. In order to achieve the goal, the personnel are provided with recycle training.

WASTE RECYCLING RATE AND RELATIVE CHANGE

Puulo opened three new stores in financial year 2022



RECYCLING RATE

69%

WASTE GENERATION

1,156

TONNES

(change -5% compared to 2021)

CARBON FOOTPRINT

20.3

TONNES

(change -18% compared to 2021)

Our goal is to increase the recycling rate to 73 per cent by the end of 2025 and to annually slow down the increase in the total amount of waste and in the carbon footprint.

RENEWABLE ENERGY SOURCE

The electricity we purchase ourselves comes 100% from renewable sources of energy. We take the responsibility for the electricity procurement whenever it is possible. In all new premises, Puuilo purchases the electricity itself in order to be able to measure the energy consumption. In the financial year 2022, we have improved the measurability of electricity consumption and set a comparable consumption target for the coming years. We carry on a periodic energy audit and plan. The most recent was done in 2019 and the next one will be in 2023.

In the financial year 2022 we opened three new stores (four new stores in FY2021), which increased our total consumption of energy. However, we have been able to reduce the comparable energy consumption, and in 2022, the comparable electricity consumption decreased by 81,653 kWh (64,385 kWh), or approximately by 2% (-2% in FY2021) from the previous year. Decrease in electricity consumption have been achieved by switching to LED lights in several stores and by optimising the energy use. In addition, we have introduced solar power plants in several stores.

More than half of Puuilo's stores are no more than five years old, which is why their building engineering solutions are by default modern and energy efficient. In 2022, we have introduced three solar power plants to be followed by 6 more in 2023, which will further improve our energy efficiency. In the financial year ended in January, we investigated the opportunities to build charging stations for electric vehicles in Puuilo parking lots. In 2023, our partner will open wind-powered high-power charging stations in connection with Puuilo stores, which will make it easy to our customers to charge their cars while visiting our stores.

PRODUCT QUALITY

Sustainability work develops all areas of business operations: it encourages to invest also in product quality. Better and more sustainable products improve customer satisfaction. The quality of products is ensured through careful supplier selection which includes reviewing suppliers' product safety and quality documents as well as customer references. In addition, the samples and a major part of products are tested before distribution in Finland. We want to be able to stand behind the quality of the products we sell. Sustainability is also the principle behind Puuilo's private label products. Fewer product complaints also mean less transport emission, thus, a lighter burden on the environment. In order to improve our product quality, we have strengthened our purchasing organization with a person responsible for product development and quality in 2022.

SUSTAINABLE LOGISTICS

Puuilo transports products to our stores across Finland, which is why logistics has a significant environmental impact in our operations. For this reason, the choice of logistics partner is also important. A partner that promotes sustainable logistics, uses modern equipment and technology as well as monitors and actively aims to reduce emissions, for example by increasing load sizes. As the number of stores increases, the traceability and comparability of greenhouse gas emission data gets more complex. However, Puuilo aims to reduce the comparable greenhouse gas emissions of the land, sea and air transport controlled by us, by working in close cooperation with our main logistics partners. We systematically monitor our ghg emissions and in the financial year 2022, the greenhouse gas emissions generated in transportation controlled by us were 1,639 tonnes (3,217 tonnes). Although the number of Puuilo stores has increased from the previous year, the amount of emissions decreased significantly. The development was mainly due to significantly decreased number of imported sea containers compared to the previous, very exceptional year. In 2021, the Covid-19 pandemic and the subsequent container shortage caused significant uncertainty in the availability of goods and sea freight. For this reason, Puuilo made significantly larger purchase orders to ensure the availability of goods in our stores.

