

S GROUP AND SUSTAINABILITY 2022

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S GROUP

A RECORD AMOUNT OF FINANCIAL BENEFITS PAID FOR OUR CUSTOMER OWNERS

We paid a record amount of nearly half a billion euros as Bonuses and other financial benefits to our co-op members. We made efforts to keep the inevitable price increases reasonable for consumers. As food prices increased, the cooperative's core values are emphasised. Our mission is not to maximise our profit.

P. 7–9

S-KAUPAT IS THE MARKET LEADER IN GROCERY ONLINE SHOPPING

Development progressed in both the food and consumer goods online stores. Prisma.fi and Sokos.fi were renewed and S-kaupat online grocery store was developed further according to the customers' wishes and it secured its position as a market leader. More than 250 S Group stores already offer online grocery shopping, from Ivalo to Helsinki.

P. 14

S GROUP AND THE FINNISH RED CROSS HELP TOGETHER

We organised a fundraising campaign with the Finnish Red Cross to help those affected by the crisis in Ukraine. So far, we have already raised nearly one million euros with our customers for the Finnish Red Cross's Disaster Relief Fund.

P. 49

TOWARDS A NEW NORMAL OF SUSTAINABLE CONSUMPTION – TOGETHER, ONE STEP AT A TIME

PROMOTING A PLANETARY DIET

We encourage our customers to eat healthier and more sustainably for the climate. Our goal is that 65% of the food we sell will be plant-based by the end of 2030. In 2022, plant-based food accounted for 59% of our food sales.

P. 52

THE POSSIBILITY TO OFFSET THE EMISSIONS FROM HOTEL STAYS AT SOKOS HOTELS

Since late 2021, Sokos Hotels customers have been able to offset the carbon footprint of their overnight stays and breakfasts at Sokos Hotels. The hotel chain was the first in Finland to offer private customers the opportunity to offset their carbon footprint. In 2022, a total of almost 33,600 days of hotel stays were offset.

P. 59

NATIONAL ABC CHARGING NETWORK FOR ELECTRIC CARS

S Group aims to build a network of electric car charging stations covering the whole of Finland between 2021 and 2024. The network is called ABC charging, and it will serve customers at S Group's ABC stations, supermarkets and hotels. By the end of 2022, 205 of our locations already had ABC charging stations.

P. 62

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

ASSESSING OUR IMPACTS ON BIODIVERSITY

We are having our impact on nature studied in a pioneering project. Our natural footprint, or any harmful impact that our operations have on biodiversity, are being studied by JYU. Wisdom, the School of Resource Wisdom at the University of Jyväskylä. Preliminary results on our total natural footprint will be published in the spring of 2023. We also participated in a pilot programme organised by FIBS in which companies piloted the new guidelines by the Science Based Targets Network (SBTN) for setting science-based targets.

P. 75

WATER STEWARDSHIP IS A CENTRAL PART OF OUR BIODIVERSITY WORK

At S Group, water stewardship work covers our outlets, procurement and value chain. In our water stewardship work, we want to focus first on understanding our positive and negative impact and our potential to influence them. We joined the Alliance for Water Stewardship collaboration network and we take part in the Baltic Sea Action Group project. **P. 79**

OUR ENERGY SAVING MEASURES WORK

The year 2022 was exceptional. In the autumn, an energy savings campaign was announced in Finland, which S Group also took part in. We reduced the temperature of more than a thousand locations by one degree. In addition, we prepared to reduce the consumption of electricity through planning and forecasts, thus helping to mitigate any national consumption peaks. We have reduced our relative energy consumption by more than 40% compared to 2010. **P. 70**

TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

A STUDY ON THE FAMILY FRIENDLINESS AND CHILDREN'S RIGHTS IN TEXTILE PRODUCTION

We carried out a study on issues related to the rights of women and children, as well as the implementation of children's rights and family friendliness guiding business at textile production workplaces in Bangladesh.

P. 102

OFFERING HELP AND EMPLOYMENT TO PEOPLE FLEEING THE UKRAINIAN WAR

The Työstä turvaa project allows companies to offer employment to people fleeing the war in Ukraine. The project coordinates the efforts of companies helping Ukrainians in temporarily settling down and integrating in Finnish working life. Eight of S Group's cooperatives have already registered for the project. In addition, other measures have been taken to assist Ukrainians, and Ukrainians have also been employed elsewhere within the S Group.

P. 118

WE PROVIDED SUMMER JOBS FOR APPROXIMATELY 15,000 YOUNG PEOPLE

S Group is one of Finland's largest employers of young people. We provide a significant group of people with their important first experience of working life, for example in the form of summer work or traineeship. In the summer of 2022, we provided summer jobs for approximately 15,000 young people in stores, restaurants, hotels, service station stores and the Sipoo logistics centre.

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S Group is a Finnish cooperative group of companies owned by its customers. We offer services in the supermarket trade, department store and speciality store trade, service station store and fuel sales, as well as the travel and hospitality business. In addition, some of the cooperatives engage in automotive trade, and the comprehensive banking services provided by S-Bank cover the whole of Finland.

In 2022, S Group's retail sales amounted to around EUR 13.5 billion. With its 40,000 employees, S Group was the largest private sector employer in Finland.

