



# Tradeka Cooperative's Corporate Responsibility Report

2020



# Contents

1. The report in brief.....	3	7. Management of corporate responsibility .....	21
2. Company .....	4	7.1 Corporate responsibility strategy	
3. Highlights of corporate responsibility work.....	6	and focus areas.....	21
4. UN's Global Compact principles.....	8	7.2 Values and leadership style.....	22
5. Corporate responsibility themes .....	9	7.3 Risk assessment and the	
5.1 Community.....	9	prudence principle .....	23
5.2 People .....	12	7.4 Stakeholder participation .....	24
6. Environment and climate.....	16	7.5 Supply chains .....	25
6.1 Governance.....	19		

# 1. The report in brief

Similar to the annual report, the corporate responsibility report is an essential part of the annual reporting of the Tradeka Group.

Prepared in early 2021, this corporate responsibility report is Tradeka's second responsibility report. Prior to these reports, corporate responsibility was reported more informally as part of the annual report. Tradeka's corporate responsibility strategy was already prepared in 2018 and primarily implemented in 2019.

Fiscal year 2020 is the main reporting period but the report also includes some events that follow the fiscal period that have had prior preparations. The report covers the Tradeka Cooperative and the operations of Tradeka-sijoitus Oy, Restel Group and Tradedot Group (Lehtipiste, Papua, and Paletti) that are fully

owned by Tradeka-Yhtiöt. The report has been prepared together with these subsidiaries to broaden and consolidate reporting in order to cover more ground each year. Part of the Tradeka Group, Tradecare (Med Group) prepares a standalone corporate responsibility report dedicated to their operations during 2021.

The reporting aims for clarity of form and expression to make it easier for as many members and group employees as possible to explore the corporate responsibility work carried out by Tradeka and Tradeka-owned companies. Corporate responsibility is improved based on the representative body and the board's corporate governance. Therefore, Tradeka's corporate responsibility reflects the values and vision of its members as they elect the cooperative's representative body.

In its corporate responsibility work, Tradeka takes a systematic, long-term approach to its operations and

aims to make tangible improvements to their operations as well as in the world around us. As an owner, Tradeka's goal is to ensure that Tradeka-owned companies are the most responsible companies in their industries.

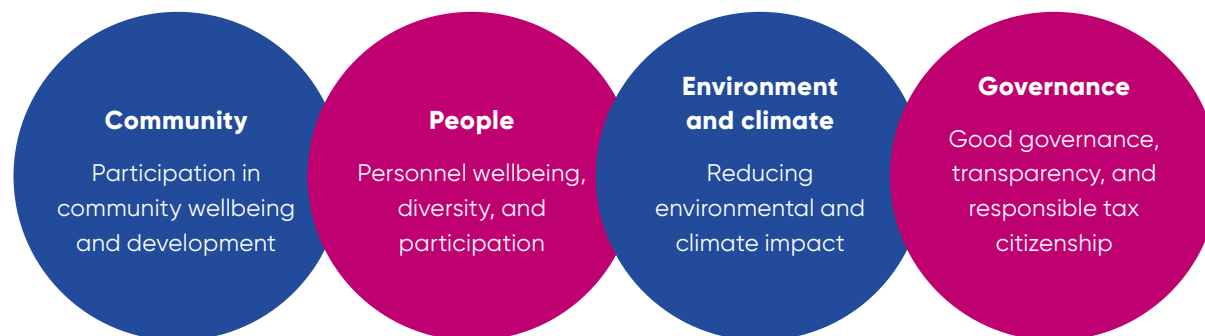
In the past year, Tradeka and its subsidiaries emphasized social responsibility and safety in their operations, with a special focus on climate issues. The companies in the group made quick changes to their operations to ensure safety for both employees and customers.

In line with the cooperative board's new corporate governance, companies in the Tradeka Group are required to take the goals of the Paris Climate Agreement into account in their operations. Concrete steps have included Tradeka-sijoitus approving new carbon neutrality goals for their operations, and each company undertaking their own carbon footprint calculations.

The report's environmental metrics have not been updated for this report as the focus during the past financial year was on carbon footprint calculations. Metrics related to social responsibility and personnel have, however, been updated throughout and published at the end of the report.

This report has not been audited or verified by an external party. For more details about the report, please contact Tradeka Cooperative's responsibility manager Satu Niemelä or the management of the companies included in the report.

