



Verkkokauppa.com Oyj

**SUSTAINABILITY AT VERKKOKAUPPA.COM**

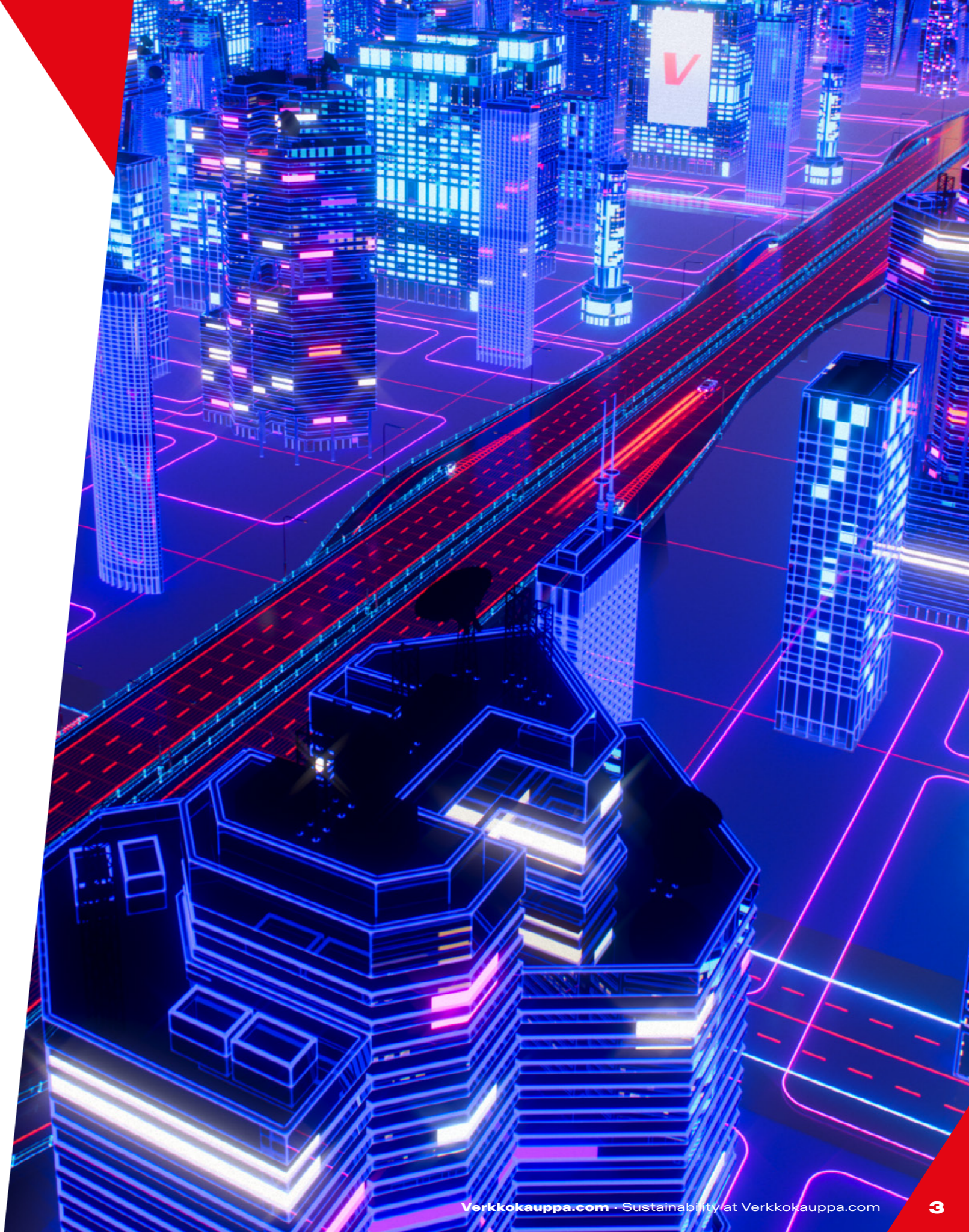
# VERKKOKAUPPA.COM'S ANNUAL REPORTING 2023

Verkkokauppa.com has published its annual reporting package for 2023. The reporting components are: the Company brochure, the Report of the Board of Directors and the Financial Statements, including the Non-Financial Statement, and the Corporate Governance Statement including the Remuneration Report as well as the separately published Sustainability at Verkkokauppa.com. The reports are available in Finnish and English, and they can be read and downloaded separately from Verkkokauppa.com's [investor site](#) as separate pdf files.



# SUSTAINABILITY AT VERKKOKAUPPA.COM

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# SUSTAINABILITY IN VERKKOKAUPPA.COM'S STRATEGY

Sustainability is a key part of Verkkokauppa.com's strategy, one of the cornerstones of which is expanding its service business by offering sustainable alternatives to purchasing products. Sustainability work is developed purposefully and comprehensively in accordance with the

company's sustainability program. Key topics include offering high-quality and safe products, selling products that customers actually need, and services to extend the life of products, supporting the company's vision of creating a new normal for buying and owning.

## HIGHLIGHTS OF OUR SUSTAINABILITY WORK IN 2023

**WE LAUNCHED**  
the Vaihtokauppa trade-in service

**WE MULTIPLIED**  
the range of second-hand products

**WE EXTENDED**  
our after-sales services for our private label brands

**WE SOLD**  
products that customers actually need and kept  
the return rate low: 0.7%

**WE INVESTED IN**  
diversity by setting up a diversity working group and  
hiring senior experience experts

**WE ENSURED**  
responsible working conditions: 99.8% of suppliers  
of private label products were audited

**WE INVESTED IN**  
our learning culture and well-being at work  
and halved the number of accidents at work

# SUSTAINABILITY PROGRAM

The targets of Verkkokauppa.com's sustainability work have been compiled into a sustainability program based on the themes and focus areas selected in the materiality assessment. The program for 2021-2025 covers four themes:

- At the customer's service and on their side
- Smaller environmental impact
- Verkkokauppa.com as a community
- Profitable business and good governance

 <b>AT THE CUSTOMER'S SERVICE AND ON THEIR SIDE</b>	 <b>SMALLER ENVIRONMENTAL IMPACT</b>
 <b>VERKKOKAUPPA.COM AS A COMMUNITY</b>	 <b>PROFITABLE BUSINESS AND GOOD GOVERNANCE</b>





AT THE CUSTOMER'S SERVICE AND ON THEIR SIDE

Target achieved / significant progress ●  
 On the way to the goal ●  
 Progress slower than planned ●

Focus area	Target	Indicator (KPI)	KPI 2025	Status and development 2023
<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%	0.7% (0.7). Overall return rate including "change of minds" as well as service returns 0.9% (1.0%)
	We support our customers in making responsible choices	New services, functionalities and products	New launches	The range of used products was expanded to new categories, covering over one hundred items. The range now includes computers, tablets, peripherals, and phones.
<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	The spare parts availability offered for the company's private label products was expanded to cover new product categories and data tools were developed. The maintenance process was launched for snowblowers, piloted for televisions, and further developed for bicycles, mobile phones and electric scooters.
	We offer services that support circular economy	New services	New launches	A trade-in service "Vaihtokauppa" that promotes circular economy was launched for consumers. With the service, customers can sell their working used electronic devices back. A buyback service was also launched for business customers.
<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%	99.8% (98)
	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	The goal was not advanced in the reporting year
	We set sustainability requirements for our suppliers	Established suppliers who have signed the Supplier Compliance Policy, %	100%	The Supplier Code of Conduct has been incorporated in the general terms and conditions.