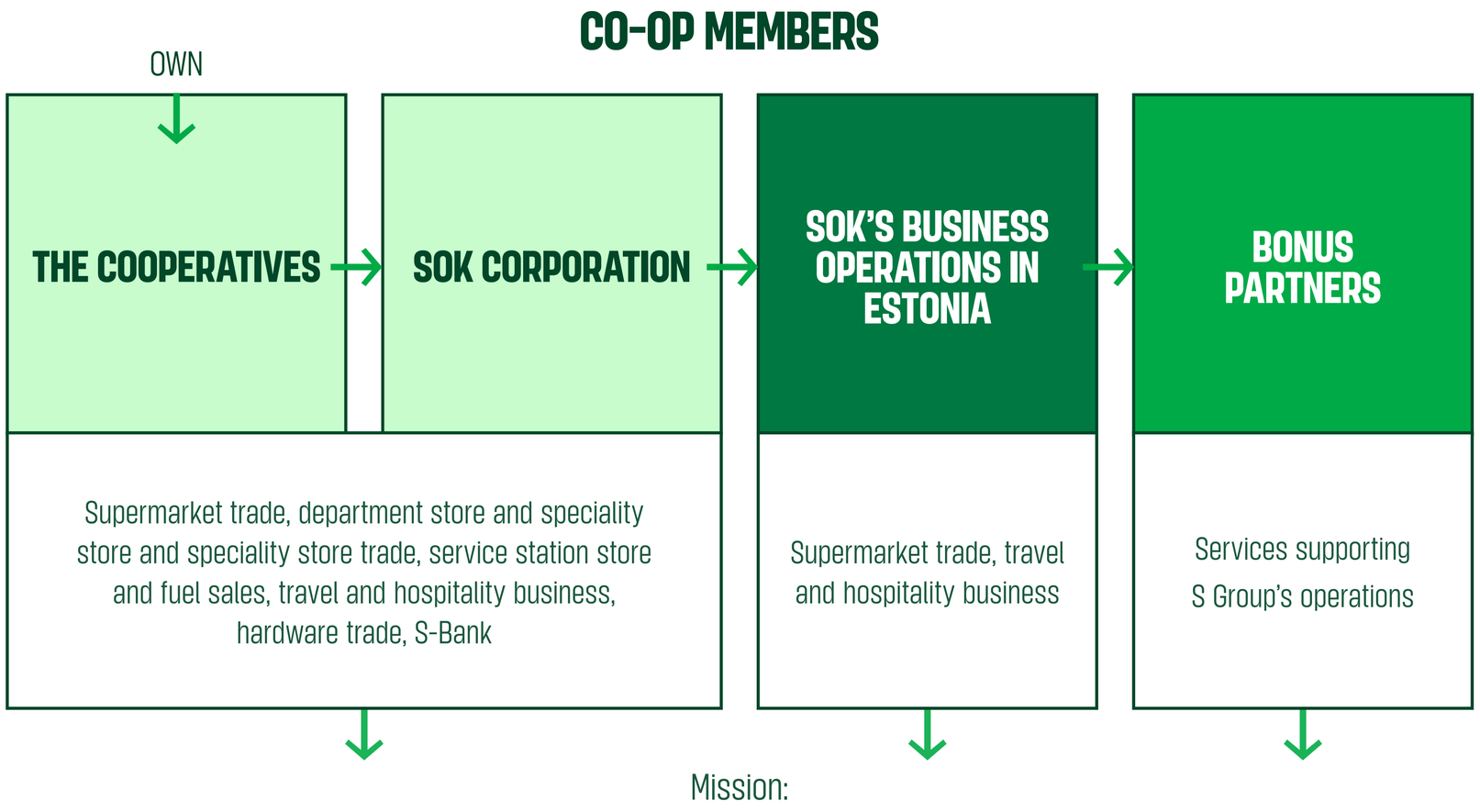
S GROUP IN BRIEF

S Group consists of 19 regional cooperatives and SOK Corporation, as well as their subsidiaries. The network of cooperatives extends throughout Finland, and the regional aspect is highlighted in the operations of the cooperatives. The co-op members own the cooperatives, which in turn own SOK Corporation.

SOK Corporation consists of Suomen Osuuskauppojen Keskuskunta (SOK) and its subsidiaries. SOK is a central cooperative that provides expert and support services – such as supply chain management, product range, procurement and marketing services – for the S Group cooperatives.

SOK is also responsible for the strategic steering of S Group and the development of the business chains.

SOK's subsidiary SOK Liiketoiminta Oy, engages in the supermarket trade and the travel industry and hospitality business in Estonia. The business operations in Russia ended in the spring of 2022, and the business operations of the Prisma stores and hotels in St Petersburg were sold in June.



REGIONAL COOPERATIVES AND INTERNATIONAL OPERATIONS

REGIONAL COOPERATIVES

Helsinki
Helsinki Cooperative Society Elanto

Joensuu
Northern Karelia Cooperative Society

Jyväskylä
Osuuskauppa Keskimaa

Kajaani
Maakunta Cooperative Society

Kirkkonummi
Varuboden-Osla Handelslag Cooperative Society

Kokkola
KPO Cooperative Society

Kouvola
Kymen-Seudun Osuuskauppa Cooperative Society

Kuopio
PeeÄssä Cooperative Society

Kuusamo
Koillismaa Cooperative Society

Lahti
Hämeenmaa Cooperative Society

Lappeenranta
Southern Karelia Cooperative Society

Mikkeli
Suur-Savo Cooperative Society

Oulu
Arina Cooperative Society

Pori
Satakunta Cooperative Society

Rauma
Keula Cooperative Society

Salo
Suur-Seutu Cooperative Society

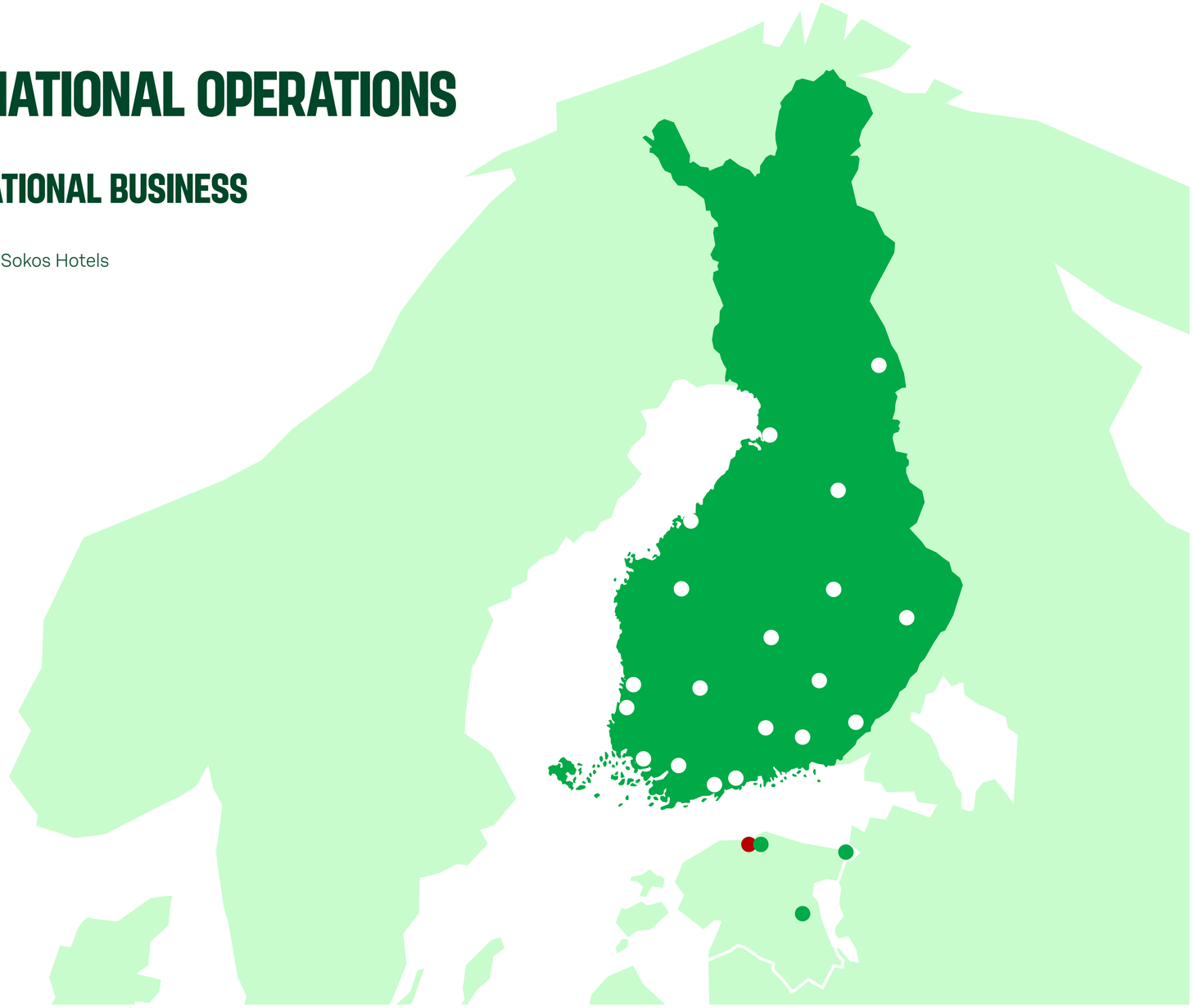
Seinäjoki
Etelä-Pohjanmaan osuuskauppa Cooperative Society

Tampere
Pirkanmaan Osuuskauppa Cooperative

Turku
Turku Cooperative Society

INTERNATIONAL BUSINESS

Estonia
Prisma Sokos Hotels



S GROUP IN FIGURES

S Group's operating profit improved from the previous year. The development was largely driven by the travel industry and hospitality business's recovery from the difficult pandemic period. The department store and speciality store trade and service station store and fuel sales also recovered as Covid restrictions were lifted. In the supermarket trade, sales and customer volumes increased in 2022, but the result for the business area remained below that of the previous year. In the difficult financial situation, the cooperative kept its promise of an affordable shopping basket. As a result of Russia's invasion of Ukraine, we divested our business operations in Russia.

Significant investments in Finland continued in 2022. The investments included renewals in the Sale chain and Prisma stores, as well as in the hotel and restaurant network. The ABC Charging Network more than tripled during the year, and the number of solar panels increased to 110,000.