## Tradeka's corporate responsibility themes





## 2. Company

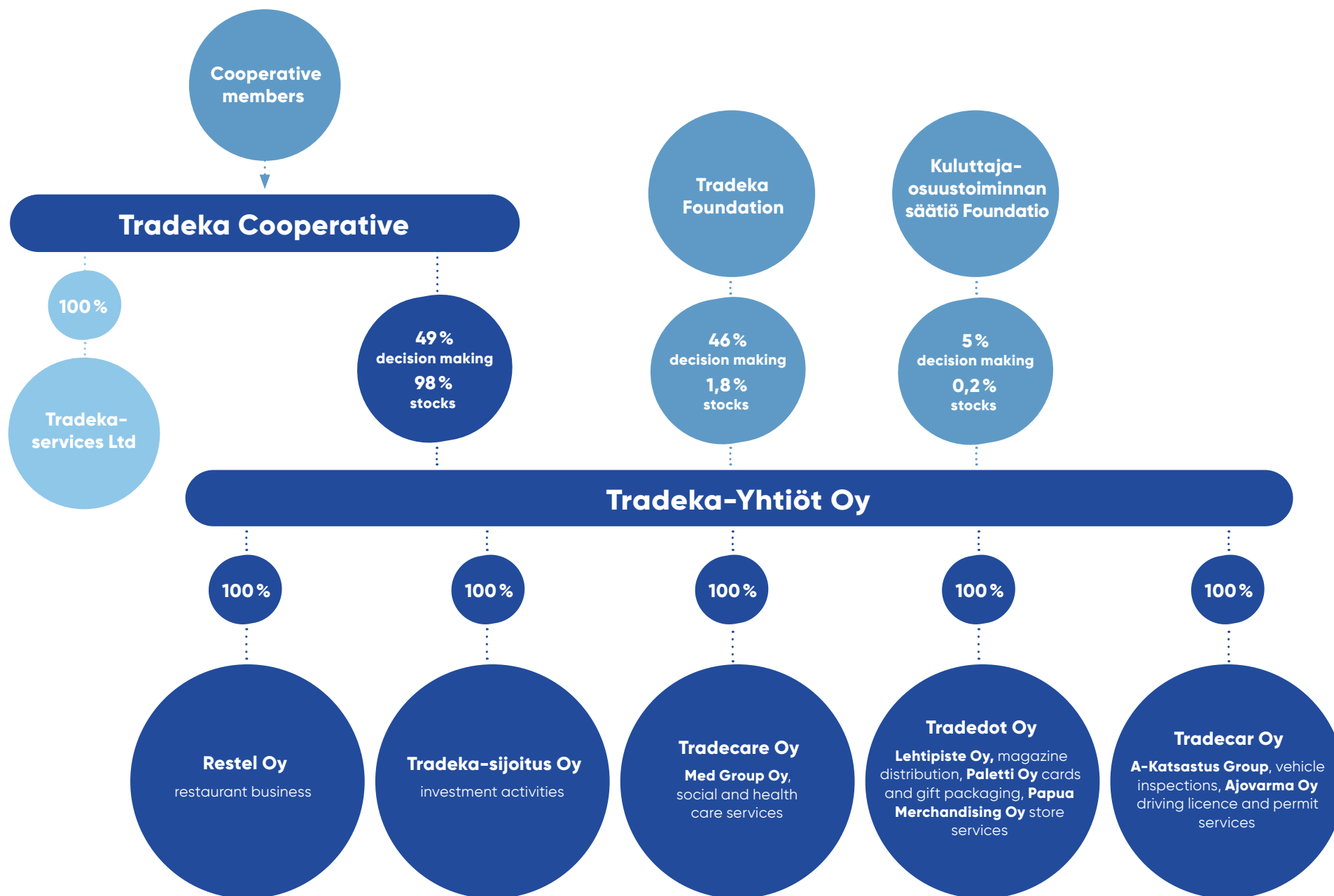
Tradeka Cooperative is a 102-year-old **Finnish ownership cooperative** with 200,000 members.

Tradeka-Yhtiöt Oy is responsible for corporate governance of the cooperative's core businesses across four strategic categories: Own and develop, Invest and preserve, Create new, and Be patient and execute.

Data and KPIs related to Tradeka Group's financial performance and business operations are presented in Tradeka's annual report which also includes a summary of Tradeka Cooperative's and Tradeka Group's financial statement. The board's annual report included in the financial statement also includes a report on Tradeka Group's corporate structure.

Converted to man-years, Tradeka Group's personnel in 2020 totalled 3,158. The more specific group personnel-related KPIs and data is fully presented in the appendix at the end of the report.

**200,000**  
members in 2020





### 3. Highlights of corporate responsibility work

#### Community

- Donations totalled 1.6 million euros. As per our profit-sharing promise, around 14% of our 2019 operating result was used for donations and investments activities.
- The cooperative's membership gets their voice heard through our digital member initiative channel. The amount of member initiatives submitted increased 138% from 2019 to 2020.
- For the first time, Tradeka's members had the opportunity to directly influence the selection of Tradeka's donation targets. A total of 100,000 euros were allocated with the help of digital polling.
- Partnering with charities, Paletti credited them with 480,000 euros as income in 2020 from greeting cards, calendars, and messages of condolence.
- Med Group verified their corporate responsibility program and made the Global Compact commitment in January 2020.
- Med Group implemented their domestic care corporate responsibility study commissioned by Tradeka. ONNI hoiva uses the study's self-evaluation tool in their development work.

#### People

- All group companies are stakeholders in the Tradeka sickness fund.
- The board of Tradeka's sickness fund decided that temporarily laid-off members of the fund are entitled to compensation by the fund. Compensations are paid out until March 31, 2021.
- Personnel also has significant representation on the boards. Following the 2020 general meetings, personnel representatives have served on the boards of Tradeka Cooperative, Tradeka-Yhtiöt, Med Group, Lehtipiste, and Restel.
- The 'Palkka haltuun' project, launched together with Takuusäätiö, has brought financial and debt counselling to the workplaces. In 2020, the project received a total of 104 submissions, 11 of which resulted in granting a restructure loan.
- Restel provides the first job for many youths and prepares them for working life. Burger King's and Deaconess Foundation's 'Yhdessä työhön' project was launched, helping youth get their foot in the door while improving their working life skills.



- Restel distributed 50% of their corona subsidies as a return-from-layoff compensation to their personnel. The compensation was paid out to over 1,300 laid-off employees, each receiving 100 to 430 euros depending on the extent of their layoff.

## Environment

- Considering the goals of the Paris Climate Agreement was added to Tradeka's corporate responsibility focus areas.
- Tradeka-sijoitus prepared a climate policy that reflects its approach of taking climate change into account in the investment portfolio. The investment portfolio reduces investments in companies with production or products that do not support the goals of the Paris Climate Agreement and increases investments in companies that are needed to reach the carbon neutrality goal.
- Tradeka Cooperative, Restel, and Lehtipiste undertook calculations of carbon neutrality of their operations. For the cooperative, the carbon footprint of member benefits was also separately calculated.
- Lehtipiste and Paletti are members in producer responsibility organisations in charge of recycling packaging materials and paper products, and both companies have an ongoing project to reduce plastics in packaging.
- Restel was involved with the Finnish Hospitality Association MaRa's Hiilitiekartta (Carbon roadmap) project and one of the authors of the food waste guidelines adopted by the entire restaurant industry.