Target achieved / significant progress ●  
 On the way to the goal ●  
 Progress slower than planned ●



## SMALLER ENVIRONMENTAL IMPACT

Focus area	Target	Indicator (KPI)	KPI 2025	Status and development 2023
<b>We minimize our impact on climate</b>	Zero greenhouse gas emissions from our own operations (scope 1 & 2)	Greenhouse gas emissions, tCO <sub>2</sub> eq Emissions intensity: tCO <sub>2</sub> eq/revenue (MEUR)	0	97 (67) tCO <sub>2</sub> eq, +45% from the previous year. In the longer term, -77% compared to the comparison year 2019. Emissions intensity 0.19 (0.12) tCO <sub>2</sub> eq/MEUR
	We reduce the indirect climate impacts of our activities (scope 3)	Greenhouse gas emissions, tCO <sub>2</sub> eq	To be established later	209 426 tCO <sub>2</sub> eq, -16% from the previous year. The decline is explained by the contraction in operations. The measures to draw up the emission reduction plan progressed more slowly than expected.
<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  Plastic shopping bags: unit / purchase	Increase  Decrease	Data collection needs to be developed further so that the metrics can be monitored reliably. The 100% recycled cardboard box used with the packaging machine was made thinner. Experiments were carried out on the replacement of plastic tape with a fiber-based one and the replacement of plastic wrap with partially recycled material.
	We improve the material efficiency and recyclability of private label packaging	Number of products screened, units	No numerical target	Trial purchases of recycled material packaging were carried out.
<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 WEEE sent for recycling, tons, and development in relation to revenue	Increasing the share Stays at least on the same level while the revenue grows	Not measured in 2023. 85% in 2022*. In-store and online communication was carried out to improve sorting awareness and accuracy. 211 (271) tons. Change in tons -22% and relative to turnover -8%.
	We improve the waste recycling rate	Recycling rate (incl. pallets), %	Improvement	75% (83) The decrease is explained by the decrease in incoming goods, which led to a decrease in the number of pallets and reduced the amount of waste diverted for reuse, as well as an increase in the share of broken pallets.
	We look for new use for end-of-sale and decommissioned products	Products donated or otherwise found a new use	No numerical target	We carried out the practice of donating end-of-sale and end-of-life products to charity.

\*15% of respondents to the Electronics Sustainability Barometer customer survey carried out in 2022 said that they were not sure what WEEE waste is or where it could be taken for recycling

Target achieved / significant progress ●  
 On the way to the goal ●  
 Progress slower than planned ●

 VERKKOKAUPPA.COM AS A COMMUNITY

Focus area	Target	Indicator (KPI)	KPI 2025	Status and development 2023
<b>We invest in leadership and culture</b>	We foster a sense of community	Engagement	8.2 (on scale 0-10)	7.1 (7.7) The change negotiations carried out in the beginning of the year had a negative effect on commitment. The target discussion model Kipinä was renewed and piloted. Workshops related to the Syke employee engagement survey were organized. ●
	We develop the work of supervisors	Leadership Index Trainings organized	7.8 (on scale 0-10) No numerical target	7.5 (7.5) The management program Soihtu was reopened and other trainings and peer meetings for supervisors were organized. The orientation of new supervisors was developed. ●
<b>We promote well-being and support professional development</b>	We invest in employee well-being, safety and coping with work	Ability to work	8.5 (on scale 0-10)	8.3 (8.4) The intervention model on harassment and inappropriate behavior was actively communicated. Work safety was emphasized and work safety instructions were updated. ●
	We strengthen our skills and create a growth environment for our top performers	Experience of development and growth	7.5 (on scale 0-10)	6.8* (5.8) The stores switched to a multi-skilled model, the roles of customer experience coach were introduced in sales and LEAN coach in logistics. Mentoring and the provision of apprenticeships continued. 20 new online courses were published. Trainings were offered to support change negotiations. ●
<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	8.5 (on scale 0-10)	8.1 (8.0) Diversity working group started its activities. ●
	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% (28)	34% (2022: 30%, 2021: 32%, 2020: 37%) 19% (2022: 22%, 2021: 22%, 2020: 21%) Gender neutralization of recruitment communication continued, women's career stories were raised. The objectivity of recruitment was developed. A role classification system was introduced. ●

\* The question layout was changed, results not completely comparable





PROFITABLE BUSINESS AND GOOD GOVERNANCE

Target achieved / significant progress ●  
 On the way to the goal ●  
 Progress slower than planned ●

Focus area	Target	Indicator (KPI)	KPI 2025	Status and development 2023
<b>We run profitable business operations</b>	We run profitable business operations	Operating profit (EBIT), %	5.0%	0.9% (0.4) ●
	We are a responsible taxpayer	Taxes paid (income tax, VAT, transfer tax and social security contributions)	Tax footprint reporting	Taxes and tax-like payments in total 38 (35) MEUR, of which income tax 3.3 (3.0) MEUR; VAT 33.8 (31.5) MEUR; transfer tax 0.4 (0.8) MEUR and social security contributions 0.5 (0.5) MEUR ●
<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%	93% (92) ●
	We comply with the Securities Market Association's Corporate Governance Code	Possible deviations from the Corporate Governance code	No deviations	No deviations ●
	We communicate with stakeholders on our key sustainability topics	Sustainability reporting under the evolving legislation	Yes	The company is preparing to report in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) for the financial year 2024 and has started the double materiality analysis required in the directive. ●
	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%	93% (92) ●
	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) ●

# 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 for their activities. Suppliers are required to take environmental considerations into account in accordance with the company’s Supplier Code of Conduct.

## Selling products that customers actually need and promoting a circular economy

Verkkokauppa.com’s principle is to sell products that customers actually need, while minimizing customer returns and wastage. Success is measured by the product return rate (%). In 2023, the product return rate was 0.7% (0.7) and in addition to this, maintenance returns were 0.2% (0.3).

In accordance with its sustainability program, the company supports its customers in making responsible choices and offers products and services that support a circular economy. In April 2023, the company launched a trade-in service “Vaihtokauppa” that promotes circular economy, allowing customers to sell their functional used electronic devices back and receive a credit to their customer account corresponding to the value of the device. The service operates entirely online, which lowers the threshold for getting functional used devices into circulation and promotes the extension of the life cycle of electronic devices.

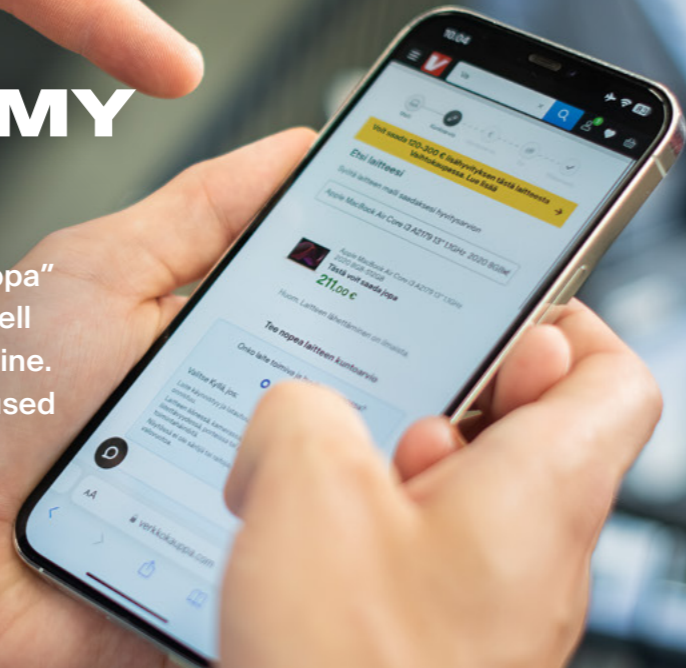
The launch of the trade-in-service “Vaihtokauppa” was recognized in two business competitions: the service won the Cutting Edge CX Innovator 2023 award from CX Network, a leading community of customer experience professionals worldwide, and was a finalist in IT service company Atea’s Most Responsible Digital Deed of the Year 2023 competition. For corporate customers, a buyback service was also introduced, allowing companies to easily and securely sell their decommissioned IT devices, even in large quantities.

The range of used products was expanded into new categories. Under the FWD brand, there were over a hundred different used items available in 2023, including laptops, desktop computers, peripherals, tablets, and mobile phones.

The maintenance services offered for our own private label brand products were extended to cover new product categories: maintenance processes were launched for snowblowers, piloted for televisions, and continued to be developed for bicycles, mobile phones, and electric scooters. The availability of spare parts was expanded to include new product categories, and data tools were also developed.