OPERATING PROFIT

325

EUR MILLION

INVESTMENTS

556

EUR MILLION

RETAIL SALES EXCLUDING TAXES BY BUSINESS AREA

BUSINESS AREA	SALES (EUR MILLION, S GROUP TOTAL)	COMPARED WITH THE PREVIOUS YEAR, %
Supermarket trade	9,699	+4.3
Service station store and fuel sales	2,282	+28.2
Travel and hospitality business	728	+47.4
Department stores and speciality stores	259	+5.9
Others	498	-3.7
S Group total	**13,465**	**+9.2**

S GROUP'S RETAIL SALES EXCLUDING TAXES (EUR MILLION)

SALES: FINLAND

13,209

EUR MILLION

SALES: ESTONIA

223

EUR MILLION





SALES: RUSSIA

33

EUR MILLION



S GROUP IN TOTAL

13,465

EUR MILLION

COOPERATIVE ACTIVITIES AND CO-OP MEMBERSHIP

Because of the cooperative form of business, the money circulating in the operations of S Group's cooperatives benefits the co-op members and ensures regional well-being and vitality. Earnings from operations are invested for the benefit of the co-op members by developing services and renovating locations, or distributed to the co-op members in the form of various benefits, such as the Bonus and payment method-related benefits.

NUMBER OF CO-OP MEMBERS*

2,512,159

*MEMBERSHIP OF COOPERATIVES

TOTAL AMOUNT OF CASH BENEFITS PAID TO CO-OP MEMBERS

484

EUR MILLION

BONUS

414

EUR MILLION

Co-op members are eligible for a Bonus of up to 5% – in other words, they receive money back from purchases at more than 2,000 outlets.

PAYMENT OF INTEREST ON MEMBERSHIP FEE

2.7

EUR MILLION

If the cooperative's financial performance in the previous year is good enough, the cooperative may pay interest on the membership fee (EUR 100) paid by its co-op members.

RETURN OF SURPLUS

55.3

EUR MILLION

The return of surplus is calculated on purchases that co-op members make at the outlets of their own cooperative by the end of the previous year. The return of surplus is paid by some of the cooperatives.

PAYMENT METHOD BENEFIT

12.3

EUR MILLION

When co-op members pay with their S-Etukortti card, they receive a payment method benefit of 0.5%.

S GROUP'S KEY FIGURES

	2022	2021
Retail sales excluding taxes, EUR million	**13,465**	12,329
Finland	**13,209**	12,021
Estonia and Russia*	**256**	307
Operating profit, EUR million	**325**	280
Investment, EUR million	**556**	786
Cash benefits paid to co-op members, EUR million	**484**	436
Co-op members**	**2,512,159**	2,471,637
Employees	**40,875**	39,861
Job satisfaction index	**76.3**	75.8
Outlets	**1,984**	1,909
Emissions from S Group's own operations, tCO_2e	**98,400**	127,400
Share of renewable electricity in all electricity consumption at S Group, %	**82**	100
Specific energy consumption, KWh per gross m^2	**256**	259
Recycling rate, %	**76**	73
Relative food waste in supermarket trade, %	**1.44**	1.47
Coverage of audits of purchases from high-risk countries, %	**99**	97.6
Certification rate in the sales volume of private-label products, %		
coffee	**100**	100
tea	**100**	100
cocoa	**100**	100
cotton	**61**	29
soy	**86**	83
Share of plant-based food products, %	**59**	59
Share of Finnish food products, % *	**78**	74

*S Group's business in Russia has ended. Prisma and hotel business operations in Saint Petersburg were sold in June 2022.

**Membership of cooperatives

*** Calculated based on sold food products and restaurant procurement (EUR).

Specific consumption of energy, recycling rate, relative food waste in the supermarket trade, coverage of audits of purchases from high-risk countries and the share of Finnish food products do not include data from neighbouring regions.

Assurance report 2022 for the specific consumption of energy, emissions of our own operations, recycling rate, relative food waste, coverage of audits of purchases from high-risk countries and the share of Finnish food products

PERSONNEL AND OUTLETS

S GROUP TOTAL

40,875

EMPLOYEES

SOK CORPORATION*

6,462

EMPLOYEES

*Includes S-Bank's personnel. Previously, bank personnel have been included in the figures for regional cooperatives.

REGIONAL COOPERATIVES

34,413

EMPLOYEES

OUTLETS*

1,984

S GROUP TOTAL

*The number of outlets does not include restaurants located within the same premises as other outlets.



CEO'S REVIEW

THE COOPERATIVE'S CORE FUNCTION WAS EMPHASISED IN 2022

The exceptional times continued in 2022 as Russia's invasion of Ukraine once again transformed the operating environment. Challenging times bring the cooperative's core mission and stability into focus. We kept our price promises and paid customers a record amount in Bonuses. Last year also proved the value of investing in our own energy production.

The beginning of 2022 was still defined by the Covid restrictions, but a return to normal was already on the horizon. However, in February, the Russia's invasion of Ukraine caused a new global shock. The knock-on effects of the war were reflected in the economy and consumption. Energy prices and inflation began to rise, and consumers' purchasing power decreased more than it had in decades.

The war also affected S Group. Russian products were removed from our product range, and all Russian business operations were divested. The sales processes of the supermarket trade and hotel business in St. Petersburg were completed in June.

As food prices increased, the cooperative's core values are emphasised. Our mission is not to maximise our profit. That is why we have made efforts during these times to keep the inevitable price increases reasonable for consumers. We also paid a record amount of nearly half a billion euros as Bonuses and other financial benefits to 2.5 million co-op members. Exceptional times also call for exceptional measures for the domestic food supply chain and security of supply. Last year, we channelled more than half a billion euros into the food supply chain after additional price negotiations were opened in the spring.

Despite the turbulence in the operating environment, we have not lost our ability to look towards the future.

The second major milestone for our business operations this year came in the form of lifted Covid restrictions. At the beginning of the year, restrictions were still causing difficulties in the operating conditions of the travel industry and hospitality business as well as department stores, service station stores and fuel sales. However, demand recovered rapidly in the spring, and both our sales and operating profit developed favourably.

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The excellent recovery of hotels and restaurants was a particular cause for celebration. The department store trade also recovered, and fashion sales at Sokos were significantly better than the rest of the market in 2022. The service station store and fuel sales recovered as mobility increased in the spring. However, full-year traffic volumes remained below pre-pandemic levels as prices rose, which slowed the recovery of ABC restaurants. In the supermarket trade, customer volumes, sales and market share increased, and our position as the market leader in online grocery shopping was further secured. The year was also strong for the S-Bank Group, which had the best result in its history.

This success during challenging times shows that our customer satisfaction has remained at a high level. At the same time, we have been able to attract new customers. The cooperative's basic promise of affordable price levels, successful chain concept renewals and an extensive product range are what make us attractive.

The promise of affordable price levels, chain concept renewals and an extensive product range are what make us attractive.

Workplace community surveys also show that the personnel's job satisfaction has improved and is overall at a good level in S Group. In many regional cooperatives, the results have even been excellent. This is fantastic, especially when we recognise how exceptional the last few years have been.

Despite the turbulence in the operating environment, we have not lost our ability to look towards the future. We continued to develop our services and make significant investments in Finland. Network renewals will particularly be targeted at the Sale chain, Prisma stores and new restaurants and hotels. Prisma and Sokos, which celebrated their 50th and 70th anniversaries, showed that iconic brands are built to last and can be renewed to keep up with the times.

In line with our strategy, we also made rapid progress in our digital development, which included a renewal of our online stores.

The energy crisis placed our ambitious and long-term climate work in the spotlight in an entirely new way. S Group's relative energy consumption in Finland has decreased by more than 40% since 2010. We employed additional measures as part of the national energy savings campaign. We reduced the temperature of more than one thousand of our locations, and we further reduced our electricity consumption in national peak consumption situations. We have 110,000 solar panels and we have invested approximately half a billion euros in wind power in the last ten years. In the autumn of 2022, we announced our latest wind farm projects in Luvia in Eurajoki.