## Governance

- Tradeka integrated corporate responsibility into the company's remuneration policy.
- Tradeka pledged its support to Society's Commitment to Sustainable Development. In its commitment, Tradeka promises to promote diverse and equal cooperative operations.
- Tradeka, together with its subsidiaries, has begun building a whistleblowing channel in accordance with the EU Whistleblower Directive. A provider has been selected, and the channel will be launched during spring 2021.
- Tax footprint will be published as part of the annual report. In 2020, Tradeka's tax footprint totalled 57.1 million euros.
- To increase transparency, Tradeka invested significantly in improving the quality and quantity of the cooperative's and the group's communications.



## 4. UN's Global Compact principles

The Global Compact is UN's initiative for companies that adhere to corporate social responsibility. Tradeka committed to UN's Global Compact in 2020.

In this sustainable development initiative, companies are committed to consolidating their operations and their strategy to conform to ten shared principles. These principles concern human rights, labour, environment, and anti-corruption. In accordance with the Global Compact, Tradeka has selected goals that Tradeka specifically advances in its operations out of UN's 17 sustainable development goals. The four goals approved by Tradeka's presiding officers are in line with the focus areas of our corporate responsibility strategy.

### Other corporate responsibility statements

Tradeka is committed to the UN Principles for Responsible Investment and requires that Tradeka's asset managers and partners are committed to these principles in their operations. Tradeka prepares an annual PRI (Principles for Responsible Investment) report of its investment activities. The report is published on the PRI website and the Tradeka website.

### Tradeka's sustainable development goals



For governance of the Tradeka Cooperative, Tradeka follows the currently valid Corporate Governance Code for listed companies, where applicable. Tradeka's Corporate Governance guidelines were updated in 2020 to reflect the Governance Code approved in 2019. Tradeka Cooperative's and Tradeka-Yhtiöt Oy's guidelines have been prepared according to the Comply or Explain principle. In addition, each company in the group has their separately verified, dedicated Corporate Governance guidelines. A Corporate Governance study is prepared each year and published on the [tradeka.fi](https://tradeka.fi) website.



## 5. Corporate responsibility themes



### 5.1 Community

#### Goals

- Tradeka's corporate responsibility focus areas are incorporated into the company's and the subsidiaries' strategies and reflected in the actual operations of these companies.
- Tradeka and its subsidiaries have designated people responsible for implementing corporate responsibility.
- Members and customers are heard actively and in various ways, and the group invests in developing new communication channels and dialogue with these groups.
- Social investments and donations to non-profit activities are an essential part of Tradeka's social responsibility.

#### Metrics

- Listening to stakeholder opinions
- Social investments and donations
- Impact on local community

## Contribute to the well-being and development of the community in 2020

In 2020, Tradeka implemented a new way of letting cooperative members voice their opinion. In a first-ever member poll, members were allowed to have a say in how donations are allocated by voting for the cause of their choice in the Oma Tradeka portal. A total of 100,000 euros were allocated with member polling, with 50% of the sum distributed equally to all causes in the poll and 50% based on votes received.

Tradeka's profit-sharing promise is carried out through donations and Tradeka's corporate social responsibility initiatives and investments. Any donations granted by Tradeka are always based on written applications and on decisions by the board of directors. All donations are published on the [tradeka.fi](https://tradeka.fi) website.

The investment categories incorporated in the profit-sharing promise include 'Create new' and 'Be patient and execute'. The objective for the 'Create new' category is to help transform Finnish economic life and support the creation of new competence, innovation, and jobs in Finland. In 2020, Tradeka-sijoitus' investment commitments in this category included funds that invest in Nordic start-up companies addressing the

challenges in food production, and a fund adhering to the principles of impact investing that invests in companies that develop education technology.

The 'Be patient and execute' category advances Tradeka's goal to drive social transformation through business. This "patient money" category includes investments with a moderate profit target of 2-4% primarily designed to protect against inflation. These investments also work towards a significant social goal, or a goal attained through other means. The objective is to allocate a total of 5% of Tradeka's investment assets to this category.

Over the course of the year, Tradeka-Yhtiöt continued to develop the housing cooperative model together with Fira. Housing cooperative is designed to provide below market rate rental housing with the quality criteria of owner-occupied housing. Tradeka-Yhtiöt has pledged to provide a construction bridge loan for the project, and in 2020 another group construction project using the housing cooperative model was launched. At the year-end, investments and investment commitments in this category totalled approximately 8.65 million euros.

### Donations to non-profit activities in 2020

Tradeka Cooperative  
**EUR 1,085,792**  
+  
Tradeka's foundation  
**EUR 501,250**  
=  
**MEUR 1.6**

Aapo Huhta: from the serie Omatandangole, 2017. Inkjet print. The Finnish Museum of Photography / Tradeka collection



## Examples of projects that were granted support in 2020

### Tradeka Group's social corporate responsibility initiatives

- Tradeka/Restel, Yhdessä työhön -ESR joint project with The Deaconess Foundation, EUR 6,674
- Med Group Oy, Onnistuneesti työuralle 2020, EUR 5,600
- Med Group Oy, ONNIn Elä täysi!- ja Ikäänny ilolla! -clubs, EUR 100,000
- Helpline for employees during corona, EUR 25,000