## PROMOTING CIRCULAR ECONOMY ONLINE

With the launch of the trade-in-service “Vaihtokauppa” that promotes circular economy, customers can sell their functional used electronic devices entirely online. This service reduces barriers to getting functional used devices back into circulation and contributes to extending the lifespan of electronic devices.



Picture: Atea’s Most Responsible Digital Deed of the Year 2023 competition

## MAKING RESPONSIBLE CHOICES

The selection of used products was expanded to include over a hundred different items. The initiative began with used computers, which already play a significant role in computer sales.



## Minimizing climate impacts

The company conducts an annual carbon footprint calculation covering the entire value chain, including the essential direct and indirect greenhouse gas emissions according to the GHG protocol. The emission calculation shows that most of the company’s climate impact comes from indirect emissions in the value chain (scope 3), especially from the manufacturing and use of sold products. Verkkokauppa.com aims to reduce its own operational emissions to zero by the end of 2025. This reduction will be achieved by selecting renewable energy sources in our contracts, encouraging landlords to increase renewable energy usage in properties where the company rents spaces, and investing in energy efficiency. Additionally, the goal is to decrease the indirect climate impact in our operations (scope 3). The progress in this area in the reporting year was slower than expected, however the company aims to create an emission reduction plan and collaborate with suppliers and partners to reduce indirect emissions.

The emissions from Verkkokauppa.com’s own operations (scope 1 and 2) account for only 0.05% of its total carbon footprint. The majority of the company’s climate impact, 99.95% in 2023, was generated by indirect emissions in the value chain, which is typical in the retail sector (scope 3). The most significant sources of emissions are related to the production and use of sold products (categories 1 and 11 in the ‘Emissions Calculation’ table). From an impact perspective, collaboration with suppliers and partners is crucial for reducing indirect emissions. The company aims to develop an emission reduction plan and to work closely with suppliers to achieve this. Improving calculation methods is also necessary to accurately demonstrate emission reductions, as the current calculations rely on product category estimates rather than supplier-reported emissions.

The measures taken by Verkkokauppa.com to promote circular economy and extend the lifecycle of products play a crucial role in reducing indirect emissions. Additionally, the development of product information is essential for enabling responsible choices, particularly regarding energy efficiency details. The company’s intention is to make

the emissions resulting from product manufacturing visible in product information, which requires better availability of product-specific emission data. Opportunities for emission reduction are also being explored in other areas, such as logistics. Products arriving from outside Europe are primarily transported to the company’s warehouses by sea freight, with exceptions for small urgent shipments that are delivered by air freight. Within Europe, products are transported by road freight and sea transport.

### Development of emissions in 2023

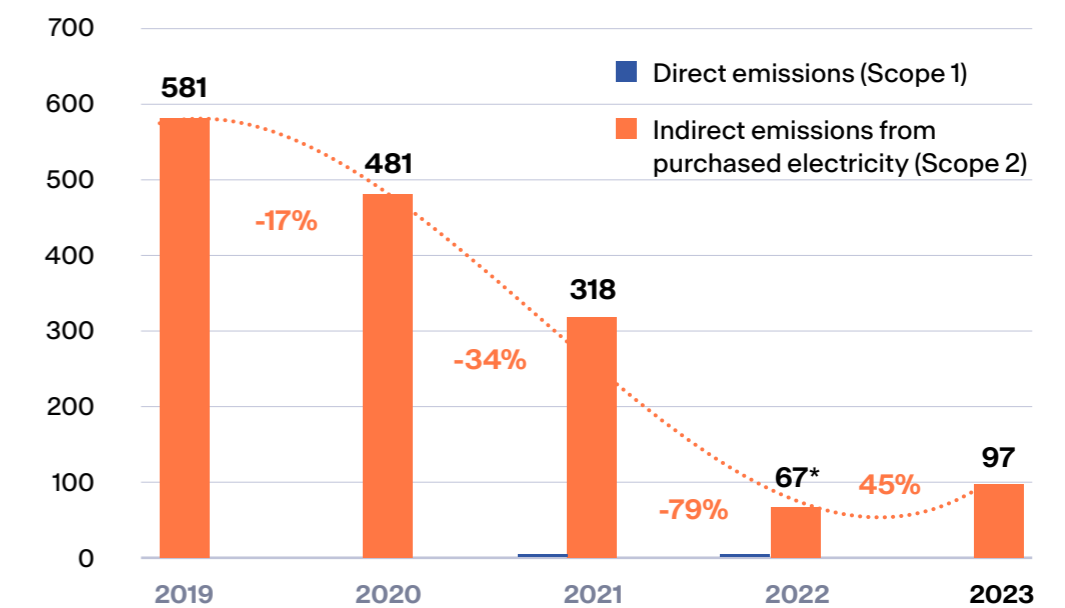
In 2023, Verkkokauppa.com’s total emissions decreased by 16%, amounting to 209,523 tCO<sub>2</sub>eq (market-based). However, this reduction was not due to emission reduction measures, rather it can be attributed to a contraction in operations.

In 2023, the company’s direct greenhouse gas emissions (Scope 1 and Scope 2) increased by 45%, totaling 97 tCO<sub>2</sub>eq (67). Scope 1 emissions decreased because fuel refills for backup generators and sprinkler pumps were unnecessary. Conversely, Scope 2 emissions rose due to increased heating energy consumption. Additionally, the inclusion of e-ville.com’s operations retroactively from 2022 impacted Scope 2 emissions. In a longer-term perspective, emissions have decreased by 77% compared to the baseline year of 2019.

In Scope 3 emissions, Verkkokauppa.com saw a 16% reduction from the previous year, resulting in 209,426 tCO<sub>2</sub>eq. The decrease in Scope 3 emissions was driven by reduced activity and revenue in categories 1 and 11, and improved inventory management. Notably, the calculation method for logistics emissions shifted from the previous tank-to-wheel (TtW) approach to well-to-wheel (WtW), which considers fuel production-related emissions. This change affected emissions in transportation-related categories 4 and 9, as well as the ‘Other downstream: shopping commutes by customers’ category. Consequently, despite declining customer numbers in physical stores, emissions from customer movement increased in 2023. Reported emissions from downstream distribution transport (category 9)

decreased due to lower revenue, despite the methodological shift and the launch of an express delivery service with higher emissions per shipment. Business-related travel emissions continued to rise for the second consecutive year as business travel gradually returned to pre-pandemic levels.

### Development of emissions 2019–2023



\* The information for the year 2022 has been updated to include e-villen.com’s operational emission data.

## Emissions calculation

	2021	2022	2023	Year-on-year change % 2022-2023	Further information
<b>Scope 1 GHG emissions</b>					
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	0.8	1.3	0.0	-100%	Data includes fuel refills for backup generators and sprinkler pumps. No refills were made in 2023
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%	0%	Verkkokauppa.com did not have any emissions from regulated emission trading schemes
<b>Scope 2 GHG emissions</b>					
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	748	313	246	-22%	Includes emissions from electricity, heating and cooling purchased for stores, offices and own storage facilities. Calculated using the average emission factor for electricity produced in Finland (Fingrid), which decreased significantly from 2022 to 2023
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	318	67	97	45%	Includes emissions from electricity, heating and cooling purchased for stores, offices and own storage facilities. Purchased electricity is produced with 100% renewable energy in all facilities. Emissions in 2022 have been updated to include e-ville.com's operational emissions.
<b>Significant Scope 3 GHG emissions</b>					
Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)	301 641	250 673	209 426	-16%	
1 Purchased goods and services	203 834	186 001	161 734	-13%	The number of units sold decreased
2 Capital goods	287	0	0		Investment data for 2023 was not available, but was less than in 2022
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	332	277	262	-5%	The upstream emission factor for electricity has been updated for the year 2023
4 Upstream transportation and distribution	1 029	870	1 048	20%	Calculated based on the date of shipment. The emissions for 2023 have been calculated using emission factors that adhere to the well-to-wheel (WtW) principles
5 Waste generated in operations	31	29	26	-12%	The amount of incoming goods decreased
6 Business travel	17	56	76	36%	The emissions data for 2023 are based on an estimate. The calculated estimate is based on the percentage change in travel expenses in 2022 and 2023
7 Employee commuting	374	334	321	-4%	The emissions for 2023 have been calculated using emission factors that adhere to the well-to-wheel (WtW) principles
9 Downstream transportation	121	1 837	1 389	-24%	The emissions for 2023 have been calculated using emission factors that adhere to the well-to-wheel (WtW) principles
11 Use of sold products	73 745	43 633	24 335	-44%	The emission factor of electricity consumed in Finland decreased
12 End-of-life treatment of sold products	746	689	587	-15%	Emission data for 2022 has been updated due to a calculation error noted in the 2023 reporting. In 2023 the number of units sold decreased, and the product mix changed
Other downstream: shopping commutes by customers	21 124	16 946	19 648	16%	In 2023, no customer survey was conducted. Emission data for the year 2023 has been estimated using visitor numbers in 2023 and vehicle information collected from the survey conducted in 2022. The emissions for 2023 have been calculated using emission factors that adhere to the well-to-wheel (WtW) principles
<b>Total GHG emissions</b>					
Total GHG emissions (location- based) (tCO <sub>2</sub> eq)	302 389	250 987	209 671	-16%	
<b>Total GHG emissions (market- based) (tCO<sub>2</sub>eq)</b>	<b>301 960</b>	<b>250 741</b>	<b>209 523</b>	<b>-16%</b>	