As part of our extensive sustainability work, we started a project in 2022 to investigate the Group's natural footprint. The purpose of the pioneering project is to develop tools for assessing the harmful impact that companies and organisations have on nature. We also committed to the UN Global Compact initiative to support its ten principles related to human rights, labour principles, the environment, and anti-corruption activities. The goals set out in S Group's sustainability programme are integrated in the remuneration system of S Group's management.

We will continue to face challenging times in 2023. We will focus heavily on our core mission, benefiting our customers, while ensuring competitiveness in the future. We have a firm belief that the same strengths that helped us overcome the pandemic will continue to help us in the future.

Hannu Krook, CEO, SOK





A CUSTOMER-ORIENTED STRATEGY WILL CONTINUE TO GUIDE US IN TIMES OF CHANGE

For the last three years, significant and sudden changes in the operating environment have shaken both S Group and society as a whole. In 2022, the pandemic period was followed by Russia's invasion of Ukraine, the energy crisis, rapidly increasing inflation and weakening purchasing power. The outlook for the coming years is now fundamentally different from the beginning of last year. At the same time, sales and services are shaped by key drivers of change, such as digitalisation, increasingly international competition and the polarisation and fragmentation of consumption. All of these continue to change our operating environment. Climate change and weakening biodiversity also will not stop.

S Group's strategy helps us respond to the immediate challenges while continuing to build long-term competitiveness and a path to sustainable future. Some of the cornerstones of our strategy are producing cooperative activities that produce competitive advantage and increasing customer benefits and performance. Our group's mission, "Together we build a better place to live" was joined in the beginning of 2022 with our vision, "Making your every day taste special".

The customer is at the centre of our operations. Competitive, constantly renewing services and rewards will provide our co-op members with unparalleled benefits and convenience – and in the future, they will be provided in an even more targeted manner while making customers' daily lives better. If we succeed in our mission, customers will want to concentrate their business with our group. Co-op membership only becomes profitable and meaningful through our practical actions. For example, we will be increasing our co-op members' abilities to influence our selections and services.

S Group's development drivers include knowledge-based management and customer consultation. Data and analytics will be used increasingly systematically in the development of our business and services. More efficient operations and more relevant product ranges will improve customer experience and increase customer benefits.

Local operations are also a source of power for us. At the same time, operating nationwide improves the efficiency and performance of our operations. Digitalisation and genuine multichannel operations enable the growth of both customer benefits and business operations. By combining these aspects, we can develop our services and product ranges to be both competitive and suitable for the tastes of each city and customer.

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Increasing the cost-efficiency and performance of our operations are important parts of our strategy. In the difficult financial situation of 2022, the basic task of a cooperative – maximising benefits to the customer – was of particular importance. We were able to improve the efficiency of our operations, and we did not pass all cost increases onto consumer prices.

In 2022, we focused particularly on strengthening the competitiveness of co-op membership and customer loyalty, as well as improved service and performance. In addition to the network renewals, we updated online services for the ABC chain, Sokos, Prisma and the Raflaamo.fi restaurant service. Application development operations also remained strong. The S-mobiili app, which brings together all the services and benefits for a co-op member, has already been downloaded more than two million times. The ABC-mobiili app, a favourite among road users, has been downloaded approximately 600,000 times.

S Group's development drivers include knowledge-based management and customer consultation.

The supermarket trade took great strides in the use of data and analytics, allowing for store-specific optimisations increasingly based on customers and their needs. For example, Prisma's Outdoor concept was expanded to the national level, serving the needs of new customers who enjoy outdoor activities in their leisure time. Solutions that enable self-service enable us to make our stores and hotels more convenient for customers. Our new digital tools also facilitate the work of our personnel.

We are setting the bar high in sustainability: We want to be a pioneer in our industry. This annual review offers many examples of how we take care of people and the environment. As part of our ambitious climate work, we have invested in energy efficiency and renewable energy production for years. The energy crisis has highlighted the importance of this work. Our sustainability programme is part of carrying out S Group's mission. It reaches far into the future while taking into account the safeguarding of biodiversity and the sustainable use of natural resources.



BUSINESS AREAS

SUPERMARKET TRADE

CUSTOMER VOLUMES AND SALES GREW DESPITE THE CHALLENGING YEAR

For S Group's supermarket trade, 2022 was the third consecutive exceptional year. The first few months of the year were defined by the pandemic and the associated restrictions. In February, Russia's invasion of Ukraine and the resulting rapid increase in prices and costs also changed the operating environment for the supermarket trade.

However, the supermarket trade managed to address the challenges well and bear responsibility in these exceptional circumstances. Sales grew by 4.3% year-on-year and customer volumes increased. The result for 2022 was more modest than in the peak years of the pandemic. In the autumn, we celebrated Prisma's 50th anniversary with our personnel and customers.

Russian products were quickly removed from the selection after the beginning of the war. The Prisma stores in St. Petersburg were closed in March, and the divestment of business operations was completed in June.

The price pressures for primary production grew in the food supply chain due to the knock-on effects of the war. Exceptional measures were needed in these exceptional circumstances. Therefore, S Group opened additional price negotiations in Finland in the spring. In 2022, we spent more than half a billion euros in the domestic food supply chain. The special measures will continue in 2023. As a completely Finnish business group, the high share of domestic origin in our products and the functionality of the food supply chain are important things to us.

S Group's grocery trade sales increased faster than the rest of the Finnish market in every month of 2022. Customer volumes and the market share of the grocery trade also increased. As food prices rose at the turn of the year, the price of food was a prominent topic both in customers' daily life and in public discourse. As the financial situation became more challenging, S Group's grocery stores maintained their principle of affordable grocery shopping. We strived to keep the inevitable price increases as affordable as possible for consumers.

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As expected, sales in the consumer goods trade levelled off as the pandemic came to an end and services recovered. The accelerating inflation towards the end of the year weakened consumers' purchasing power. The change in demand happened quickly. More consumers began to make careful choices. However, sales around Christmas exceeded the previous year's level, and the extra co-op member days in June were a success.

The hardware trade was renewed in May under the Prisma Rauta concept. The previous Kodin Terra stores became Prisma Rauta stores. As a concept, Prisma Rauta will cover our large hardware store units, Prisma supermarkets' hardware sections, the Prisma.fi online store and separate Prisma Rauta stores located in connection with some Prisma markets. Prisma's online store, Prisma.fi, was renewed before the Christmas sales season, and its development will continue intensively in 2023.

Consumers consider Prisma the most sustainable brand in the grocery trade.

Source: Sustainable Brand Index

Online grocery shopping was developed further according to the customers' wishes, and the S-kaupat service secured its position as a market leader. More than 250 S Group stores already offer online grocery shopping, from Ivalo to Helsinki. In the autumn, HOK-Elanto and Pirkanmaa Cooperative Society announced they were opening automation-assisted grocery shopping picking centres in 2024. In 2022, the Kerää ja skannaa service was implemented in 31 Prisma stores. In 2023, the service will expand to 27 new Prisma stores.

Store renovations in the Sale chain proceeded quickly in 2022. Seven Prisma stores were renewed, and three new Prisma stores were opened in Finland: Liisanlehto, Sastamala and Lippulaiva. Three new Prismas were opened in Estonia and four underwent major renovations. There are now 14 Prisma stores in Estonia.

The energy efficiency of stores was improved by new refrigeration furniture, and wasted energy decreased by 2% from the previous year. Sustainability work also increased with regard to the cotton certification target for S Group's private labels. In 2022, 61% of private label cotton was responsibly produced.

In the annual Sustainable Brand Index survey, consumers considered Prisma the most sustainable brand in the grocery trade. The Kotimaista product range also placed near the top. Employee job satisfaction improved in the supermarket trade from the previous year, remaining at a high level.

