

**PUUILO**

**SUSTAINABILITY**  
**IN PUUILO 2023**



# Sustainability in Puuilo

**We have a responsibility to care for both people and the environment, that is clear to us. Furthermore, we firmly believe that high-quality sustainability work develops all areas of our business.**

We believe in progress and seize opportunities: this is what has made Puuilo successful for over 40 years. Our goal is to ensure that responsibility is ingrained in the work and daily life of every Puuilo employee. 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. Thus, it benefits all of us; our customers, our personnel, and our investors, systematically and with a long-term perspective. Understanding of corporate responsibility must be comprehensive, meaning it should touch every Puuilo employee. We at Puuilo are aware that our choices affect a wide range of people, both in the daily work and on the level of attitudes. Responsibility is a permanent theme in Puuilo's management work and internal communication. In 2023, we have continued measures in line with set objectives and further developed the monitoring of sustainability metrics and goals.

Puuilo has initiated preparations for compliance with the new Corporate Sustainability Reporting Directive (CSRD) during the financial year 2023. Information in accordance with ESRS standards will be disclosed within the financial statements for the financial year 2024 in spring 2025.



## PUUILO'S MATERIAL SUSTAINABILITY TOPICS

Puulo's sustainability goals are based on a materiality analysis conducted with key stakeholders. We have categorized our material sustainability topics in three focus areas: "Responsible Retailer", "Good place to work" and "More sustainable consumption". "Responsible Retailer" refers to us and especially our supply chain, which is extensive and, therefore, has significant impacts. "Good place to work" means that, as an employer, Puulo strives to be a workplace that our personnel want to commit. We aim to foster a responsible work atmosphere and attitude environment, where employees can feel ownership and thus contribute to building a responsible workplace together. "More sustainable consumption" in Puulo involves concrete measures to save and streamline operations, considering both environmental and cost aspects.

## CLEAR FRAMEWORK AND DIRECTION

For our sustainability efforts, the most significant stakeholders identified are customers, personnel, shareholders, authorities, financiers, and media. Through our actions, we aim to serve all our stakeholders with best possible quality while considering sustainability perspectives.

The foundation of our sustainability work is laid out by national and international laws and regulations, as well as employer obligations and commitments. While naturally adhering to these, sustainability, more sustainable consumption, and environmental issues are also reflected in our operations. We continue to implement and measure the commitments and sustainability actions previously chosen. The impacts of our operations are reflected on the smoothness and success of our business: a well-being personnel indicates the quality of management and our values, thereby improving commitment and responsible approach to their work and daily actions. By selecting responsible suppliers our resource efficiency and the quality of our

## 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

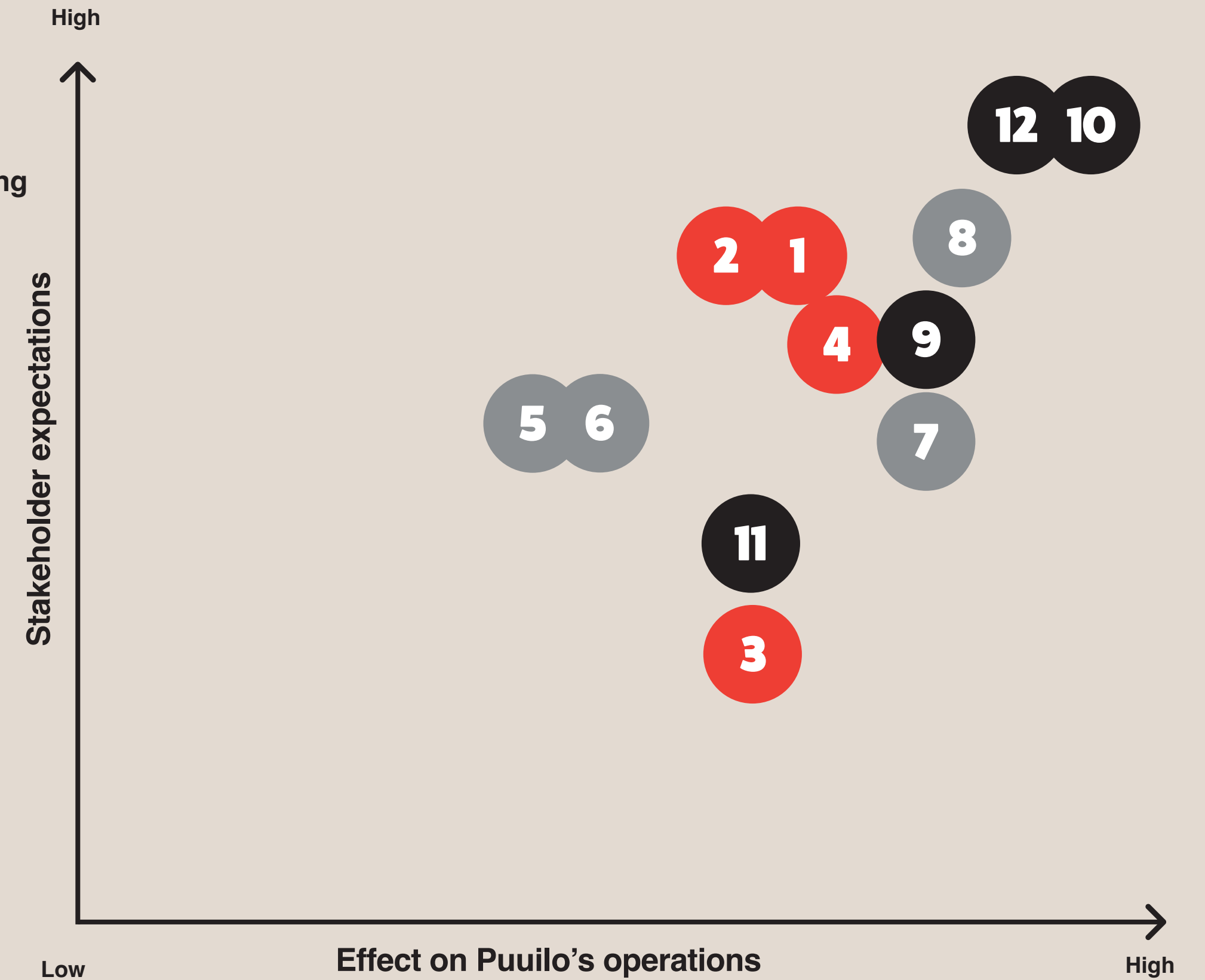
### GOOD PLACE TO WORK (SOCIAL)