### Children, youth, and the wellbeing of families

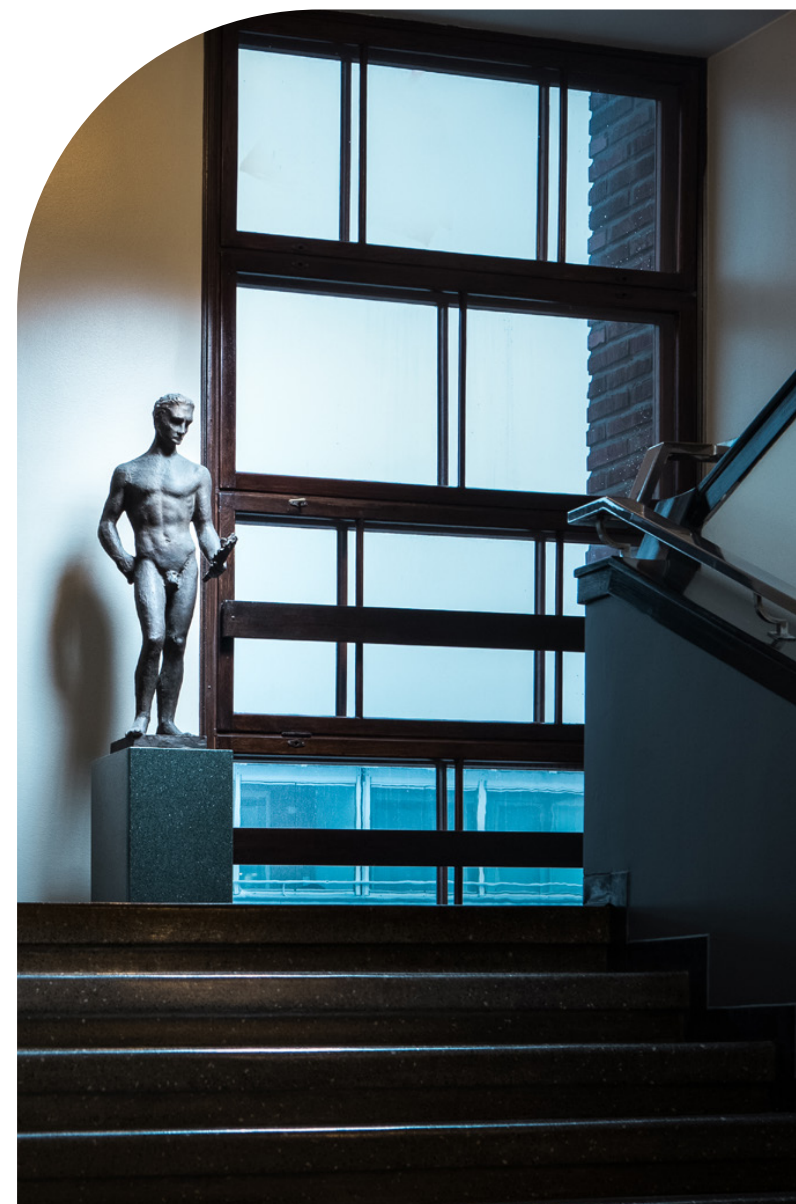
- UNICEF, Lapsiystävällinen kunta -digialusta, EUR 70,000
- SOS-lapsikyläsäätiö, Jälkihuoltokumppani, EUR 50,000 (Tradeka Foundation)
- Suomen Demokratian Pioneerien Liitto ry, Liikkuva luontoleiri, Pinskut and Nuoret Kotkat joint project, EUR 40,000
- Lapselle lounas -kampanja, Food bags for low-income families, EUR 15,000 (Tradeka Foundation)

### Updating ways of working

- University of Helsinki, launching the HELSEED fund, EUR 50,000 (Tradeka Foundation)
- Arvo-liitto, Impact StartUp, EUR 25,000
- Gutsy Go ry, Gutsy Heroes, EUR 10,000 (Tradeka Foundation)

### Arts and culture

- The Finnish Museum of Photography, K1, EUR 50,000
- Työväen Näyttämöiden Liitto ry., Suomalainen työväenteatteri and Työväen Näyttämöiden Liitto 100th anniversary year, EUR 10,000



## 5.2 People

### Goals

- We follow the collective agreements currently in place and provide employee benefits that exceed the minimum level.
- We provide our personnel with more opportunities to work and reduce the use of zero-hour contracts.
- We support diversity at the workplace.
- We invest in personnel training and encourage our personnel to succeed at it.
- We listen to our personnel and ensure that they have significant representation on the board.
- Aspects related to the situation and wellbeing of our employees are considered in our investment activities.

### Metrics

- Occupational health and safety
- Diversity and equality
- Non-discrimination
- Avoiding zero-hour contracts
- Training
- Listening to personnel opinions

### Advancing personnel wellbeing, participation, and diversity in 2020

In terms of salary and employment, all Tradeka Group companies adhere to applicable laws and collective agreements, and Tradeka expects the same from their partners and contractors. As required by Tradeka's representative body, the group has offered personnel with more opportunities to work, and at Restel, for example, work is primarily offered to Restel's own currently working or laid-off personnel. In addition to offering additional work, the companies have systematically reduced the use of involuntary zero-hour contracts.

Employees are represented in the group's decision-making. Following the 2020 general meetings, a representative of personnel has been serving on the boards of Tradeka Cooperative, Tradeka-Yhtiöt, Med Group, Lehtipiste, and Restel.

The companies in the Tradeka Group have varying personnel profiles: variations in personnel demographics, such as age structure and education, is partly due to the vastly different industries that the companies operate in. The personnel working at Restel restaurants

is relatively young compared to many groups, with 53% under thirty years old. And indeed, Restel provides the first job for many. The company has been aware of this for long and therefore places increased focus on preparing youths for their post-fast food restaurant careers. Launched in 2020, Burger King's and Deaconess Foundation's 'Yhdessä työhön' project aims to make it easier for youths to get their foot in the door while improving their working life skills.