Customer-oriented concept and development work will continue to remain at the heart of our operations in 2023. We will continue to develop our product range to be more relevant and optimised for the customer base, and our online stores will continue to support our multi-channel development. During these difficult times, ensuring price competitiveness and improving operational efficiency will also be of particular importance.



SALES

259

EUR MILLION

20

SOKOS STORES

41

EMOTION SHOPS

7

OTHER SPECIALITY STORES

DEPARTMENT STORES AND SPECIALITY STORES

FASHION SALES AS THE DRIVING FORCE FOR RECOVERY AT THE 70-YEAR-OLD SOKOS

The year for department store and speciality stores was defined by significant changes in the operating environment: the Covid restrictions in the early year, the lifting of the restrictions and the accelerated inflation caused by Russia's invasion of Ukraine. At the same time, 2022 was a time of strong recovery for the business area, as well as a year of celebration as Sokos had its 70th anniversary.

In 2022, the sales and operating profit developed favourably in S Group's department store and speciality store trade. The Covid restrictions in January–February stopped the customer flows of brick-and-mortar stores, hurting sales. However, after the restrictions were lifted, figures quickly returned to the levels before the pandemic. In the turbulent operating environment, ensuring good development required care and successful planning.

Sokos was selected as the best clothing store in Finland.

Source: Brand valuation 2022 study.

In the spring, the increase in customer flows in city centres, the decrease in remote work and increased events accelerated recovery. Fashion sales at Sokos in particular outperformed the market.

In the beauty product group, customers were interested in make-up, fragrances and hairstyling products. During the Christmas party season, Sokos was the first store to launch a make-up filter using augmented reality technology on the Instagram app. The filter shows the user what professionally designed make-up would look like on them. The development of the filter, which provides inspiration and makes purchases more convenient, will continue based on the positive customer feedback it has received.

The new store concept of Emotion, the largest speciality beauty store chain in Finland, is expanding rapidly. The project was first piloted in shopping centre Lippulaiva in Espoo. After that, several stores were renovated according to the new store concept during 2022.

Sales in the online store remained at the same level where it rose during the pandemic. The updated Sokos.fi website was opened in the autumn of 2022. The update project was implemented by listening to customers' feedback. At the same time, the purchasing and delivery processes were streamlined further.

In 2022, S Group's oldest chain, Sokos, celebrated its 70th anniversary. The anniversary year's products included speciality products from brands such as Marimekko and Lumene. The anniversary year's programming also included the Smallest Department Store in the World Tour. A mobile department store operating out of a van visited events around Finland during the summer.

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In 2022, S Group's oldest chain, Sokos, celebrated its 70th anniversary.

The department store and speciality store trade highlights the importance of excellent customer encounters, great service and active sales work. We have made long-term investments in all of these areas, which was once again reflected in our results in 2022. Customer satisfaction improved at both Sokos and Emotion. In a study carried out by the Finnish Commerce Federation and the Federation of Finnish Special Commodity Trade ETU, service work at Sokos rose to the top of its category. In the 2022 Brand valuation survey organised by Taloustutkimus, Sokos was selected as the best clothing store in Finland.

In 2022, a new tool called Valmentamo was created to support the competence of personnel and continuous development. It supports the Myyn mielihyvää model for service and customer management. In addition to customer satisfaction, job satisfaction is also an important indicator of our success, and it saw positive development in both the Sokos and Emotion chains in 2022.

Although the outlook in the operating environment is uncertain, S Group's department store and speciality store trade has entered the new year with a strong foundation. A strong Finnish brand operator has everything it needs to outperform the market. In 2023, the focus will be on developing multichannel operations and customer experience. The development of personnel competences and leadership will also remain at the heart of our operations.







SALES

2,282

EUR MILLION

94

ABC SERVICE STATIONS

354

UNMANNED ABC STATIONS

SERVICE STATION STORE AND FUEL SALES

FROM TURBULENT TIMES TOWARDS THE FUTURE

Service station store and fuel sales were largely defined by the lifting of Covid restrictions and the gradual recovery of sales. The accelerated inflation caused by the war in Ukraine affected service station store and fuel sales. The normalisation of hybrid work and the increase in fuel prices decreased people's mobility in the second half of the year. The full-year traffic volumes remained below the level before the pandemic, which was reflected in the business at service stations. However, the year overall was a success, and the operating profit of the chain improved from the previous year.

The Covid restrictions in the first half of the year took a toll on the demand of ABC restaurants in particular, and also affected the sales of ABC service stations' market stores. In the spring, the business began to quickly recover after the restrictions were lifted. During the summer and autumn, however, the recovery of the restaurants was delayed due to the slower growth in traffic volumes. However, sales growth in ABC service stations' restaurants and markets still developed better than in the previous year, and ABC buffets made a strong return.

In the charging point business, 2022 was a period of strong growth.

In fuel sales, ABC service stations increased both their customer volumes and sales in 2022. The year was also lively for car wash services, which expanded to reach more customers. Investments were made in new car wash facilities as well as the renewal of existing car wash equipment.

In addition to the ABC Carwash network, the service station network was also renewed. A total of 11 new unmanned ABC stations were also opened. These renewals focus in particular on the comfort of customers and the energy efficiency of the properties and equipment. Positive customer feedback indicates that the renewals have been a success.

S Group's objective is to enable the transition towards more sustainable mobility in Finland. In the charging point business, 2022 was a period of strong growth. The ABC Charging Network more than tripled in size during the year, and become the largest Fast Charging network in Finland. The network will continue to expand in close cooperation with the cooperatives in 2023. At the end of the year, 31 ABC stations were already offering the 100% renewable Nero Diesel to help reduce the emissions from driving.

Nearly 600,000 customers have downloaded ABC-mobiili, which provides all the services for people with cars in one place. In 2022, new attractive benefits were introduced to customers on the app. In addition, the ABC website was completely renewed.

In 2022, the ABC chain also increased its corporate sales. The ABC-mobiili app, receipt-free company cards, and a national, diverse and reliable network are an excellent match for the needs of corporate customers with cars.

The major changes in the operating environment in 2022 once again required us to adapt and learn new things. In light of the circumstances, the ABC chain succeeded well in this task. This year, special attention was paid to ensuring the availability and high-quality leadership of personnel. The goal was also to enable personnel to focus on good customer encounters and customer service.

Job satisfaction developed positively this year, and customer satisfaction was also maintained at a good level. We will continue to invest in these matters. A big thank you for the success goes to all ABC service station employees around the country.

The ABC chain has entered the new year in good shape, even though inflation is causing significant challenges in our operating environment. Improving the customer experience will remain at the heart of our operations in 2023. Investments in the network and ABC-mobiili will continue. In addition, the product ranges at ABC service station stores are being developed to be even more relevant. In the future, we will be increasingly working with corporate customers as we develop solutions for B2B customers together with S-Business Oy.

TRAVEL INDUSTRY AND HOSPITALITY BUSINESS

LIFTED RESTRICTIONS LED TO A STRONG RECOVERY

For S Group's travel industry and hospitality business, 2022 was divided into two parts. In the early year, Covid restrictions were still in place. These challenged the operating profit of hotels and restaurants, which had otherwise recovered very well. Sales in the business area grew by nearly 50% year-on-year.

The war in Ukraine and high inflation also affected the operating environment in the travel industry and hospitality business. While the costs of business increased, the disposable income of consumers decreased. It was a demanding time, which emphasised the importance of choosing the right operations and carrying them out efficiently.