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





products improve, among other things. Even small actions become meaningful when repeated and multiplied. The results are manifested as customer satisfaction, which translates to successful business. We have a clear understanding of the direction of our sustainability work.

## **SUSTAINABILITY MANAGEMENT AND RESPONSIBILITY**

At Puuilo, the members of the management team are responsible for sustainability work. The CEO is responsible for overall responsibility, as well as economic, environmental, and social responsibility. The Chief Purchasing Officer is responsible for supply chain (product responsibility and logistics), and the Chief Human Resources oversees social responsibility concerning personnel. The timeliness of the materiality matrix and the progress of sustainability work are regularly reviewed in management meetings.

## **OPERATING ENVIRONMENT INFLUENCES SUSTAINABILITY WORK**

We pay special attention to the selection of suppliers, as our impact extends widely through our supply chain. A suppliers' commitment such as the Amfori BSCI, which verifies the sustainability of the global supply chain, is one way to ensure sustainability and is part of our supplier selection criteria. The Supplier Code of Conduct are now included in the collaboration agreements with new suppliers, and we have continued to include the Supplier Code of Conduct into existing collaboration agreements.

In 2023, we have been able to resume conducting on-site visits to factories and suppliers abroad to assess their operations.

# A responsible retailer

**Our theme “Responsible retailer” encompasses not only the actions of Puuilo employees but also the operations of our supply chain to the extent that we can influence it. In 2023, we have continued to progress with our initiatives to achieve set goals.**

“Responsible Retailer” refers not only to Puuilo’s management and store supervisors but also our salespeople and other employees. We aim for responsible thinking to be a natural part of everyday life for every Puuilo employee in their roles. However, our most significant impact on sustainability arises through the value chain, as Puuilo operates as both a producer and a retailer. The supply chain needs to be involved in sustainability work to ensure the quality and safety of our products. Puuilo is committed to operating ethically and requires the same of its partners.

## Achievements and direction

### OUR 2023 MEASURES:

- Share of active non-EU suppliers committed to BSCI or similar standards in our supply chain was 56% (44%).
- The Supplier Code of Conduct is included in 76% of domestic cooperation agreements whose annual purchases exceed EUR 50 thousand (82% in the financial year 2022 for suppliers with purchases exceeding 100 thousand euros).
- In 2023, we have been able to resume conducting on-site visits to factories and suppliers abroad to assess their operations.

### OUR OBJECTIVES FOR 2024:

- We aim to increase the percentage of suppliers from non-EU suppliers who are committed to BSCI or similar standards, our goal is 80% by the financial year 2025.
- We are visiting factories in high-risk countries more often to improve factory assessments.
- We will continue to include Supplier Code of Conduct in Finnish supplier’s 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 ensures product availability for our customers. The supplier and partner selection are a key part of our sustainability work. At the end of the financial year 2023, our supply chain included nearly 800 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 share our commitment to promoting sustainability. 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 regulations, we require our suppliers and partners to uphold these principles or equivalent standards and to proactively pursue sustainable production and product ranges. In 2021, we joined the Amfori BSCI system and committed to its operating principles. Approximately 56% (44%) of the non-EU suppliers in 2023, were committed to BSCI or similar standards. Our objective is 80% by the end of the financial year 2025. Approximately 70% (70%) of Puulo's purchases were made from the suppliers, who have committed to BSCI or similar standards. In 2024, we will continue to increase the share.