Employee benefits offered to the Tradeka Group personnel were improved and expanded further in 2020. The personnel are members in Tradeka's sickness fund, and the board of the fund decided that temporarily laid-off members of the fund are also entitled to compensation in the fiscal year. Other personnel benefits include a benefit at Restel's restaurants and various benefits offered through partners, such as online workouts at Elixia and the massage benefit. Towards the end of the year, the benefits came to include free entry to the Finnish Museum of Photography. Actions related to the pandemic and new benefits are described further on at page 19 under 'Coronavirus shifted focus to safety'.

We were forced to cancel the Linnanmäki amusement park recreation day dating back to 2019 for the personnel and their friends due to the coronavirus pandemic.

## Sickness fund took steps forward

The Tradeka sickness fund is an employees' sick fund in accordance with the Health Insurance Act. Members in Tradeka's sickness fund, personnel is entitled to various benefits related to health and wellbeing. The sickness fund reimburses, for example, visits to medical and dental care and part of the cost for spectacles. The employer's share of contributions to the Tradeka's sickness fund totalled 1.02% of the total salary of all employees belonging to the fund, or around 609,000 euros. Since 2020, the employer has been contributing an additional support payment, helping bring the employees' membership contributions down to 1%. For more information about the sickness fund operations, please visit [tradekansairauskassa.fi](https://tradekansairauskassa.fi).

In 2020, Tradeka's sickness fund launched a project designed to assess employee work capacity, with the intent to provide early support, improve sickness fund operations, reduce absences due to sickness, and enable savings through these improvements. The project was based on an observation indicating that proving quick help reduces sickness-related absences.

Over the course of the project, Tradeka's sickness fund members assessed the overall situation of 60 customers and actively counselled the customer at the early stages of their period of sickness allowance or incapacity for work. The customer was contacted

to check on their wellbeing and about the onset of their treatment and to brief them about potential rehabilitation options, income support, and the 'Palkka haltuun' project. And when necessary, the customer's work capacity was evaluated together with Kela, a doctor, and the group's HR team.

The people participating in the project were mostly happy about how they were contacted, and this helped develop the sickness fund's competence and improve their focus on the customer. Also, direct imbursement of short-term psychotherapy was added to the direct reimbursement agreement. As of 2021, work capacity-related support is a permanent part of the sickness fund services.

In the fall 2020, the sickness fund organized a survey for fund members. The survey studied customer satisfaction and awareness on fund benefits, receiving a total of 738 responses. The sickness fund is undergoing development based on survey results: the clarity of the website has been improved, communications have been improved through, for example, newsletters, and online instructions have been made available in English.

**738 responses  
to the Sickness  
Fund survey**







## The 'Palkka haltuun' project midterm results

Launched in late 2019, the 'Palkka haltuun' project by Tradeka Group and Takuusäätiö aims to develop a new type of employer benefit service that could be scaled up to the needs of other employers. The goal is to improve employees' personal finance and debt management skills at the workplace together with the employer. Restructure loans backed by the employer is a tangible tool for helping out employees.

Takuusäätiö is responsible for the practical aspects related to guidance and counselling. In addition, [Tradeka's website](#) has assembled a vast database of knowledge about developing your personal finance skills. All group employees participate in this two-year project. By the end of 2020, over 100 employees have received help through the service, with 11 loan restructurings granted. Materials published in relation to this project include two guides and one blog post: the 'Kiinnostu rahasta!' guide and a guide for managers for supporting employees that are facing financial difficulties. Takuusäätiö's blog post discussing wellbeing at work was among their most popular Facebook posts in 2020.

In November 2020, Takuusäätiö carried out a survey on financials and spending for Tradeka personnel as part of this project. Nearly all respondents had financial goals they were looking to meet, and their top priorities included reducing debt and building up their reserve funds. Successful management of personal finances is considered highly important for smooth everyday life. The survey showed that financial concerns are common and often have several harmful consequences.

The results were published through Takuusäätiö's and Tradeka's various channels and also led to two media articles. In December 2020, Seura magazine published an interview of a customer that had been granted a restructuring loan, and in early 2021, Yle published a radio and web article showcasing new type of wellbeing at work where Tradeka discussed the 'Palkka haltuun' project.

**Over 100  
employees have  
received help through  
the 'Palkka haltuun'  
service, with 11 loan  
restructurings  
granted.**

## Coronavirus shifted focus to safety

All companies in the group took several actions in 2020 to ensure safety for their personnel and for customers. Internal communication was increased and prioritised to ensure that company employees were up to date on the crisis, its impact, and the latest guidelines. The personnel were distributed filtering facepieces and cloth face masks at the workplace, on business trips, and for after hours. Lehtipiste's production facilities were split up into individual units and employees divided into smaller teams to minimize contact; production sites and locations adopted protective shields and antimicrobial films for touch surfaces. During March, office workers in all companies shifted to working at home exclusively or almost exclusively, and employees were supplied necessary equipment to their home, such as external monitors.

Restel distributed 50% of their government corona subsidies as a return-from-layoff compensation. Starting March 2020, sickness fund benefits were also available to laid-off personnel – the board of the sickness fund has decided to extend this policy at least until the end of March 2021.

In the spring, Tradeka established a helpline for their employees, available anonymously for discussing issues related to health or financial concerns or other topics causing anxiety. While Med Group's healthcare professionals answered the phone, it was not for health counselling but an opportunity to voice and discuss your concerns.





## 6. Environment and climate

### Goals

- Reducing emissions and waste in each industry.
- Environmental impact to be taken into account in our supply chains.
- Industry-specific environmental risk and impact evaluation is prepared in the companies of the group.
- The goals of the Paris Climate Agreement are taken into account in the strategies of all companies.