Scope 3 emissions do not include emissions from e-ville.com's operations, estimated to be approximately 1% of the total Scope 3 emissions.

The calculation of Scope 3 emissions involves a lot of uncertainties, especially regarding the largest emission categories 1 and 11: purchased goods and services, as well as the use of sold products.

Emissions during the use of sold products are calculated based on average electricity consumption for electronic devices, categorized by product type. Additionally, uncertainty arises from estimating annual electricity consumption and assessing the product's lifespan.

### Energy choices and efficiency

The electricity procured by the company is entirely EPD-certified renewable energy. Verkkokauppa.com continuously seeks ways to improve energy efficiency and thereby reduce emissions. In the reporting year, an energy management software was implemented for optimizing heating and cooling in the Helsinki facilities. Savings are expected to be visible in energy consumption starting from 2024.

In Verkkokauppa.com’s Helsinki operations, renewable district heating has been in use since 2021. In the stores in Oulu and Raisio, a portion of the electricity is generated through solar panels installed on the store roofs. Verkkokauppa.com is committed to purchasing solar electricity in locations where it is implemented. The Pirkkala store’s property has utilized geothermal energy as part of its heating system since 2019. Otherwise, district heating is used for heating in other locations, and opportunities for acquiring renewable heat energy are actively explored. Cooling in the Helsinki store is produced environmentally friendly through district cooling. The transition to energy-efficient LED technology has been implemented in the stores in Helsinki, Pirkkala, and Raisio.

#### Energy consumption and mix

	2021	2022	2023
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,370	583	815
<b>Total fossil energy consumption (MWh)</b>	<b>2,370</b>	<b>583</b>	<b>815</b>
Share of fossil sources in total energy consumption (%)	29%	8%	11%
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	5,870	6,590	6,438
<b>Total renewable energy consumption (MWh)</b>	<b>5,870</b>	<b>6,590</b>	<b>6,438</b>
Share of renewable sources in total energy consumption (%)	71%	92%	89%
<b>Total energy consumption (MWh)</b>	<b>8,240</b>	<b>7,173</b>	<b>7,253</b>

### Material choices and efficiency

Verkkokauppa.com aims to select the best packaging materials for the environment and use them efficiently. The company monitors industry developments and tests new packaging products. Whenever possible, the product’s own packaging is used for shipping, and unnecessary additional packaging is avoided. Recyclable fiber materials, such as cardboard bags, boxes, and fillers, are used for packaging, and plastic is avoided. The goal is to increase the proportion of recycled materials in packaging materials. The collection of data related to packaging materials is being developed to enable reliable tracking of the proportion of recycled materials. The choice of packaging material is influenced by the delivery method—whether it’s pickup or handled by a transport company—as well as the packaging method, whether using an automated packaging machine or manual packaging. Verkkokauppa.com’s renewed strategy, emphasizing the improvement of delivery speed, means an increase in the share of automated packaging machines and express deliveries. Shipments stored in AutoStore and packaged using parcel machines are placed in boxes made entirely from 100% recycled material, which the machine cuts to

the correct size, eliminating the need for additional packaging material and avoiding transporting empty space during delivery. In the reporting year, material usage was also optimized by thinning the material used in the packaging machines. The packaging of express deliveries is continuously improved. During the reporting year, express deliveries were primarily packed in recyclable Paptic bags.

Packaging material choices and material efficiency are also part of the supplier code of conduct communicated to suppliers. In 2023, pilot acquisitions of recycled material packaging were carried out for the packaging of Verkkokauppa.com’s private label products.

Verkkokauppa.com’s promotional leaflet represents a significant material volume. Since 2018, the amount of paper has been systematically reduced by decreasing the regular circulation of the leaflet, reducing distribution weeks, thinning the paper thickness, and resizing the leaflet. In 2023, 93% of the paper supplied by our partner was certified for sustainability.

#### Packaging and marketing materials

Consumption, tons	2022	2023
Cardboard	270	192
Plastic	36	36
Paper	18	13
Paper (promotional leaflet)	914	506
<b>Total</b>	<b>1,238</b>	<b>748</b>

Includes information from the largest suppliers.

## 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 e-waste, or, 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 and beyond the producer responsibility, offering the possibility to recycle even large household appliances with no obligation to buy. In the reporting year, the collection of WEEE decreased and amounted to 211 (271) metric tons. This change represents a 22% reduction in tonnage and 8% relative to the company’s revenue. The decrease is attributed to a decline in customer numbers at the stores. To enhance customer awareness, sorting enthusiasm, and accuracy, communication efforts regarding the recycling of WEEE were implemented both in-store and online.

The company’s goal is to constantly improve the recycling rate of waste. As an example, in the reporting year, the Pirkkala store succeeded in reducing the amount of mixed waste by improving the collection of cardboard, plastic, and energy waste.

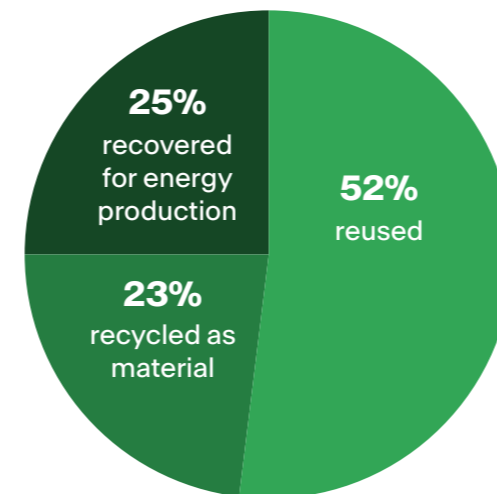


### Recycling and recovery of waste

	2023	2022	2021	Further information
Recycling rate including pallets	75%	83%	81%	Recycling rate includes an estimation of pallets diverted for re-use
Recycling rate without pallets	66%	53%	65%	Excluding pallets
Waste recovery rate	100%	100%	100%	All waste (including pallets) is utilized: 52% (65) was reused, 23% (19) was recycled as material and 25% (16) was recovered for energy production. No waste was diverted to landfill.