Puuilo is committed to sustainable procurement. The basic principles and expectations for suppliers can be found in the Supplier Code of Conduct available on our website puuilo.fi. The commitment has been included in all Finnish supplier's cooperation agreements made or renewed since spring 2021. At the end of the 2023 financial period, 76% of Puuilo's active Finnish suppliers, whose annual purchases exceed EUR 50 thousand (82% in the financial year 2022 for suppliers with purchases exceeding 100 thousand euros), were covered by the commitment. The share of these suppliers corresponded to approximately 67% (70%) of the domestic purchases. The Supplier Code of Conduct has also been included in foreign supplier's cooperation agreements.

We ensure the quality of products primarily through careful supplier selection, which includes reviewing suppliers' product safety and quality documentation, as well as customer references. In addition, we manage product risk by requiring reports from independent test laboratories for higher-risk products (such as electrical devices), and we test and inspect samples of imported products ourselves. To enhance product quality, the company's procurement organization includes personnel dedicated to product development and quality control.

### **WE PROMOTE ETHICAL BUSINESS**

Puuilo is committed to conducting its business in an ethical manner internally as well. The company has developed Puuilo's Internal Ethical Guidelines, which all employees are required to read annually.

The Puuilo's website features a Whistleblowing reporting channel, which is open to all. Through this channel, individuals can anonymously report to the Puuilo's management any breaches of ethical procurement guidelines, such as corruption or other unethical behaviour, or suspicions thereof. A team appointed by the management

reviews the reports, take corrective measures, and communicate their decision to the person who reported the issue. In the financial year 2023, we received 17 (13) reports, which primarily concerned internal, local work arrangements. The reports were handled according to the agreed process and no actual violations or serious concerns were identified.

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

One of the three focus areas in sustainability work is our personnel: we want to be a good workplace where people want to commit. Puuilo has developed a clear corporate culture that represents our values. These principles have been present in Puuilo's everyday life for years. During the financial year 2022, we articulated our values together with our staff. During the financial year 2023, we continued to communicate these values to further integrate them into daily operations and provide a framework for our activities.



***We want to be a good workplace where people want to commit.***

## Achievements and direction

### OUR 2023 MEASURES:

- We have continued to communicate Puuilo's values to the personnel and to implement them within the organization.
- We have continued to implement Puuilo Internal Code of Conduct within our organization.
- The regular interaction and cooperation between management and personnel have been continued through activities like co-operation advisory board work and increasing cooperation within the teams throughout the organization.
- Offering primarily full-time employment contracts continued as planned.
- Puuilo has a share-based incentive system that has been offered widely to key personnel. Additionally, we paid a separate sales bonus to a major part of store personnel for solid sales development last summer.
- 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 an annual personnel satisfaction survey. According to the survey, we are above the industry average in the retail sector. The surveys shows that our specific strengths are in first level management, training, and development opportunities.

### OUR OBJECTIVES FOR 2024:

- Continue to train personnel and, particularly supervisors and management, to achieve excellence in management and ensure 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 maintain our already high level of employer activities and to build a positive employer image.
- Conduct an annual personnel satisfaction survey.



# Puulo's value

## 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 learning and career development for our employees, provide safe working conditions and fair employment terms, and treat everyone equally. We promote regular interaction and collaboration between management and employees by expanding the composition of the cooperative advisory board. Additionally, we strengthen cooperation within teams with regular weekly and monthly meetings throughout the organization.

We want our employees to be motivated and skilled. Therefore, we pay attention to personnel retention. 74% (78%) of our employment relationships are full-time. We aim to maintain this level in future as well, as competence grows best in permanent employment relationships. Our product range is extensive and includes also specialized tools and supplies. Experienced personnel ensures that we can serve customers better. Our goal is to be the best and most sought-after employer in the retail sector. We evaluate progress towards our goal, among other things, by measuring results with an annual personnel satisfaction survey. According to the personnel survey, performed at the end of 2023, we are above the industry average in the retail sector. The surveys shows that our specific strengths are in management, training, and development opportunities. Additionally, Puuilo also received the “Most Inspiring Workplace in Finland” award for the financial year 2023. This recognition is awarded annually to organizations with outstanding results in employee surveys as part of the Eaze Flown PeoplePower® study. Our success in filling open positions and experiencing a significant decrease in personnel turnover compared to the previous year is evidence of our strong employer reputation. 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 2023, the number of personnel converted into full-time employees (FTE) was 791 (693). During the financial year 2023, we opened five new stores, and our goal for the financial year 2024 is to open at least six new stores. Therefore, the number of employees is continuously increasing due to the expansion of the store network.

## OCCUPATIONAL HEALTH, WELLBEING AND SAFETY

We promote personnel well-being and work capacity by focusing on excellent supervisory work, occupational safety, personnel competence, and smooth daily operations with manageable workload. In addition, we provide our employees with high-quality occupational health care services. We have an effective collaboration model with our partner Terveystalo and we proactively address health-related issues with common goals 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.