### Metrics

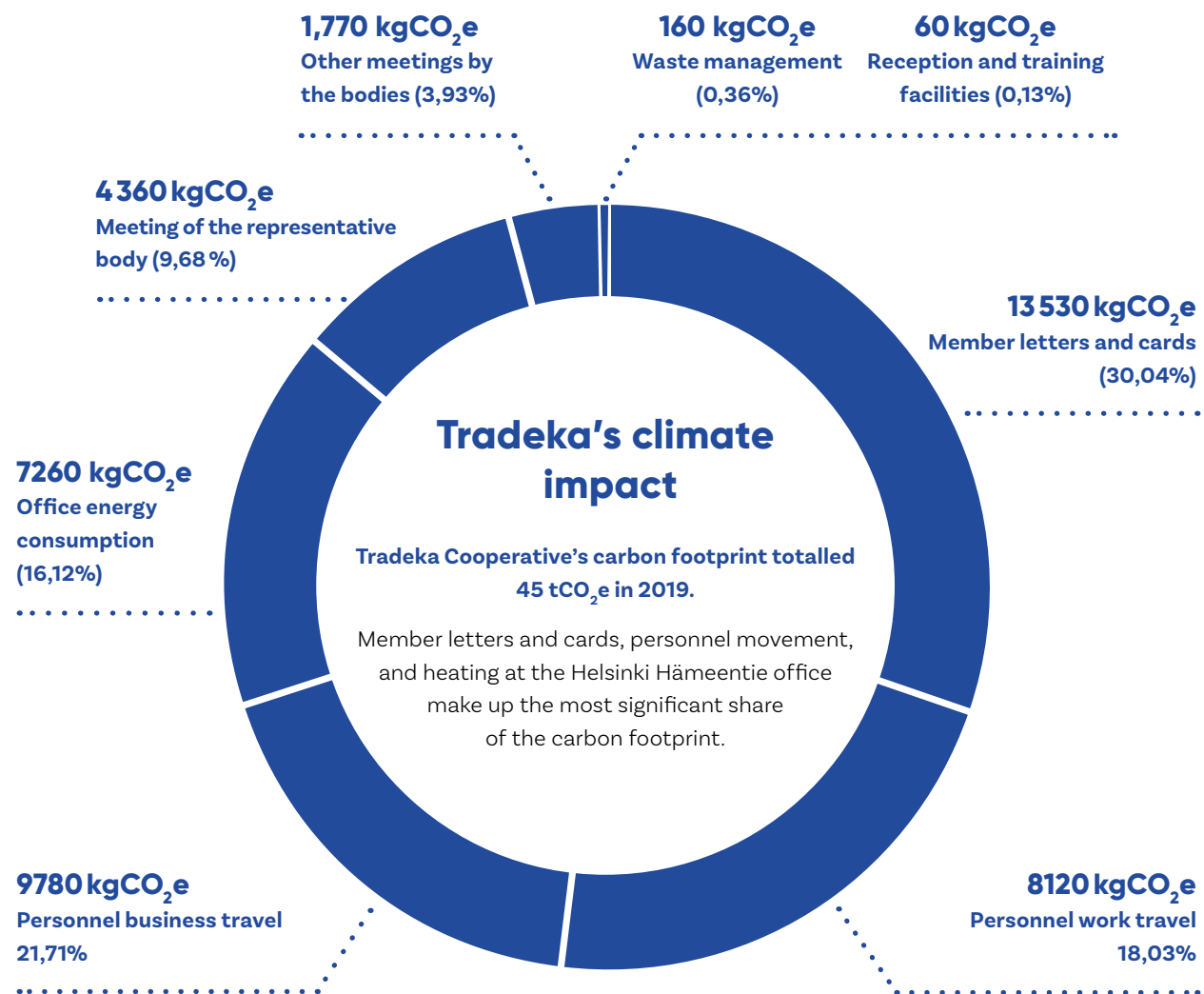
- Water use and volume of wastewater
- Waste
- Energy and emissions

### Reducing environmental and climate impact in 2020

The goals of the Paris Climate Agreement are taken into account in the strategies of all companies in the group. In the 2019 report, environmental metrics turned out to be challenging because companies in the Tradeka Group work in various industries, making it difficult, or even futile, to create shared universal environmental and climate metrics for all companies. Gathering location-specific data is also extremely difficult, creating another challenge. It was decided that each subsidiary will determine their respective way of taking Tradeka's group-level climate goals into account.

Once taking climate goals into account was added in their strategies, Tradeka and all subsidiaries in the group set out to identify the carbon emissions of their respective operations. Carbon footprint calculations were undertaken in the autumn at Tradeka Cooperative and Restel, and in late 2020 at the rest of the companies.





Carbon footprint calculations establish the broad view and baseline for the emissions produced by the group – this enables a more methodical approach to measuring the group's climate and environmental impact and its measurable reduction. Identifying the baseline is important when planning for future actions and targeting them effectively. 2019 was determined as the baseline year, the latest year available with operations at their normal scale.

The 2020 carbon footprint calculations are carried out in early 2021, and from then on calculations will be updated each year. Aside from carbon dioxide, carbon footprint calculations cover other major greenhouse gases, such as methane and nitrous oxide. The calculations are based on information received from product manufacturer or on second-hand information from scientific literature.

In terms of the group's environmental impact, parent company Tradeka's climate and environmental impact is easy to calculate, but due to the parent company's small size, its impact on group level is minor. In the fiscal year, cooperative's climate impact was reduced by the coronavirus pandemic as board meetings were primarily held online and business and work travel were reduced significantly.

## Tradeka-sijoitus addresses climate change in their investment portfolio

Tradeka-sijoitus Oy prepared a Climate policy, describing guidelines for taking climate change into account in the investment portfolio. The company started the carbon risk analysis work in the spring 2020 by implementing the ESG reporting provided by Investment Research Finland for following aspects such as investment portfolio carbon risk. Calculations are based on MSCI ESG Research data and use average carbon intensity as a metric, meaning tons of CO<sub>2</sub> emissions relative to revenue in millions of dollars weighted by company's market value.