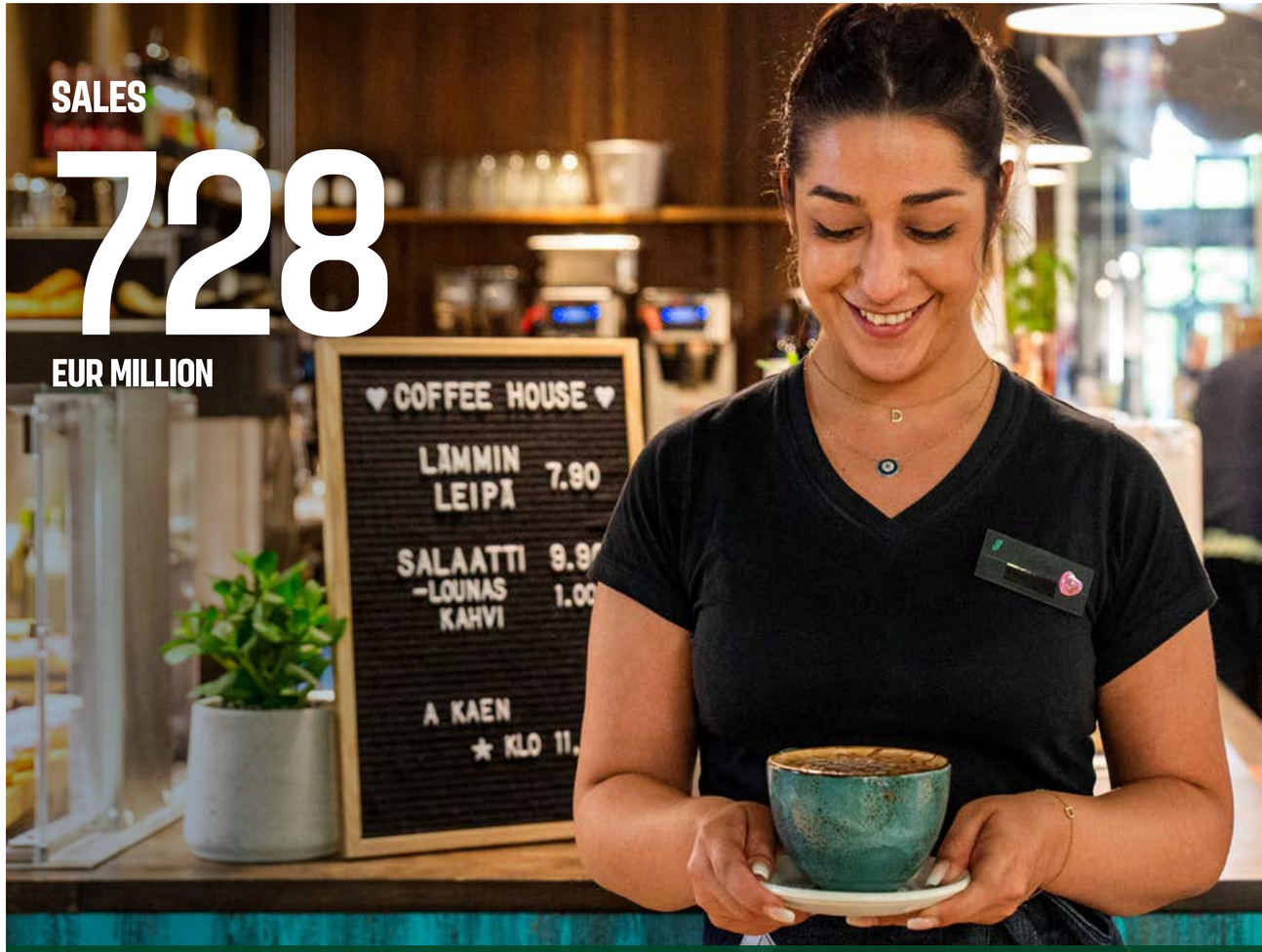
The summer of 2022 was a record-breaking season for Finnish travel and events.

Demand for services recovered rapidly in the spring. The summer season became a record-breaking period for Finnish travel and events. The positive development continued in the autumn, and sales reached the levels before the pandemic. In terms of profitability, the hotels were very positive, but the restaurant operations remained at a loss.

The most significant growth was seen in meeting and private restaurants, where sales more than doubled from the previous year. After the long pandemic period, our reservation calendars were filled up with meetings, seminars, events and Christmas parties. Demand also grew rapidly at restaurants, lounges, cafés and bars. The trend for fast eating grew in 2022. For example, the growth of the Pizza & Buffa chain was strong, even compared to the pre-pandemic development.

Activity in domestic business trips and leisure travel brought many guests to Sokos Hotels. At their best, the levels were equal to the fantastic volumes in 2019. In turn, the demand trends were slowed down by the normalisation of hybrid work and the war's knock-on effects on international tourism. International business travel has been the slowest to recover. This was reflected in the sales of Radisson Blu hotels, which otherwise developed strongly compared to the previous year.

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SALES

728

EUR MILLION

45
SOKOS HOTELS

8
RADISSON BLU HOTELS

466
RESTAURANTS



Job satisfaction improved at S Group's hotels and restaurants in 2022, remaining at a high level. These exceptional years have not been easy for the industry. A big thank you for this year goes out to all our personnel and supervisors doing excellent work.

As we tackle the post-pandemic labour shortage, 2022 had a record number of recruitments. Consequently, the S Group's travel industry and hospitality business carried out systematic work in terms of induction training and other areas. We will continue to focus on the development of competence and personnel experience.

S Group is developing its travel industry and hospitality business in with a long-term perspective. In 2022, we opened dozens of new or renovate restaurants and 12 hotels. Grand openings were celebrated at locations such as Original Sokos Hotel Arina and Original Sokos Hotel Ilves, as well as Solo Sokos Hotel Torni and Solo Sokos Hotel Helsinki. A completely new hotel type was introduced in April when Heymo 1 by Sokos Hotels was opened in Keilaniemi in Espoo. In Tallinn, Original Sokos Hotel Viru celebrated its 50th anniversary in May. The business operations of the hotels in St. Petersburg were sold in June.

Sokos Hotels was voted as the most sustainable hotel chain brand in Finland for the tenth time.

Source: Sustainable Brand Index

The online restaurant service Raflaamo.fi was renewed in 2022, and the reservations made through it nearly doubled from the previous year. Sales on sokoshotels.fi rose to a record level in 2022. The development of a digital hotel experience took great strides in 2022. Self-service terminals now allow you to smoothly check in and out, as well as pay for your stay. At Heymo, customers can also buy products they need from the hotel's smart cabinets during their stay.

In the Sustainable Brand Index survey of sustainability images, Finnish people voted Sokos Hotels as the most sustainable hotel chain brand in Finland for the tenth time in a row. In 2022, special attention was paid to energy savings in hotels and restaurants. Among other measures, we made adjustments to building temperatures, ventilation and lighting. Over the year, emission offsets were purchased for almost 33,600 nights of hotel stays. Sokos Hotels was the first operator to provide consumers the possibility to offset their hotel stay's carbon footprint in 2021.

The travel industry and hospitality business recovered again in 2022 as soon as it was possible due to the lifting of restrictions. This proved that S Group's hotels and restaurants are in fantastic condition. We will continue to invest in the customer experience and carry out new network renewals in 2023.



S-BANK

THE NUMBER ONE BANK FOR AN INCREASING NUMBER OF CUSTOMERS

S-Bank Group achieved the best result in its history in 2022. The excellent result was influenced by the increase in the popularity of the bank's services and the normalisation of general interest rates from historically low levels. The increase in interest rates had a positive impact on the bank's interest rate margin, especially in July–December. Operating profit was EUR 44.7 million (24.8), which represents a growth of 80.3 per cent compared to the previous year. Thanks to profitable operations, the bank can ensure its solvency, develop its operations and continue to grow.

S-Bank's strategic goal is to achieve a million active customers, and at the end of 2022, the bank had approximately 592,000 active customers. One year earlier, the corresponding figure was approximately 532,000. Active customers are defined as customers who use multiple S-Bank products or services. Demand for the bank's products and services continued to increase in 2022.

For example, an increasing number of Bonus purchases are made with S-Etukortti Visa cards, which are growing in popularity. At the end of the year, purchases made with S-Bank's Cards comprised 24.1 per cent of (23.2) of all Bonus purchases made at S Group's stores. Both the number and total value of purchases made using S-Etukortti Visa cards increased by nearly 20 per cent year-on-year.