To improve the wellbeing, Puuilo offers a well-being benefit for the entire personnel. The benefit can be used for sport, cultural activities, and wellness services of own choice.

All employees participate in the Puuilo’s annual occupational safety training, which is also incorporated into the orientation of new employees. We closely monitor occupational safety through our occupational safety committee, which actively supports supervisors in promoting safety in daily activities. Accident frequency is systematically measured. Employees are encouraged to report hazardous and near-misses’ situations through our internal reporting system, and

the relevant supervisor reviews the reported cases. The occupational safety committee oversees the number of reports and the actions taken. The system also includes assessments of hazards and risks, along with an action plan for occupational safety and health.

## **FOCUS ON ORIENTATION AND MANAGEMENT COMPETENCE**

Puulo is growing strongly, and we are hiring employees for several stores annually. Our goal is to open at least 3-4 new stores per year. In 2023, we continued to improve the quality of our new employees' orientation process, with a particular focus on developing written work instructions. The quality of new employees' orientation was also positively acknowledged in both employee surveys and feedback from summer workers. We have designated employees in charge of orientation in each location and they receive training for their role. The orientation process includes commercial aspects, workplace safety training, and coaching on Puulo's strategy, goals, and practices, especially in handling disruptive situations such as bullying or inappropriate behaviour. Every store employee participates in this training as part of their orientation, ensuring they know how various situations are handled at Puulo.

In terms of leadership skills, we strive for excellence and therefore provide continuous training for supervisors. We provide training sessions both on-site and online. In the financial year 2023, we have continued comprehensive supervisor training and extended the target group. We promote personal development with regular interactions. Supervisors assess individuals' performance and skills in regular management discussions and annual development meetings.

## **COMMITMENT TO EQUALITY AND NON-DISCRIMINATION**

Puulo's goal is to be a successful company where all employees

have equal opportunities to succeed and develop in their roles. Puulo's equality, non-discrimination and personnel development plan sets framework for this work. Our aim is to foster a work community, where employees treat each other equally and fairly. It is our responsibility to strive for equal and fair treatment for everyone in our daily operations and decision-making processes. Discrimination based on a person's gender, age, origin, nationality, language, religion, belief, opinion, political activity, union activity, family status, health status, disability, sexual orientation, or any other personal characteristic is not permitted. We have protocols in place to address bullying, harassment, and inappropriate behaviour.

Puulo utilizes a Whistleblowing channel where anyone can anonymously report violations or suspicions of non-compliance with our principles. The reporter will be informed about the handling and actions taken based on their report. In 2023, we received 17 reports (13), primarily concerning internal, local work arrangements. These reports were investigated according to our process, and no significant violations or serious concerns were identified.