Tradeka-sijoitus has made investment commitments for a total of 10 million euros, or around 1.9% of the investment portfolio, to funds that invest in renewable energy. 1.4 million euros, or close to 0.3% of the investment portfolio, has been committed to these investments. Forest investments totalled 9.7 million euros, or 1.8% of the investment portfolio. The company strives for a portfolio that supports the global net-zero emissions by 2050 goal. The Climate policy is published in its entirety on the [tradeka.fi](https://www.tradeka.fi) website.

The ESG reporting concerns Tradeka-sijoitus' liquid assets portfolio with a 60% weight in the base allocation. When deciding on long-term investments, the fund manager considers survey results exploring ESG aspects before making the investment.

## Reduction of Carbon intensity in the Investment and Fixed Income Portfolios

	Investment Portfolio	Fixed Income Portfolio
<b>Situation 9/2020</b>	182,7 (coverage 82,4%)	284,8 (coverage 58,2%)
<b>-15 % by 2022</b>	155,3	242,1
<b>-30 % by 2023</b>	127,9	199,4
<b>-40 % by 2025</b>	109,6	170,9
<b>-50 % by 2027</b>	91,4	142,4

Average carbon intensity = tons of CO<sub>2</sub> emissions relative to revenue in millions of dollars weighted by company's market value





## 6.1 Governance

### Goals

- The published governing principles (Corporate Governance guidelines for listed companies) are adhered to and followed up with reporting (CG report).
- Preparing ethical guidelines that include zero tolerance for corruption and regular follow-up on adherence and evaluation of the guidelines.
- Operations are transparent.
- Responsible tax citizenship and tax footprint evaluation and reporting.

### Metrics

- Governance
- Commitments
- Ethical guidelines
- Guidelines and methods for anti-corruption
- Education towards anti-corruption

### Good governance, transparency, and responsible tax citizenship in 2020

Good and transparent governance is an essential part of Tradeka's corporate responsibility and that of the other companies in the group. Tradeka Cooperative is committed to adhering to Corporate Governance (CG) guidelines and publishes a CG report on how the guidelines were followed. The 2020 report has been published on the [Tradeka website](#) where reports for the previous years are also available. Dedicated CG guidelines have been prepared for each subsidiary, and they follow these guidelines in their governance.

Redesigned in 2020, the website enables increased transparency on the website. Annual reports and lists of donations, among other things, are now readily available at the website. There are plans to increase transparency going forward, as 2021 will see an increase in communications related to the group's financial activities. Interim reports will be added to the website, along with more specific information on Tradeka-sijoitus' investment activities.

In the summer 2020, Tradeka's board confirmed ethical principles that also include zero tolerance for corruption. Ethical principles include a plan and actions for implementing the ethical principles. Tradeka's internal audit is in charge of overseeing the adherence to ethical principles. Restel has likewise prepared and approved similar ethical principles in 2020. The Tradeka.fi website also includes a feedback form for employees for reporting activities at Tradeka or its subsidiaries that potentially violate Tradeka's ethical principles. Anonymous feedback submitted through this form is audited internally to decide on any follow-up actions.

In 2020, the group started building a shared, group-wide whistleblowing channel in accordance with the EU Whistleblower Directive. The channel will be launched during spring 2021.

Tradeka publishes their 2019 tax footprint as part of the annual report. Tax footprint consists of the taxes and tax-like contributions to society, including VAT, from Tradeka's operations. In 2020, Tradeka's tax footprint totalled 57.1 million euros.

## Commitment to advance equality and diversity

This fiscal year, Tradeka pledged its support to Society's Commitment to Sustainable Development. In the commitment submitted at the Sitoumus2050 website, Tradeka promises to increase diversity and equality in their cooperative operations. They plan to reach this goal by supporting diverse nomination of candidates in internal elections and supporting the path of aspiring young adults to the cooperative's representative body and supporting the path of aspiring women to the boards and management positions at Tradeka and Tradeka-owned companies. You can read the commitment at the [sitoumus2050.fi-website](https://sitoumus2050.fi).

## Remuneration policy

Tradeka integrated corporate responsibility into its remuneration policy. Cooperative's representative body handles the motion in accordance with the Governance Code in their 2021 spring meeting. Integrating corporate responsibility into remuneration policy means that it not only helps reach strategic goals but also encourages people and bodies in its scope to take corporate responsibility aspects into account and improve corporate responsibility in conducting business.



# 7. Management of corporate responsibility

## 7.1 Corporate responsibility strategy and focus areas

In 2018, Tradeka Cooperative prepared a corporate responsibility strategy including comprehensive group-wide policy guidelines on corporate responsibility that include both donation activities and corporate responsibility goals for Tradeka Cooperative and Tradeka-Yhtiöt Oy's subsidiaries.

Responsibility is built into Tradeka's strategy, and Tradeka approaches it from two angles.

1

**As an owner, Tradeka expects** Tradeka-owned companies to conduct their operations in a responsible way and to continuously strive to improve in this area. Tradeka-owned companies strive to be the most responsible companies in their industries. Tradeka also requires that Tradeka-owned companies take the goals of the Paris Climate Agreement into account in their operations to limit global warming to 1.5 degrees Celsius. Tradeka supports Tradeka-owned companies in reaching their corporate responsibility goals.

2

**According to the profit-sharing promise,** Tradeka with the help of Tradeka's foundation direct a long-term average of 10% of the operating profit to activities benefiting society.

Tradeka Group thinks that corporate responsibility does not conflict with or exclude profitability but rather that the profitability of the business is essential to responsible operations.