An increasing number of Bonus purchases are made with S-Etukortti Visa cards, which are growing in popularity.

Despite the difficult market situation, S-Bank continued to grow in mortgages, with a mortgage balance growth rate of nearly ten times compared to the market average. Lending grew by 10.0 per cent and the total funds on deposit grew by 4.9 per cent year-on-year.

The number of unitholders in S-Bank funds increased by around 21,000 year-on-year, coming to a total of approximately 361,000, and the funds had the most net subscriptions on the Finnish market. However, the total amount of managed funds decreased due to the general decline of the market and the end of a significant portfolio management agreement outsourced to the bank. The total managed funds at the end of the year were EUR 5.9 billion (7.7).

In October 2022, S-Bank's Executive Board appointed S-Bank's new Managing Director, Riikka Laine-Tolonen, MSc (Econ). Laine-Tolonen has previously served as Danske Bank's Head of Personal Customers as well as in various management positions in Nordea. Laine-Tolonen will start in her new position in April 2023.

Several business reputation studies were published in 2022, and S-Bank was quite successful in them. For example, in the Sustainable Brand Index survey of sustainability images, Finnish people voted S-Bank as the most sustainable bank brand in Finland for the tenth time in a row.

The key themes of S-Bank's sustainability include working for the benefit of customers and society and personnel well-being. Work on these themes continued in 2022. Developments in the area of responsible investment included a tightening of exclusion criteria for funds and portfolios managed in accordance with the climate strategy, and engagement discussions regarding biodiversity were started with six Finnish companies.

Bank personnel played a key role in the year's success, and our annual workplace community survey showed that local leadership and a good work atmosphere continued to be among S-Bank's particular strengths. Eezy Flow, a company conducting employee surveys, awarded the bank the recognition of being one of the Most Inspiring Workplaces in Finland.

S-Bank will start the new year with an expectant but confident mood. In accordance with its strategy, the bank will focus on providing unparalleled convenience and benefits, especially for personal customers. S-Bank is a full-service bank for S Group co-op members, providing an account, payment card, online banking credentials and a mobile app, free of charge.

In the midst of rising costs and interests, many have to think about their financial situation more carefully. In these times, S-Bank's product range, service concept and goal of enabling a slightly wealthier tomorrow for everyone are expected to be an attractive prospect for many.

ADMINISTRATION

SOK'S SUPERVISORY BOARD, 28 APRIL 2022



Timo Santavuo (b. 1960)

- Lawyer, LLM with court training
- chairperson 2022–
- Chair of the Supervisory Board of the Satakunta Cooperative Society
- Member of the Supervisory Board 2012–
- Outgoing in 2024



Jarkko Rautaoja (b. 1964)

- MSc (Tech)
- first vice chairperson 2022–
- Chair of the Supervisory Board of the Osuuskauppa Hämeenmaa cooperative
- Member of the Supervisory Board 2017–
- Outgoing in 2023



Tapio Finér (b. 1968)

- MBA
- Second Vice Chair 2022–
- Managing Director of the Suur-Seutu Cooperative Society
- Member of the Supervisory Board 2022–
- Outgoing in 2025

Mikko Junttila (b. 1983)

- MSc (Econ)
- Managing Director of the Osuuskauppa PeeÄssä cooperative
- Member of the Supervisory Board 2022–
- Outgoing in 2023

Mathias Kivikoski (b. 1973)

- MSc (Econ)
- Managing Director of the Varuboden-Osla Handelslag Cooperative Society
- Member of the Supervisory Board 2022–
- Outgoing in 2025

Sinikka Kelhä (b. 1964)

- Lawyer
- Chair of the Supervisory Board of the Keula Cooperative Society
- Member of the Supervisory Board 2017–
- Outgoing in 2023

Mikko Lassila (b. 1969)

- MSc (Agriculture)
- Chair of the Supervisory Board of the Kymen Seudun Osuuskauppa cooperative
- Member of the Supervisory Board 2021–
- Outgoing in 2024

Sami Kettunen (b. 1969)

- Managing Director
- Chair of the Supervisory Board of the Keskimaa Cooperative Society
- Member of the Supervisory Board 2022–
- Outgoing in 2025

Antti Latola (b. 1959)

- Lawyer
- Vice Chair of the Supervisory Board of the Arina Cooperative Society
- Member of the Supervisory Board 2022–
- Outgoing in 2025

Martti Lokka (b. 1967)

- CEO, Building Manager
- Chair of the Supervisory Board of the Suur-Savo Cooperative Society
- Member of the Supervisory Board 2014–
- Outgoing in 2024

Hannu Pelkonen (b. 1967)

- Managing Director of the Maakunta Cooperative Society
- Member of the Supervisory Board 2015–
- Outgoing in 2024

Mika Rantanen (b. 1959)

- MSc (Education)
- Chair of the Supervisory Board of the Turku Cooperative Society
- Member of the Supervisory Board 2019–
- Outgoing in 2025

Kim Wrange (b. 1968)

- Licentiate of Science (Econ.), Head Lecturer
- Chair of the Supervisory Board of the Pohjois-Karjalan Osuuskauppa cooperative
- Member of the Supervisory Board 2018–
- Outgoing in 2025

EMPLOYEE REPRESENTATIVES

Ulla Kivilaakso (b. 1970)

- Marketing Manager
- SOK Travel Industry and Hospitality Chain Management
- Member of the Supervisory Board 2011–

Harri Lämsä (b. 1979)

- LLM with court training
- Managing Director of the Koillismaa Cooperative Society
- Member of the Supervisory Board 2022–
- Outgoing in 2024

Heli Puura (b. 1965)

- LLB, eMBA
- Chair of the Supervisory Board of the Helsinki Cooperative Society Elanto
- Member of the Supervisory Board 2022–
- Outgoing in 2023

Kari Suninen (b. 1963)

- CEO
- Chair of the Supervisory Board of the Southern Karelia Cooperative Society
- Member of the Supervisory Board 2018–
- Outgoing in 2024

Iiris Jakku (b. 1962)

- Administrative Assistant
- SOK Administrative Services and Risk Management
- Member of the Supervisory Board 2009–

Anne Mäkelä (b. 1965)

- Lawyer, LLM with court training
- Chair of the Supervisory Board of the Osuuskauppa KPO cooperative
- Member of the Supervisory Board 2015–
- Outgoing in 2023

Timo Rajala (b. 1957)

- Project Director
- Chair of the Supervisory Board of the Pirkanmaan Osuuskauppa cooperative
- Member of the Supervisory Board 2017–
- Outgoing in 2023

Elina Varamäki (b. 1971)

- Vice Principal, Adjunct Professor
- Chair of the Supervisory Board of the Southern Ostrobothnia Cooperative Society
- Member of the Supervisory Board 2016–
- Outgoing in 2025

SOK'S EXECUTIVE BOARD 2022



Hannu Krook (b. 1965)

- CEO, MSc (Econ)
- Chair of SOK's Executive Board
- Member of SOK's Executive Board 2016–2020
- With S Group since 2013



Kim Biskop (b. 1971)

- Managing Director, MSc (Econ)
- KPO Cooperative Society
- Member of SOK's Executive Board since 2019
- With S Group since 1987



Nermin Hairedin (b. 1975)

- Managing Director, MSc (Econ)
- Member of SOK's Executive Board since 2019



Rita Järventie-Thesleff (b. 1959)

- Professor, DSc (Econ)
- Member of SOK's Executive Board since 2019



Juha Kivelä (b. 1966)

- Managing Director, MSc (Econ), kauppaneuvos (Finnish honorary title)
- Northern Karelia Cooperative Society
- Member of SOK's Executive Board since 2018
- With S Group since 1990



Veli-Matti Liimatainen (b. 1969)