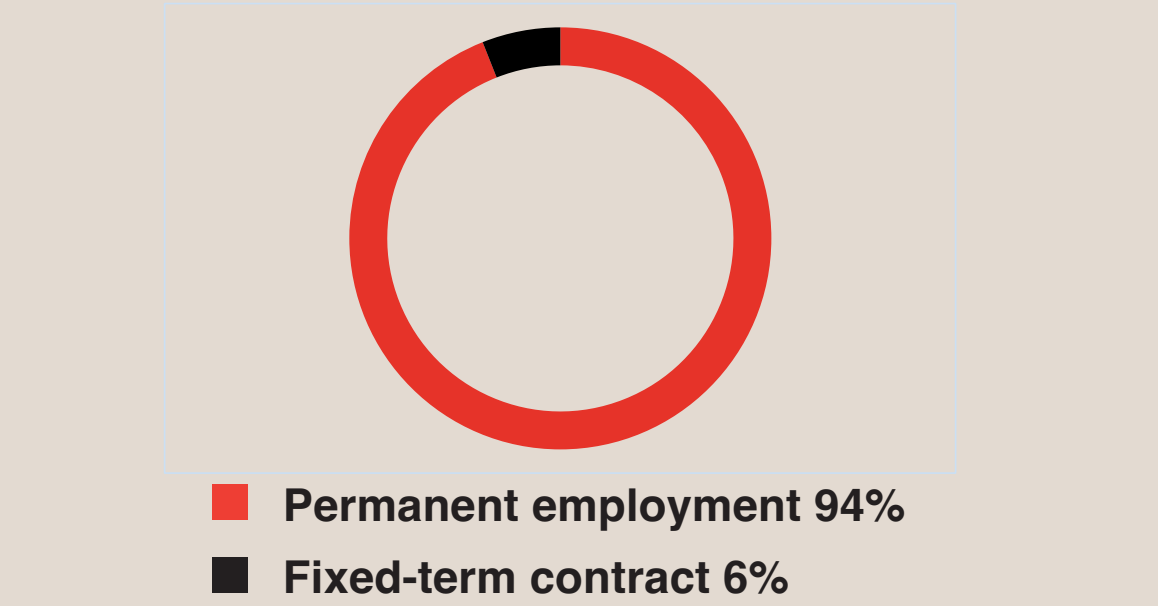
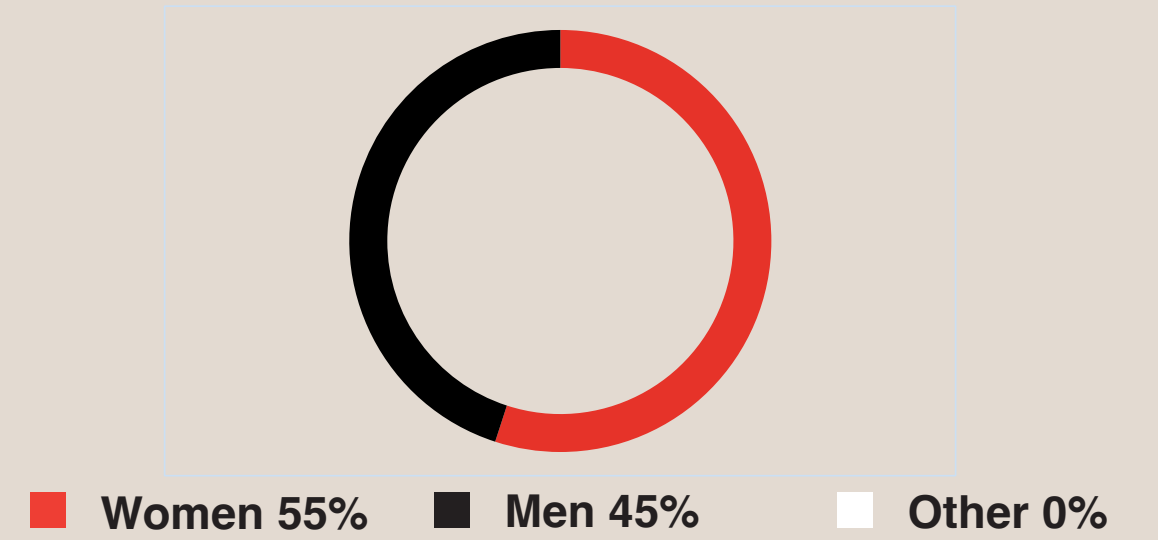
The HR functions are responsible for HR management practices and overseen by the Head of Human Resources, a member of the management team. We emphasise cooperation and open dialogue with both supervisors and employee representatives. The cooperation is extensive and includes informal discussions alongside formal meetings. Internal communication is highly prioritized, actively conducted online, and accessible to all Puulo employees for participation.

### **PERSONNEL**

**791** (693)

full-time equivalent

## **PERSONNEL 31 JANUARY 2024**



*Applies to permanent employment relationships.*

*The figures are average figures for the financial year 2023.*

**CASE**

**PUUILO PROVIDES TRAINING IN A SURPRISING WAY**

Puulo updated the training process and guidelines for new employees. Learning new tasks requires patience.

According to a survey by the Finnish Institute of Occupational Health, personnel in the service industry need better training for their jobs, especially in workplaces with many young employees.

Poor training costs companies by reducing productivity and increasing turnover. It also affects the work environment and motivation. Good training can help service sector companies facing labour shortages stand out from competitors.

Puulo changed its onboarding process. In 2023, Taitotalo trained 90 Puulo employees to become experts in training. The training took 4-5 months alongside work and now each of the store locations has 2-4 trainers to guide newcomers. Additionally, written work instructions have been extensively updated.

When planning the training process, new employees to whom Puulo is their first job was also taken into consideration.

*“We no longer automatically assume that a new employee knows, for example, how to use the pallet jacks needed for unloading delivered products in stores. They will receive training for that too,”* describes HR specialist **Noora Aaltonen**.

**You don’t have to learn everything at once**

Puulo has recognized the importance of patience when learning new tasks. Therefore, new employees are not taught everything at once; instead, the training process is spread out over the first two weeks of work. While the most eager newcomers may find the pace of learning new tasks slow, the onboarding is now consistent and follows the same pattern throughout the chain.

*“In personnel survey, we’ve received positive feedback on the training process. Another sign of success is that, since last summer, a record number of summer workers have stayed on with us and are working shifts alongside their studies,”* says Aaltonen.

According to Aaltonen, a smooth cooperation between the trainer and their supervisor is also crucial for successful training. If the collaboration doesn’t work, the trainer may feel left alone.

The chain serves DIY-customers and businesses and has over 40 stores and an online store in Finland. With nearly 800 employees, the company plans to open at least six new stores in the financial year 2024, so there is plenty of work for trainers within the company. Aaltonen believes, that investing in training is an advantage for Puulo in recruitment and employee retention.