As part of corporate governance, Tradeka has set tangible goals for Tradeka-owned companies concerning their financial success and corporate responsibility and prepared a responsibility strategy laying out specific focus areas as guidelines to how Tradeka sees corporate responsibility. In addition, subsidiaries have prepared their dedicated corporate responsibility programs that take into account the characteristics specific to the industries of the respective companies.





## 7.2 Values and leadership style

Tradeka's values have been defined in its strategy. Tradeka's values include **responsibility, sense of community, successful** and **profitable business**, and **humane market economy**.

Tradeka-Yhtiöt Oy, responsible for the corporate governance of Tradeka Cooperative's core business operations, follows four principles in their corporate governance:

- 1. profitability;**
- 2. expertise and consistency;**
- 3. long-term outlook;**
- 4. responsibility and moderation.**

According to Tradeka Cooperative's outline, Tradeka-Yhtiöt Oy's business shall be based on the focus areas of the corporate responsibility policy guidelines verified in Tradeka Cooperative's strategy and that Tradeka's corporate governance aspires to ensure that Tradeka-owned companies are the most responsible companies in their industries. Tradeka's corporate responsibility focus areas are incorporated into the company's and the subsidiaries' strategies and reflected in the actual operations of these companies.

Tradeka and each of its subsidiaries have designated people responsible for implementing corporate responsibility. The boards of all subsidiaries regularly handle corporate responsibility-related matters, and special focus is placed on corporate responsibility aspects as part of the annual strategy process. The group's management team work begun in the fall 2020,

creating another forum for monthly handling of matters related to the group's corporate responsibility.

The boards of these companies perform self-evaluation each year with a comprehensive review of board work.

As planned for 2020, the corporate responsibility aspect was incorporated into the boards' self-evaluation process. In the future, corporate responsibility will be integrated into the earlier stages of the self-evaluation process.

This fiscal year, the persons in charge of Tradeka Cooperative's and its subsidiaries' corporate responsibility participated in the activities of UN's Global Compact network along with their trainings and other events. Tradeka and Med Group each also signed up two persons for a six-month Global Compact SDG Ambition Accelerator training programme where they are tasked to evaluate their operations and identify potential risk areas in reaching UN's Sustainable Development goals. Tradeka Cooperative also supports the operations of UN's responsible investment secretariat and participates in the activities of FINSIF, an organisation promoting responsible investing in Finland.

### Tradeka's values





## 7.3 Risk assessment and the prudence principle

In 2019, Tradeka Cooperative, Tradeka-Yhtiöt, and its subsidiaries prepared a risk analysis of their operations, exploring risks related to their operations on a wide spectrum. The analysis is updated each year. Tradeka Cooperative also updated their risk assessment related to privacy and processing of personal data. The risk analyses have been reviewed at the boards of the companies and in Tradeka's audit committee, and they include an assessment of risk likelihood and significance along with actions to manage risks along with assignment and follow-up of persons responsible. Risk analyses also include corporate responsibility aspects both in terms of damages and reputation.

According to Restel's assessment, Restel Liikenneasemat Oy involves a potential environmental risk related to handling of fuels. This risk is managed by following safety instructions. There are no other systematic assessments of Restel's potential environmental risks as of yet, but such an assessment is forthcoming. Tradedot Group's (Lehtipiste) most significant environmental aspects relate to greenhouse gas emissions from transportation, waste handling, and use of packaging materials. There are no perceived environmental risks in the operations of Tradeka Cooperative and Tradeka-Yhtiöt.



## 7.4 Stakeholder participation

The cooperative has set out ensure that members and customers are heard actively and in various ways, and the group invests in developing new communication channels and dialogue with these groups. Related to this, the cooperative has implemented an electronic member initiative program where members can submit their ideas on member benefits, business operations, or corporate social responsibility activities. In 2020, members had the opportunity to vote on the selection of donations targets. In addition, Tradeka's communications and communication channels have been improved to increase interaction.

The extensive work planned for the fiscal year to identify and listen to stakeholders has not yet been realized as planned. However, individual stakeholders essential to operations have been identified and heard. Tradeka Cooperative has conducted stakeholder surveys to select essential stakeholders, i.e. members and cooperative governance members. In addition, companies in the group have collected feedback from their customers and personnel. Restel asked what respondents associate with corporate responsibility in their customer and personnel surveys, Paletti conducted an extensive customer study in 2020, and people working at the customer contact points collect feedback. Med Group queries about corporate responsibility from their clients, customers, and personnel. Both Tradeka and its subsidiaries also performed personnel surveys in 2020, with questions related to equality and how it is realized.





## 7.5 Supply chains

As part of corporate responsibility, the group has emphasized contractor obligations in procurement and in operational activity. In 2020, matters related to contractor obligations were assessed for all companies in the group. The survey was designed to assess the extent of external labour use, subcontracting, and procurement of construction services, and to identify procurements that fall under the Act on the Contractor's Obligations and Liability when Work is Contracted Out for each company.

Responsible supply chain, along with related assessments and reporting, will continue to be a focus in the coming years. Tradeka has no significant supply chains of its own, and it primarily buys services. Tradeka-sijoitus requires that its asset managers commit to UN's Principles for Responsible Investment and conducts an annual survey for asset managers on taking ESG (Environmental, Social and Governance) aspects into account.

Restel requires environment and corporate responsibility reporting annually from their major partners. Lehtipiste's subsidiary Paletti Oy commits to sustainable development in their operations in accordance with FSC and PEFC standards for sustainable forest use – including in their supply chains. A more specific analysis of supply chains will be performed in the coming years.

## Tradeka's ethical principles

Tradeka Cooperative and Tradeka-Yhtiöt are committed to Tradeka's ethical principles verified in 2020 in their operations. They are connected to the UN Global Compact commitment and include principles related to human rights, labour, environment, and anti-corruption. Tradeka's ethical principles have been published on the [tradeka.fi](https://tradeka.fi) website.

**tradeka.fi**