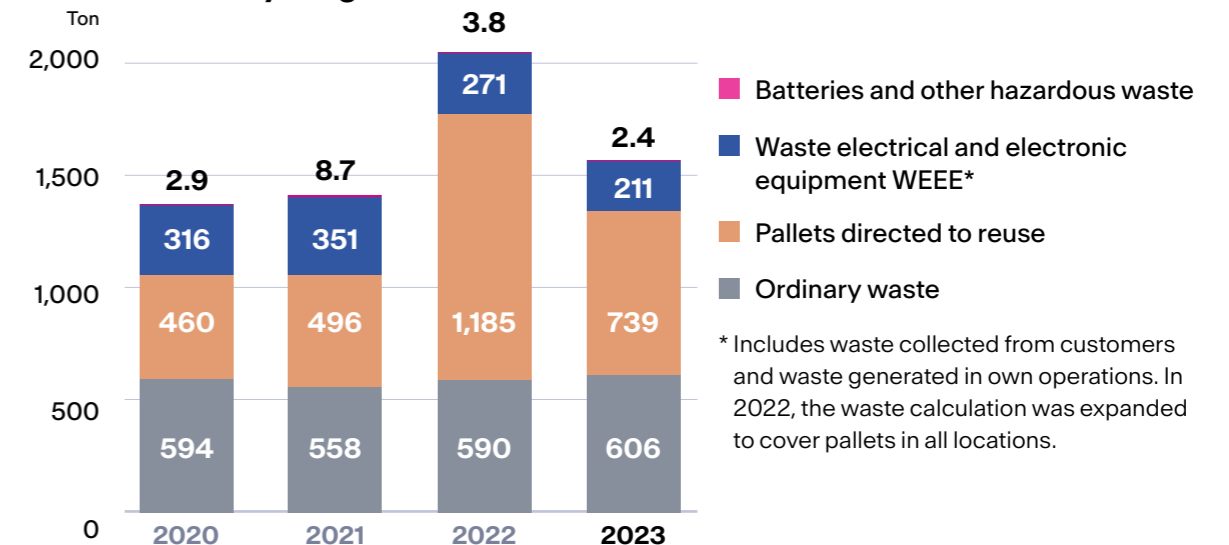
The recycling rate is significantly affected by the quantity of heavy wooden pallets. In 2023, the reduction in incoming goods also led to a decrease in pallets. Additionally, the proportion of broken pallets increased. As a result, the amount of waste redirected for reuse decreased, which lowered the recycling rate compared to the previous year. When calculated with pallets included, the recycling rate decreased to 75% (81). However, when excluding pallets, the recycling rate improved to 66% (53).

### Waste recovery 2023



No waste was diverted to landfill

### Waste and recycling



\* Includes waste collected from customers and waste generated in own operations. In 2022, the waste calculation was expanded to cover pallets in all locations.

# 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 nonharassment, 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.

## Employment

The number of personnel fluctuates throughout the year and is 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, such as the high demand season at the end of the year and the summer season. Most positions are full-time, but due to the nature of the work, some employment contracts are part-time. The company does not have zero-hours contracts, where working hours are not defined. Agency-hired workers are used to fill unplanned capacity gaps, such as short-term substitute assignments due to illness, and to ensure sufficient capacity due to strongly fluctuating customer demand or incoming material flow. The use of agency-hired workers grew in 2023. The use of self-employed or freelance workers is limited to individual cases in expert

positions. In early 2023, the company carried out change negotiations related to a profit improvement program, reducing 75 employees. The company also temporarily laid off all company employees, senior employees, and management for a period of 14 days. In addition, as a result of the negotiations, the job descriptions of salespeople were changed, and new contracts were made with almost everyone to support organizational change.

### Employment

	2023	2022	2021	Additional information
Personnel on average	690	788	773	*
Personnel at the end of the year	677	838	825	*
Full-time / part-time (%)	75/25	73/27	74/26	*
Permanent / fixed-term (%)	89/11	83/17	81/19	*
Workers hired by agency on average	88	37	35	*
Workers hired by agency on average at the end of the year	125	55	38	*
Summer workers	34	44	66	
Seasonal workers for the end-of-year season	50	84	102	
Average age (years)	35.0	33.3	32.4	*

### Volatility

	2023	2022	2021	Additional information
Total turnover rate (%)	15.5	10.4	10.3	Does not include seasonal workers
New employees	138	247	284	*
Terminated employments	299	238	268	
Internal transfers	25	34	24	Covers transitions to a more demanding job

\* The comparison data for 2022 has been updated to cover e-ville.com employees.



Most of the personnel work in Finland. At the end of the year, 18 people (2.7%) as well as 13 agency-hired workers worked in the Asian operations of the group.



**Well-being and safety at work**

Occupational safety and well-being are monitored and developed in cooperation with HR, the Health and Safety Committee and occupational health care. The Health and Safety Committee, which meets on average four times a year, defines an occupational health and safety action plan, which is approved by the company's Management Team. Ensuring a safe working environment means preventing accidents and identifying and avoiding hazards and near misses in a spirit of shared responsibility. To prevent incidents, personnel are trained in safety at work and safety risks are regularly reviewed, for example through safety walks. In the reporting year, work safety was promoted and communicated, resulting in a halving of work accidents compared to the previous year. Accidents leading to absences of more than three days decreased to a third.

The process of updating department-specific workplace safety instructions was started and this work will continue in 2024. The annual occupational health action plan guides the development of well-being at work, increasingly emphasizing preventive measures. Key performance indicators for well-being and statistics on work-related accidents are regularly monitored by the Management Team. Various aspects of well-being are developed and supported throughout the employment lifecycle.

Workplace health services are available to all employees whose employer is Verkkokauppa.com Oyj. The focus of operations is on preventive occupational health services. An early intervention model is utilized to support the work community, and during the reporting year, its usage was emphasized. Employees and supervisors were offered low-threshold mental well-being services, including wellness-supporting webinars and other Auntie service packages, as well as chat and sparring services. In addition to statutory occupational health services, services related to illness treatment are provided.

Since January 2023, Verkkokauppa.com has been a smoke-free workplace. The primary goal of this reform is to support employees' healthy lifestyles as part of overall well-being.

**Job Satisfaction**

The personnel's wellbeing, engagement and willingness to recommend were measured with the Syke employee engagement survey four times during the year. The survey also provided an opportunity for anonymous feedback. The results of the Syke employee engagement survey are monitored and reported as part of our sustainability program. The Syke employee engagement survey assesses employee commitment across various factors, including opinions on local leadership, organizational changes, strategy communication, professional growth opportunities within the company, and whether work is meaningful. It also evaluates the extent to which employees have the freedom to decide how they perform their work. Additionally, the survey gathers opinions on compensation, feedback, internal teamwork, diversity and equality, harassment, workload, and well-being.

During the reporting year, change negotiations and related adaptation measures affected our commitment, resulting in a decrease in the score from 7.7 to 7.1 on a scale of 0-10. The leadership index, which measures the state of supervisory work, was assessed in each Syke survey. The final leadership index score for the year was 7.5 on a scale of 0-10, which can be considered quite positive. The results of Syke surveys are reviewed at the department and team levels, and annual actions are based on these findings.

**Competence development**

Verkkokauppa.com invests in enhancing competence and fostering a culture of continuous learning. During the reporting year, emphasis was placed on developing leadership and middle management skills. The leadership program, "Soihtu," was reopened, focusing on coaching leadership and performance management. As part of this program, supervisors also participated in a 360-degree feedback process. All Verkkokauppa.com supervisors will undergo this program between 2022 and 2025. Additionally, other training sessions and peer meetings were organized for supervisors during the reporting year. The orientation of new supervisors was also improved.

**Sickness absence and accidents**

	2023	2022	2021	Additional information
Sickness absence rate (%)	4.9	5.6*	4.3	Theoretical regular working time. **
Accident frequency	3.3	10.2	7.3	Accidents at work per million hours worked, calculated on actual hours worked. Does not cover workers hired by agency. **
Accidents at work (units)	3	11	8	Excluding minor accidents, i.e. accidents resulting in an absence of less than three days. **
Accidents on the way to work (units)	4	11	19	Excluding minor accidents, i.e. accidents resulting in an absence of less than three days. **
Occupational disease suspicions (units)	0	0	0	**
Transfers to invalidity pension (units)	2	0	1	**

Figures are reported based on year-end information. \* Data corrected from what was reported in 2022. \*\* Does not cover e-ville.com employees, 3% of the personnel.



The offering of online courses was expanded with 20 new courses. Topics covered in these training programs included product knowledge, artificial intelligence, analytics, workplace safety, employment matters, and feedback practices. To support change negotiations, both external training on adapting to change and internal training on change management were provided. Two mandatory online courses achieved a 93% completion rate: one on cybersecurity and the other on the company's internal operating principles.