*“A successful training process provides a good start to a career and improves job satisfaction. It also increases commitment to the company. If the training phase is not handled properly, the newcomer may miss out on successful experiences, leading to a temptation to seek employment elsewhere.”*

**Puulo-academy offers more training**

Aaltonen says that the company actively improves its training methods based on feedback from new employees, as well as experiences from trainers and their supervisors.

*“Training is not static. As the world changes, so must we. We need to develop practices and adjust guidelines.”*

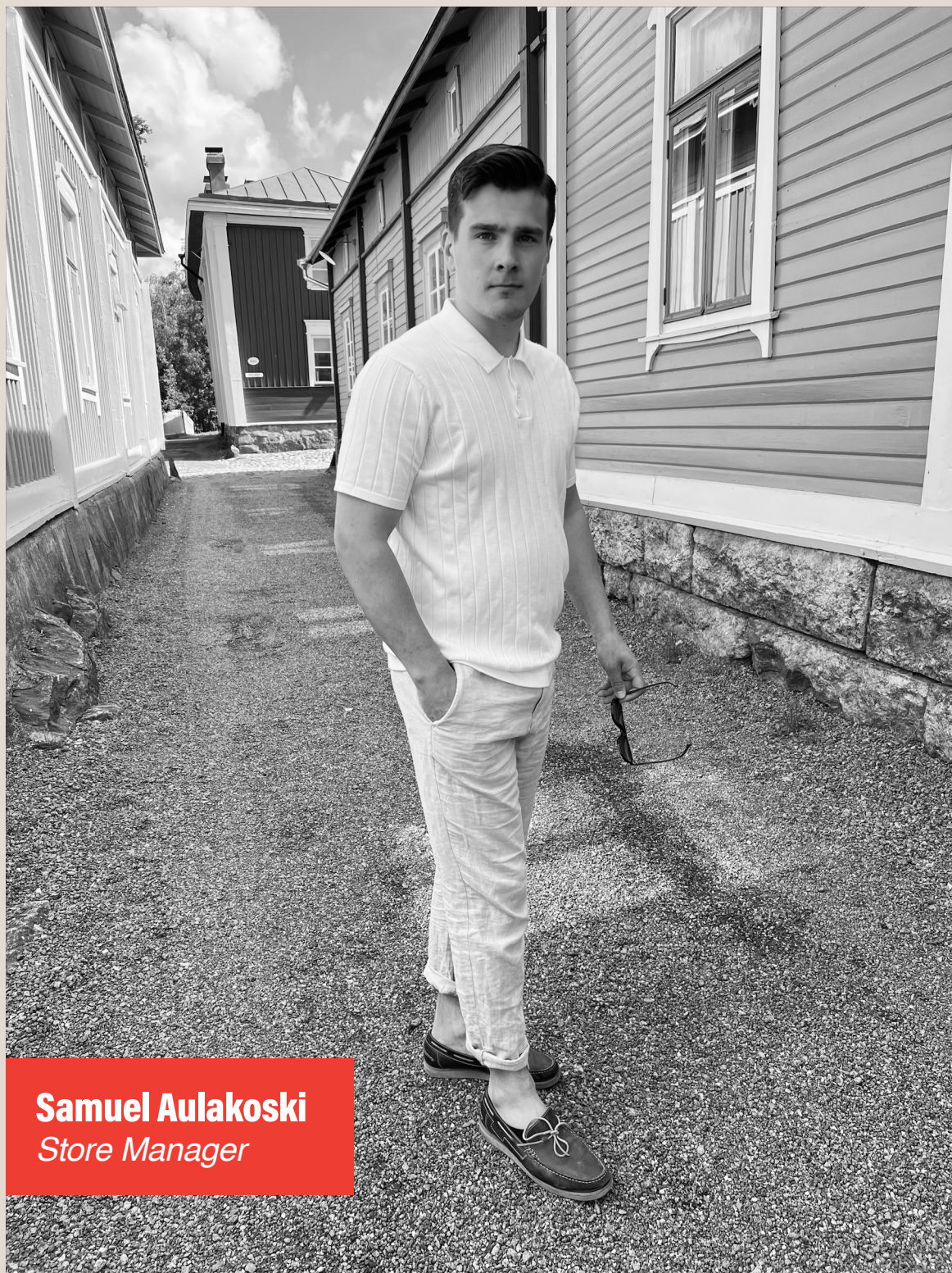
Many who have completed the training qualification have been inspired to continue their studies alongside work at the academy. The academy offers studies related to business and leadership.

The article is originally published in Kauppa-lehti in March 2023.



**Noora Aaltonen**  
HRD Manager

**PUUILO CAREER STORIES**



**Samuel Aulakoski**  
Store Manager

**JOURNEY TO BECOMING A STORE MANAGER**

**Samuel** was studying in his first year of business studies when he completed an internship in Puuilo. He wanted to continue working at the company after his internship and applied for a summer job when a new store was opening in Vasaraperä, Oulu. *“My goal was to impress the employer, so I could ensure the job.”* Samuel was enjoying his summer job in Puuilo, and he set a new goal to work through an apprenticeship contract. Working in Puuilo felt natural and Samuel’s interest in the company grew. Samuel secured an apprenticeship position and eventually a permanent job.