The target discussion process, "Kipinä," was renewed and piloted in two departments. In the stores, a multi-skilled model was adopted, complemented by the introduction of customer experience coaches to support daily work and skill development. The multi-skilled model allows flexibility and opportunities for expanding individual competencies. In the logistics department, LEAN coaches were trained to support the implementation of LEAN processes. The mentoring program continued as in the previous year, with 10 mentor-mentee pairs participating in a program extending until 2024.

In 2023, over 60 employees participated in apprenticeship training groups pursuing basic and/or specialized vocational qualifications. In March, the company's first ever apprentice training group successfully completed the vocational qualification in Business. Additionally, some participants pursuing specialized business qualifications also graduated during the reporting year.

As part of the Syke employee engagement survey, employees' experience of development and growth is assessed. In the reporting year, the result was 6.8 on a scale of 0-10.

### Non-discrimination

Any form of harassment, bullying or discrimination is strictly prohibited, as defined in the Code of Conduct and the Personnel Policy. The intervention model on harassment and inappropriate treatment was revised and implemented during the reporting year. Personnel are instructed to raise potential incidents by contacting, for example, a supervisor, a shop steward, the Human Resources Department, or

management. In addition, personnel have the possibility to report incidents through the reporting channel. The model for addressing harassment and inappropriate behavior was actively communicated in the reporting year and it was also covered in supervisor training. Cases are promptly addressed when they arise, and confidential hearings are conducted to investigate the situation. In 2023, there were no known cases of discrimination on the grounds of the Equality Act.

### 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, worldview ethnicity, disability, educational background, citizenship, language, political or economic status, health, appearance, or family matters must not create inequalities between people in terms of company pay, remuneration, organizational changes, training or recruitment. Diversity and gender mainstreaming are considered in the development of activities, including by drawing attention to and dismantling potential gender biased practices and improving inclusiveness. The experience of being valued regardless of background is one of the diversity and inclusion metrics monitored in the personnel survey and part of the sustainability program. In 2023, the score was 8.1 (8.0) on a scale of 0-10. The representation of men and women is monitored at task level to ensure equal opportunities for women to advance into supervisory and leadership positions. The company uses gender-neutral job titles, reflecting the accessibility of job roles to all, regardless of gender or other personal characteristics.

In the reporting year, a diversity working group was established to promote diversity, equality, inclusion, and a sense of belonging, in the beginning primarily by increasing personnel awareness of diversity. The diversity working group has also formulated the principles for creating a safer space at Verkkokauppa.com.

In the reporting year, the company implemented a role complexity classification system, which contributes to gender equality and equity. Additionally, a salary investigation was conducted to promote pay

The Diversity Group at Verkkokauppa.com was established in 2023. The group's mission is to promote diversity, equality, inclusion, and a sense of belonging at Verkkokauppa.com.



equality. According to the salary investigation, the average wage gap between men and women was approximately 7%, which is relatively small compared to industry standards according to external assessments. Verkkokauppa.com aims for equal pay between genders, and the research findings will be utilized to advance this goal.

Gender-neutral recruitment communication was continued in the reporting year. Objectivity in recruitment was enhanced by paying special attention to defining job requirements. The company's new job description template supports the objective determination of job requirements. Managers were encouraged to involve another person in the interview phase as a means to increase objectivity in recruitment. When creating candidate lists for direct search, both female and male candidates were considered. Deliberate efforts were made to highlight women's career stories for employer branding purposes.

## Board and management diversity

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.

The company recognizes that the EU has approved a directive, which will come into effect in 2026, binding Member States to improve the gender balance on the boards of listed companies. The Company

contributes to the implementation of the objectives of the Directive as part of the work of the Shareholders’ Nomination Committee and the Remuneration Committee of the Board of Director.

## Employee-employer relations

Verkkokauppa.com’s operating model involves engaging employees in planning and development. The company complies with the legislation and agreements on collective bargaining and maintains an active and transparent dialogue 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 Shop Steward, the CEO, the HR Director, and the CFO meet quarterly in continuous dialogue sessions. Additionally, during the year, cooperation negotiations were held regarding change negotiations related to the financial improvement program, the annual leave system and the number of equalization periods related to work shift planning, the reform of the logistics pay grades, as well as the organization of work. Verkkokauppa.com is a member of the trade association, the Finnish Commerce Federation.

### Diversity of personnel and governing bodies

	2023		2022	
	Men	Women	Men	Women
All personnel	72	28	72	28
Supervisors	66	34	70	30
Heads and Deputy Heads of department	81	19	78	22
Top management	63	37	67	33
Board of Directors	71	29	71	29

Situation at the end of the year.

By age group	Under 30 years		30–50 years		Over 50 years	
	%	Persons	%	Persons	%	Persons
All personnel	28	193	69	464	3	20

Situation at the end of the year.



# GOVERNANCE

## Reporting principles

Verkkokauppa.com reports on its sustainability work in 2023 in compliance with the requirements of the EU Directive on the disclosure of non-financial information and the Finnish Accounting Act as part of the Report of the Board of Directors, published on February 28, 2024. In this report, the company's sustainability work and its progress during 2023 is covered in greater detail. The information in the report has not been verified by a third party. This report was prepared using common key performance indicators (KPIs) and topic-specific indicators in accordance with GRI Standards 2016–2021. As a change to the previous reporting for 2022, published on March 3, 2023, this reporting covers the group's operations, including the e-ville.com operations acquired in 2022. The company is actively monitoring the evolving corporate sustainability legislation and is preparing to report in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) for the fiscal year 2024.

## Operating model and value creation

Verkkokauppa.com is a Finnish retail company with online retail operations primarily in Finland; stores in Helsinki, Pirkkala, Raisio, and Oulu; pickup warehouses in Helsinki and Vantaa, as well as wholesale sales in the EU and EEA. The company's service offering includes installation, maintenance and recycling services, trade-in, visibility services, and financing services. The company's strengths include investment in customer experience, fast deliveries through local warehouses, and a developing multichannel business model. The product range includes over 70 000 products, of which over 2 100 are the company's private label brands. The core categories of the product range are computers and peripherals, TV and video, mobile devices, and home appliances. The company's turnover was EUR 502.9 million (EUR 543.1 million) in 2023, and the net profit for the financial year was

EUR 2.1 million (EUR 0.3 million). At the end of the year, the company had 677 employees (838). The company's headquarters are in Helsinki, and its shares are listed on Nasdaq Helsinki under the symbol VERK.

## Managing Corporate Sustainability

The company's Board of Directors defines and approves the objectives of the corporate sustainability work and the content related to their disclosure. The Audit Committee of the Board of Directors acts as a preparatory and monitoring group to which the progress and monitoring of the company's corporate responsibility work is reported twice a year at minimum. The Board of Directors approves the company's Code of Conduct, the sustainability focus areas selected through materiality analysis and the sustainability program. The Board monitors activities 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 company's Sustainability Steering Group acts as a preparatory and follow-up body within the company. The steering group includes members of the management team and, as necessary, persons in expert roles. The Steering Group was chaired by the Chief Marketing and Communications Officer, who is a member of the Management Team and responsible for the company's sustainability work. The Sustainability Unit under her is responsible for coordinating and reporting on corporate responsibility work together with the members of the Sustainability Steering Group, and for preparing materials for the Board and the Audit Committee. Operational responsibility for the implementation of the sustainability program is shared throughout the organization. Sustainability issues are also regularly discussed at meetings of the Management team, which decides on measures and monitors their implementation in accordance with the normal annual cycle.

The Sustainability Steering Group, which includes an expert representative from each core function of the company, is responsible for implementing the sustainability program. The company's sustainability program will be updated in 2024 to reflect the company's renewed strategy for 2024–2028, published in November 2023, and the results of the double materiality analysis.

## Materiality principle

The needs and expectations of stakeholders are taken into account in Verkkokauppa.com's sustainability work. Verkkokauppa.com defines the key themes of sustainability work through materiality analysis. The company's key stakeholders are employees, customers, partners, and owners. The latest completed materiality analysis was conducted in 2020–2021, taking into account the following:

- The environmental, social, and economic impacts of the company's activities
- Expectations of key stakeholders
- The company's values and strategic priorities
- Characteristics of business and operating environment
- Global trends
- Key international agreements
- Key legislation under preparation

The company has initiated a double materiality analysis required by the EU's sustainability reporting directive, which assesses the economic impacts of sustainability issues on the company's operations in addition to the impacts of the company's operations.