**The power of determination**

Since the beginning of his career, Samuel set clear goals for himself. His interest in managerial roles grew while working as a salesperson, and he worked hard to be noticed for his skills. The main motivator for career advancement was his strong desire to improve himself and contribute to the store’s performance. *“After succeeding first as an intern, then as a salesperson, and later as an assistant store manager, I gained the confidence to take on more responsibility.”* Samuel emphasizes that the goals he set early in his career to advance from a salesperson to a store manager were crucial in his progression.

**Focused on personnel management**

Nowadays Samuel works as the store manager at Oulu Rusko store, having achieved his goals through his determined attitude. Samuel says that in his current position as the supervisor, changes constantly and requires more of a team leader who supports, encourages, inspires, and provides feedback. The most challenging situations in his current role are related to personnel management, but with good communication skills and a coaching leadership style, he has achieved good results. Samuel emphasizes that, for career development, skills in personnel management are crucial. *“All challenging situations have improved my leadership skills.”*

**The employer supports career path**

Samuel has received a lot of support from the employer in his journey as a supervisor. Puuilo regularly coaches its supervisors to ensure that they have necessary skills and readiness to succeed in their role. Samuel believes he received a lot of valuable advice in pursuing the Frontline Management Professional qualification while working, as well as in emotional intelligence training provided internally by Puuilo. *“Especially the last one mentioned provided me tools that I could immediately use in my supervisor role.”* Samuel hopes to inspire others who aim to advance in their careers and demonstrate how commitment, goal setting, and company support can shape a successful career path. He advises those aiming for career advancement not to reach for the stars but to set clear goals that motivate them to work towards achieving them. Samuel jokingly adds; *“Motivation should be at least 110%.”*

## PUUILO CAREER STORIES



**Liisa Illikainen**  
Buyer

## THERE'S PLENTY TO LEARN IN PUUILO

**Liisa** began working at Puuilo in 2021 in sales role at the Rusko store in Oulu. Puuilo was unfamiliar to Liisa, but a friend who worked there encouraged her to apply for an open sales position. And so Liisa's career at Puuilo began. While working as a salesperson, she noticed that Puuilo offered exactly what she was looking for. *"I liked Puuilo's customers and the relaxed atmosphere. I've always had a desire to learn new things, and there's always been plenty to learn at Puuilo."* Her interest grew, and as her responsibilities increased, she became intrigued by new challenges.

### Self-improvement motivates

After working as a salesperson for about eight years, Liisa became interested in more responsible roles. She expressed her willingness to her supervisors to progress within the company and utilize her accumulated experience. When the position of store manager opened in the Hyvinkää store, she took advantage of the opportunity. *"I was excited to continue developing myself. I enjoyed the role of a store manager because it was diverse and pleasantly challenging."* While working as a store manager, her interest in purchasing tasks grew. Liisa openly discussed her interest in buyer positions. *"When a buyer position became available, I decided to apply and was selected."*

Liisa says her biggest motivator for career advancement has been the constant desire to develop herself and her skills. *"My motto is: what I don't know, I will learn."* Additionally, the desire to do the work that she finds most interesting has motivated her forward. Her long working history at Puuilo in different roles has provided valuable experience, which has been helpful in her career development. Moreover, Liisa believes that her openness and courage to face new situations have supported her path towards her goals.

### An open work culture supports career development

Liisa feels that Puuilo has supported her development throughout her career path. *"I feel that I have always been able to openly discuss matters in Puuilo."* The administrative organization works closely with the stores, promoting active discussion and interaction. Additionally, internal leadership training at Puuilo has provided many tools that can be utilized in her current role. Liisa has also had the opportunity to participate in various projects at Puuilo, which has provided her diverse experience across different areas of the business. *"I believe that these projects have influenced my career path choices."*

During her journey, there has been challenges which have been opportunities for learning. Whenever facing challenges, Liisa received support from the entire organization, and because of this, she hasn't been afraid of challenges but believed that they can be overcome by facing them. Liisa encourages others who want to advance in their careers. *"Share your goals out loud and believe in yourself."*

# More sustainable consumption

**Puulo wants to operate in a resource-wise manner and ensure that we have a clean and sustainable environment and resources for the future. That is why we have defined more sustainable consumption as one of the three focus areas of our sustainability efforts.**

For us, more sustainable consumption means monitoring and adjusting our own operations and supply chain consumption and environmental efficiency towards sustainability in areas where we can influence. Among other things, this involves carefully selecting our logistics partners, paying more attention to energy efficiency and carbon footprint. We consider product quality to be part of more sustainable consumption: when products are durable and customers are satisfied with them, returns decrease, thereby reducing transportation and waste. This, in turn, reduces the environmental burden. During the past few years, we have increasingly focused on waste generation and renewable energy. In Puulo, the environmental sustainability is led by Puulo's CEO together with the Chief Purchasing Officer (CPO) and Chief Sales Officer (CSO). The CEO is responsible, among other things, for improving the energy efficiency while

## Achievements and direction

### OUR 2023 MEASURES:

- In cooperation with our partner, we have continued improving how we measure greenhouse gas emissions from land and sea transportation in our control.
- We have centralized warehousing by relocating our external storage services to new, larger warehouse facilities and closing our own central warehouse.
- 100% of the electricity procured by Puulo itself, comes from carbon-neutral sources of energy.
- The comparable electricity consumption decreased by approximately by 2% from the previous year.
- Energy efficiency was improved by switching to LED lights in several stores, with LED lighting now present in nearly all stores.
- Our collaborating partner has opened wind-powered high-power charging stations in connection with Puulo stores.
- Three more solar power stations to our stores.
- Our comparable recycling rate decreased to 67% (69%).

### OUR OBJECTIVES FOR 2024:

- Together with our logistics partner, we will continue to assess the climate impacts of transport and develop measurability.
- With the new warehouse arrangement, we will begin optimizing transportation for larger delivery batch sizes, thereby increasing transportation efficiency and decreasing emissions relative to transportation.
- The LED lights will be switched to remaining stores within the next year.
- We will further decrease the comparable electricity consumption.
- Five 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 end of financial year 2025.



the CSO is responsible for improving the recycling rate of waste and energy consumption. Also, Puuilo’s property manager monitors the progress of previously mentioned tasks. The CPO is responsible for the sustainability of the supply chains and logistics.

**CARBON NEUTRALITY OF WASTE GENERATION**

During the financial year 2023, we continued to monitor and manage the waste generation and carbon footprint. The waste generation is measured in a way that allows store managers to monitor it on both store level and the chain level. Our personnel are being trained to sort waste more effectively. Waste management equipment is regularly updated and added as needed.

Puuilo’s waste management is carbon neutral. We compensate our carbon dioxide emissions 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. During the financial year 2023, the comparable waste generation totalled 1,401 tonnes (1,156) and the recycling rate was 67% (69%). 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 carbon footprint. To achieve this goal, the personnel are provided with recycle training.



**WASTE RECYCLING RATE AND RELATIVE CHANGE**

Puuilo opened five new stores in financial year 2023.

**RECYCLING RATE**

**67%**

**WASTE GENERATION**

**1,401**

**TONNES**

*(change +21% compared to 2022)*

**CARBON FOOTPRINT**

**23.1**

**TONNES**

*(change +14% compared to 2022)*

*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.*



## CARBON-NEUTRAL ENERGY SOURCE

The electricity we purchase ourselves comes 100% from carbon-neutral energy sources. We centralize electricity procurement within the company to better track consumption and ensure responsible procurement and usage. We will transfer old contracts to the company's own procurement as opportunities arise in the coming years. In all new premises, Puuilo purchases the electricity itself to be able to measure the energy consumption. We conducted an energy audit and a plan to reduce energy consumption periodically, with the last one being completed during the financial year 2023.

In the financial year 2023 we opened five new stores (three new stores in FY2022), which increased our total consumption of energy. However, we have been able to reduce the comparable energy consumption, and in 2023, the comparable electricity consumption decreased by 78,852 kWh (81,653 kWh), or approximately by 2% (2% in FY2022) 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, making the building engineering solutions modern and energy efficient. In 2023, we have introduced three solar power plants to be followed by 5 more in 2024, which will further improve our energy efficiency. In the financial year 2023, our collaborating partner has opened wind-powered high-power charging stations in connection with 5 Puuilo stores, in the financial year 2024 new charging stations will be opened in connection with 2-3 stores. The charging stations will make it easy for 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 documentations as well as customer references. In addition, the sample products are tested before distribution in Finland. We aim for private label products to be of such quality that our company employees also want to use them. Product durability is also a principle of our own brand. Fewer product complaints also mean fewer transport emission, thus, a lighter burden on the environment. To improve our product quality, we have strengthened our purchasing organization with a person responsible for product development and quality.

## 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 and sea transport controlled by us, by working in close cooperation with our main logistics partners. We monitor our ghg emissions aim to optimize our shipments to minimize emissions. In the financial year 2023 we centralized our logistics operations by relocating our external storage services to new, larger warehouse facilities and closing our own central warehouse. Our goal for the financial year 2024 is to have all central warehouse operations under one roof. In the financial year 2023, the greenhouse gas emissions from Puuilo's transportation contracts were 1,955 tonnes (1,639 tonnes). The share of emissions from sea freight has significantly decreased compared to the previous year, while the increase in absolute emissions is explained by the volume growth due to newly opened stores. Regarding land freight, both absolute and relative emissions have decreased compared to the previous year.