**Code of conduct, policies and sustainable business practices**

The Code of Conduct and values of Verkkokauppa.com 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 expects its partners to adhere to it. 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’s artificial intelligence policy was drafted in the reporting year. The Code of Conduct and the policies have been approved by the Company’s Board of Directors. The company complies with applicable sanctions legislation and has developed specific guidelines to ensure proper wholesale and travel sales.

**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 Code of Conduct, considering cooperation with partners in countries where human and labor rights are not sufficiently protected by law. In addition, Verkkokauppa.com’s activities are guided by international declarations, conventions and recommendations, such as the UN Universal Declaration of Human Rights and the Convention on the Rights of the Child, the ILO Convention on Fundamental Labor Rights, the OECD

Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

**Anti-corruption and anti-bribery**

The company has a zero-tolerance policy, meaning that it does not tolerate any form of bribery, corruption or other unethical influence in any form 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. The policy is available to employees on the company intranet and is discussed in the annual online training session on the policy. In addition, corruption risks are assessed annually on a departmental basis as part of the risk management process. In 2023, the company was not aware of any corruption-related cases, lawsuits, or investigations against the company for 2023. In 2023, there were no legal actions or judgments relating to antitrust infringements, cartels, or abuse of dominant position.

**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 2023, no reports were made through the reporting channel (2022: none).

In 2023,  
**93%**  
of the staff completed  
an online training on the Code  
of Conduct.

**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

## Safety

The company's safety work aims to create a safe working and customer environment for all Verkkokauppa.com stakeholders, both on the premises and online. The safety work covers occupational safety, physical safety, personal safety, product safety, data security and privacy. Security is maintained through technical solutions, processes, training, and monitoring. Any detected deviations are reported and addressed with 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 dealt with in the section Personnel, 'Well-being and safety at work'.

## 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. Verkkokauppa.com reports recalls for its private label brands and imports. In 2023, there were no product recalls concerning the Company's private label products or own imports (2022: none).

## 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 information and information systems are laid down in the company's information security policy. The development of security practices is an ongoing effort. Information security risks are regularly considered as part of risk management, business process development and planning. The development of security and data protection management

systems has been implemented in line with the action plan and strategy, and the roles and responsibilities of the security organization are continuously strengthened. Security and data protection training is updated and delivered annually to all personnel through online training. By the end of the year, 93% (92) of personnel had completed the latest training. There were no significant data security or data protection breaches at Verkkokauppa.com during the year. All incidents and events were resolved in accordance with the process and did not cause any significant disruption or interruption to the business. The company receives between ten and twenty enquiries per 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. The company is preparing for the update of the radio equipment directive that will enter into force in 2025, which aims to improve the data security of wireless devices, and in the case of Verkkokauppa.com, is especially related to IoT devices of its private label products. The company is in dialogue with the data protection commissioner regarding the retention of customer data.

## 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 2023, the company received no comments from the Advertising Ethics Council, which issues statements in Finland on the conformity of advertising with good practice, applying the International Chamber of Commerce (ICC) marketing rules.

## Procurement practices

Verkkokauppa.com carefully selects its suppliers according to its procurement process and aims for long-term partnerships. The way of operating is based on fairness and transparency. Verkkokauppa.com has been a member of the amfori BSCI program promoting sustainable



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

trade since 2021 and is committed to the BSCI's principles of operation and the development of operations according to the continuous improvement model. Verkkokauppa.com requires all its suppliers to comply with the company's Code of Conduct and to commit to the suppliers' principles of operation (Supplier Code of Conduct), which include the amfori BSCI principles of operation and are part of the contractual terms. Verkkokauppa.com does not have its own production facilities. The company complies with all applicable trade sanctions and customs import and export regulations.

The requirements related to responsibility are defined in the suppliers' code of conduct, which covers broadly, among other things, human rights, social and environmental responsibility, and risk materials. In terms of social responsibility, the topics covered, in line with the amfori BSCI Code of Conduct, are social management system and cascade effect, worker involvement and protection, the rights of freedom of association and collective bargaining, prohibition of discrimination, violence and harassment, fair remuneration, decent working hours, occupational health and safety, prohibition of child labor, special protection for young workers, prohibition of precarious employment, prohibition of bonded, forced labor and human trafficking, protection of the environment and ethical business behavior. Topics covered by environmental responsibility include environmental systems, energy and climate, waste, chemicals and hazardous substances, water and effluents, emissions to air, circular economy and life cycle perspective, sustainable packaging materials, and biodiversity. Suppliers are required to consider the environmental perspective also in their own supply chain.

In the reporting year, the harmonization and integration of the procurement practices of the subsidiary e-ville.com acquired in 2022 was completed. In addition to the procurement operations in head offices, Verkkokauppa.com has a local procurement unit in Shenzhen, China, which mainly serves the procurement of private label brands.

**Private label brands and supplier audits**

In line with its sustainability program, Verkkokauppa.com aims to promote responsible working conditions and environmental practices in its supply chain, with a particular focus on its private label brands and its own imports, where it has the most influence. Sustainability issues are part of contract negotiations. The vast majority of private label brand products were produced in so-called high-risk countries, where the risk of human and labor rights violations is the highest, based on the amfori BSCI risk country ratings and the World Bank’s Worldwide Governance Indicators. Verkkokauppa.com requires suppliers of its private label products in high-risk countries to provide evidence of or agree to an amfori BSCI audit or other social responsibility audit by a trusted third party before placing an order. Environmental practices are also covered by BSCI audits in a limited way. Suppliers are required to develop a corrective action plan for any significant findings from audits and in the case of a rejected audit, new orders can only be placed once the critical deficiencies that led to the rejection have been corrected.

**Private label brand indicators 2023**

- More than 2,100 products on sale under 36 brands
- Major product groups: cycling, televisions, small appliances, peripherals and ergonomics products
- Suppliers: 164 (153) contracted suppliers, of which the 10 largest account for 56% (61) of production
  - Manufacturing countries: China and Taiwan: 66%, Turkey 17%, total for risk countries 84%. The remainder was sourced through suppliers in EU countries.
  - Audits: 99,8 (98) % of tier 1 suppliers in high-risk countries had an approved and valid social responsibility audit (BSCI 85%, SMETA 11%, an audit commissioned by Verkkokauppa.com and carried out by SGS research company in-line with SA 8000 audit 3%, ICTI (for toys) 1%). Audit figures do not include products sourced through suppliers in EU countries.

Almost all BSCI audits were graded C, acceptable. The main weaknesses were found in relation to excessive overtime and management practices. There were no zero tolerance findings in the audits. No orders were placed from factories that received an audit result of E, unacceptable. There were two such cases. Shares calculated in terms of purchase prices.

Anton Oliver.

ergowork

feru.

GZR

B

BLACKSTORM

FUJITECH

PROCASTER

OPTICAM

STRÖME



## Sustainability-related risk management

Sustainability-related risks are identified, assessed, evaluated, and managed as part of the company's overall risk management activities. The sustainability perspective is integrated into the principles of risk management, process description, and guidelines. Risk management is part of the company's management system, which is managed according to the annual plan. Sustainability issues, also from a risk perspective, are regularly discussed at Management Team meetings and are also part of the reporting received by the Board of Directors. 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 generally recognized 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.

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 anti-corruption and anti-bribery risks in supplier cooperation, 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. In 2023, no critical sustainability risks were identified.

## Risks and opportunities related to climate change

### Risks and their management

#### Transition risks

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 short, medium and long term, changing consumer behavior towards sustainable consumption, such as declining consumption, interest in second-hand products and product repair, renting, 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. The company has started investing in circular economy operating models.

#### Physical risks

The effects of climate change, such as 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.

### Opportunities

In the short, medium and long term, changing consumer behavior towards sustainable consumption provides opportunities in the form of value-added services promoting sustainable consumption and circular economy, new products and e-commerce functionalities.

## Stakeholder dialogue

Verkkokauppa.com engages in an active and ongoing dialogue with its stakeholders to strengthen relationships and understand their expectations and aspirations for the company. The company's key stakeholders include employees, customers, partners and owners.

Verkkokauppa.com regularly conducts sustainability-themed surveys to map the stakeholder expectations. The previous extensive customer survey regarding consumer electronics, online shopping and sustainability was carried out in 2022, and more than 18,000 responses

were received. The results of the research are being used to develop services and responsibility work.

The company's strategy was updated during the reporting year, and stakeholders' perspectives were taken into account during the update. Opinions were collected from the entire staff in three different strategy surveys, and opinions from customers about, among other things, Verkkokauppa.com's differentiation factors. The strategy has been actively communicated to the entire staff and supervisors on several different occasions.



## Stakeholder engagement 2023

Key stakeholder groups	Interaction channels and cooperation	Key stakeholder interest towards Verkkokauppa.com	Meeting stakeholders' expectations
<b>Customers</b>	Daily customer encounters in stores and corporate sales and through customer service channels, social media interactions, surveys, customer panels, newsletters, customer satisfaction surveys	<b>Consumer customers:</b> maintenance and warranty inquiries, inquiries regarding orders, delivery time and availability inquiries and product information inquiries, circular economy services and used products. <b>Business customers:</b> leasing financing services, sustainability and compliance requirements, AV installation services and buyback services.	<b>Consumer customers:</b> numerous chat automation improvements, clarification of product availability and delivery time promises and growth of fast deliveries, new circular economy services and a selection of used products. <b>Business customers:</b> launch of the leasing payment method for companies, launch of AV installation services through partners
<b>Personnel</b>	Daily interaction, personnel survey and other questionnaires and participation, target and development discussions, weekly newsletters, informative interaction, workplace communication and discussion channels, supervisor coaching, training, personnel briefings, idea box for personnel ideas, reporting channel, task force	Diversity, equality and inclusion issues, needs related to change and its management, issues related to strategy and its communication and implementation, topics related to community and team spirit	<b>All personnel:</b> establishment of a diversity working group, launch of the assessment model for role demandingness, support for living with change (e.g. trainings, webinars and online courses), support for growth and development (e.g. mentoring program and apprenticeships). <b>Supervisors:</b> development of management and supervisory work, development of orientation for new supervisors, trainings for change management to support change negotiations, and improvement of occupational safety and well-being practices.
<b>Suppliers and other partners</b>	Partner meetings and regular interaction. With suppliers also trade fairs, supplier code of conduct, audits, surveys, reporting channel	<b>Suppliers:</b> Code of conduct, sustainability audits, emissions calculation <b>Logistics - real estate and other partners:</b> emissions calculation, one-hour express deliveries, same-day installation services, packaging development, development of internal logistics through the development of automation and processes, real estate energy efficiency improvements	<b>Suppliers:</b> Implementation of Amfori BSCI responsibility practices and 100% audit requirement to improve working conditions in the supply chain of private label brands. <b>Logistics- real estate and other partners:</b> introduction of one-hour deliveries, piloting of fast deliveries of large products, launch of fast installation services, investment in real estate automation
<b>Owners and the capital market</b>	Active dialogue with shareholders, Annual General Meeting, interim reports, pre-silent discussions, investor and analyst reports, annual reporting, investor website, blog, Instagram channel, releases, investor and analyst meetings and visits to our offices, participation in retail investor events such as investor fairs and stock exchange open houses, responding to surveys and evaluations	Development of the market environment and competitive situation, market shares, consumer confidence and its effect on demand, personnel costs and implementation of structural arrangements, profit improvement program and the resulting improvement in cost efficiency, inventory management and improving its value, selection optimization, strategy update, customer financing services, fast deliveries, new business opportunities.	Active dialogue, open and up-to-date communication and participation in events, reaching the most important target groups. The investor website, renewed in the reporting year, serves as the primary communication channel for the company's financial information. In addition, a current affairs blog was started and a social media Instagram account was opened to provide information in the channels where the company's shareholders and private investors are and where they seek information. Visitors on the investor site can give feedback and share their opinion about the company as an investment. Feedback is monitored and activities are actively developed.



# INFORMATION ON THE TAXONOMY OF SUSTAINABLE FINANCE

The company reports information on the EU’s sustainable finance taxonomy in accordance with EU Regulation 2020/852 and the requirements of the Finnish Accounting Act. The EU taxonomy is a classification system designed to channel capital flows towards sustainable investments and help achieve a climate-neutral European Union by 2050. At this stage, the classification system covers only those economic activities that have the greatest need and potential

to significantly influence climate change mitigation and adaptation. Economic activities specific to the distributive trades sector are currently not explicitly mentioned in the taxonomy. In 2023, the company’s business consisted of retail sales and sales of services supporting it. The company has reviewed its operations to identify activities in its business that would be eligible and aligned with taxonomy.

The company’s interpretation is that most of its business is not covered by the taxonomy. Verkkokauppa.com has not identified taxonomy eligible revenue, capital expenditures, or operating expenses in 2023. The required performance indicators for revenue, capital expenditures (CapEx), and operating expenses (OpEx) under the taxonomy regulation are reported in separate tables as defined in the regulation. The indicators are reported as noneligible.

## Proportion of turnover from practs or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute turnover MEUR	Proportion of turnover %	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year 2022 %	Taxonomy-aligned proportion of turnover, year 2021 %	Category (enabling activity) E	Category ('transitional activity)' T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITES %</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy aligned)</b>																				
Turnover of environmentally sustainable activities (Taxonomy Aligned (A.1))																				
<b>A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)																				
Total (A.1 + A.2)			<b>0</b>	<b>0%</b>																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Turnover of Taxonomy-non-eligible activities (B)			<b>502.9</b>	<b>100%</b>																
<b>Total (A + B)</b>			<b>502.9</b>	<b>100%</b>																

The total revenue is based on the figures reported by the group.

**Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities**

Economic activities (1)	Code(s)	Absolute turnover MEUR	Proportion of turnover %	Substantial contribution criteria					DNSH criteria ('Does Not Significantly Harm')					Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year 2022 %	Taxonomy-aligned proportion of turnover, year 2021 %	Category (enabling activity) E	Category '(transitional activity)' T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES %</b>																		
A.1. Environmentally sustainable activities (Taxonomy aligned)																		
CapEx of environmentally sustainable activities (Taxonomy Aligned (A.1))																		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)																		
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>															
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
CapEx of Taxonomy-non-eligible activities (B)		<b>2.4</b>	<b>100%</b>															
<b>Total (A + B)</b>		<b>2.4</b>	<b>100%</b>															

Capital expenditures include additions to tangible assets, intangible assets, and rights of use during the financial year.

**Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities**

Economic activities (1)	Code(s)	Absolute turnover MEUR	Proportion of turnover %	Substantial contribution criteria					DNSH criteria ('Does Not Significantly Harm')					Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year 2022 %	Taxonomy-aligned proportion of turnover, year 2021 %	Category (enabling activity) E	Category '(transitional activity)' T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES %</b>																		
A.1. Environmentally sustainable activities (Taxonomy aligned)																		
OpEx of environmentally sustainable activities (Taxonomy Aligned (A.1))																		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)																		
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>															
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
OpEx of Taxonomy-non-eligible activities (B)		<b>69.0</b>	<b>100%</b>															
<b>Total (A + B)</b>		<b>69.0</b>	<b>100%</b>															

Total operating expenses include direct costs not capitalized that are related to the company's business and operations.

**Feedback and more information:**  
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**Verkkokauppa.com** is an e-commerce pioneer that stands passionately on the customer's side.

Verkkokauppa.com accelerates the transition of commerce to online with Finland's fastest deliveries and ultimate convenience. The company leads the way by offering one-hour deliveries to almost 700,000 customers, a winning assortment and probably always cheaper prices. Everyday, the company strives to find more streamlined ways to surpass its customer's expectations and to create a new norm for buying and owning.

*Verkkokauppa.com was founded in 1992 and has been online since day one. The company's revenue in 2023 was EUR 503 million and it employs around 700 people. Verkkokauppa.com is listed on the Nasdaq Helsinki stock exchange.*



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