- Managing Director, MSc (Econ)
- Helsinki Cooperative Society Elanto
- Member of SOK's Executive Board since 2018
- With S Group since 1995



Harri Miettinen (b. 1962)

- Managing Director, MSc (Econ)
- Kymi Region Cooperative Society
- Member of SOK's Executive Board since 2021
- With S Group since 1997



Antti Määttä (b. 1966)

- Managing Director, MSc (Econ), kauppaneuvos (Finnish honorary title)
- Keskimaa Cooperative Society
- Member of SOK's Executive Board since 2022
- With S Group since 1991



Olli Vormisto (b. 1967)

- Managing Director, MSc (Econ)
- Hämeenmaa Cooperative Society
- Member of SOK's Executive Board since 2017
- With S Group since 1989

SOK CORPORATION'S CORPORATE MANAGEMENT TEAM 2022



Hannu Krook (b. 1965)
- CEO, MSc (Econ)
- With S Group since 2013



Arttu Laine (b. 1970)
- EVP, Deputy CEO, Msc (Econ)
- Chain Management, Procurement and Logistics
- With S Group since 1995



Jari Annala (b. 1964)
- EVP, MSc (Econ)
- SOK's business operations
- Chair of the Board of S-Bank Plc
- With S Group since 1989



Päivi Anttikoski (b. 1971)
- EVP, Media, MA
- Marketing, Communications, Content and Sustainability
- With S Group since 2021



Seppo Kuitunen (b. 1961)
- EVP, LLB
- Legal Affairs and Secretaries
- With S Group since 2005



Hanne Lehtovuori (b. 1974)
- EVP, LLM, eMBA
- SOK Human Resources
- With S Group since 2021



Sebastian Nyström (b. 1974)
- EVP, CTO, MSc (Tech)
- Loyalty, IT & Digital Development
- With S Group 2015–



Maria Timgren (b. 1984)
- EVP, MSc (Econ)
- Strategy
- With S Group since 2021



Jorma Vehviläinen (b. 1967)
- CFO, MSc (Econ)
- Economy, Finances and Administration
- With S Group since 1991



SOK CORPORATION'S CORPORATE GOVERNANCE AND MANAGEMENT SYSTEM 2022

SOK Corporation (SOK) is a Finnish cooperative, subject to the provisions of the Cooperatives Act and other regulations concerning the operations of its business areas, as well as SOK's Statutes. Its subsidiaries' operations are regulated by the Limited Liability Companies Act, among other regulations. SOK Corporation's operations are also governed by the operating principles, operating policies and investment and approval guidelines confirmed by SOK's Executive Board, as well as the rules of procedure confirmed for its various bodies.

On 19 September 2019, the Securities Market Association approved a Corporate Governance Code for listed companies (available at http://cgfinland.fi/), which entered into force on 1 January 2020. In accordance with the statement issued by the Finland Chamber of Commerce in 2006, other nationally significant organisations should also adhere to the Code to the extent possible, taking into account their special characteristics, in accordance with the "comply or explain" principle, so that any deviation and the reason for it must be indicated. SOK adheres to the Corporate Governance Code to the extent relevant and possible considering its cooperative form of business and special characteristics.

This Corporate Governance Statement (CG report) and the remuneration report attached to it have been prepared in accordance with the Corporate Governance Code's recommendations. SOK will present the report by the Executive Board as a separate report.

S Group consists of cooperatives and SOK Corporation, which is owned by the cooperatives, and their subsidiaries. The purpose of S Group is to provide co-op members with services and benefits. SOK provides the cooperatives with procurement, expert and support services, as well as being responsible for S Group's strategic steering and the development of business chains.

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DEVIATIONS FROM THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code was drawn up for listed companies, and its recommendations complement the obligations prescribed in legislation. Therefore, it is basically not applicable to SOK in all respects.

Deviations from the Corporate Governance Code are largely based on the fact that SOK is a cooperative society whose co-op members are consumer cooperatives, which differ significantly from listed companies and other limited liability companies. In addition, according to the presentation of the Corporate Governance Code, the directive amending the rights of shareholders ("the Directive") that was implemented as part of national legislation on 10 June 2019 has been a key element in the background of the Corporate Governance Code reform that entered into force on 1 January 2020. However, the Directive is not applicable to SOK or its member cooperatives. According to the rules regarding SOK's member cooperatives, only natural persons can be members, and each member may only have one share.

The purpose of the operations of the member cooperatives of SOK is to provide members with services and benefits, not to produce profit for shareholders. In order to fulfil the purpose of operations and to ensure that owner control and the participation of the owners can be realised in an efficient and comprehensive manner, SOK has a Supervisory Board. Among other things, the deviations further improve communication and decision-making in SOK's administration and provide the members with more influence over SOK's operations through the administrative structure, which includes a Supervisory Board.

Taking into account the above, the material deviations by SOK from the Corporate Governance Code are the following:

- According to the Statutes, SOK has a two-level governance model; in other words, in addition to the Executive Board and the CEO, the cooperative has a Supervisory Board.
- According to the Statutes, the Supervisory Board elects the Executive Board (Recommendation 5) on the basis of the two-level governance model referred to above.
- According to the Statutes, SOK's Cooperative Meeting elects the members of the Supervisory Board for three calendar years at a time, so that approximately one third of the members of the Supervisory Board are outgoing each year (Recommendation 6). The term of office of three calendar years is justified to maintain the continuity of the work of the Supervisory Board.
- According to the Statutes, SOK's Chief Executive Officer (managing director) acts as Chair of the Executive Board (Recommendation 20). A deviation from the recommendation is justified, as SOK also has a Supervisory Board that supervises the activities of the Executive Board and the CEO (the managing director).
- According to the Statutes, the Supervisory Board decides on the CEO's (managing director's) remuneration (Recommendation 22). A deviation from the recommendation is justified, as the Supervisory Board also elects the CEO, and the CEO acts as Chair of the Executive Board.
- SOK has a remuneration policy, but its content differs from the remuneration policy required by the legislation governing listed companies referred to in the Corporate Governance Code.
  - The legislation governing listed companies does not apply to SOK.
  - According to the Statutes, the Annual Cooperative Meeting decides on the remuneration of the Chair, Vice Chairs and other members of the Supervisory Board.
  - According to the Statutes, the Supervisory Board also decides on the basis of the CEO's remuneration, and the Chair of the Supervisory Board agrees together with the Vice Chairs of the Supervisory Board on the remuneration of the CEO in accordance with the basis of the pay criteria set by the Supervisory Board, and on the remuneration of Executive Board members employed by the cooperative on the basis of the CEO's proposal and in accordance with the basis of remuneration set by the Executive Board.
- The reporting on SOK's remuneration policy is not fully compliant with the remuneration reporting required of listed companies by the Securities Market Act and the Ministry of Social Affairs and Finance Decree on the remuneration policy of and remuneration report by the organisation issuing shares ("legislation governing listed companies") (Recommendations 1, 4, 17, 20 and 22)
- SOK's Supervisory Board has set up an Audit Committee, but its duties, operations and composition differ from the requirements of compelling audit legislation applicable to listed companies, because they are not applied to SOK. (Recommendation 16)

SOK AND S GROUP

S Group is a group of companies that comprises cooperatives and the SOK owned by them, as well as the subsidiaries owned by the cooperatives. The purpose of S Group is to provide co-op members with services and benefits. SOK provides the cooperatives with procurement, expert and support services, as well as being responsible for S Group's strategic steering and the control and development of business chains.

According to its Statutes, the purpose of SOK is to provide services primarily for the cooperative members and other companies included in the S Group. For this purpose, it must:

1. promote and develop the operations of the cooperative enterprises and other companies belonging to the S Group, as well as guiding and supervising the efficient use of the overall resources of the Group;
2. monitor the operations and interests of the S Group and its segments;
3. manage the centralised support and service operations required by the S Group;
4. engage in business activities in Finland and abroad, in its own name or through its subsidiaries and associated companies.

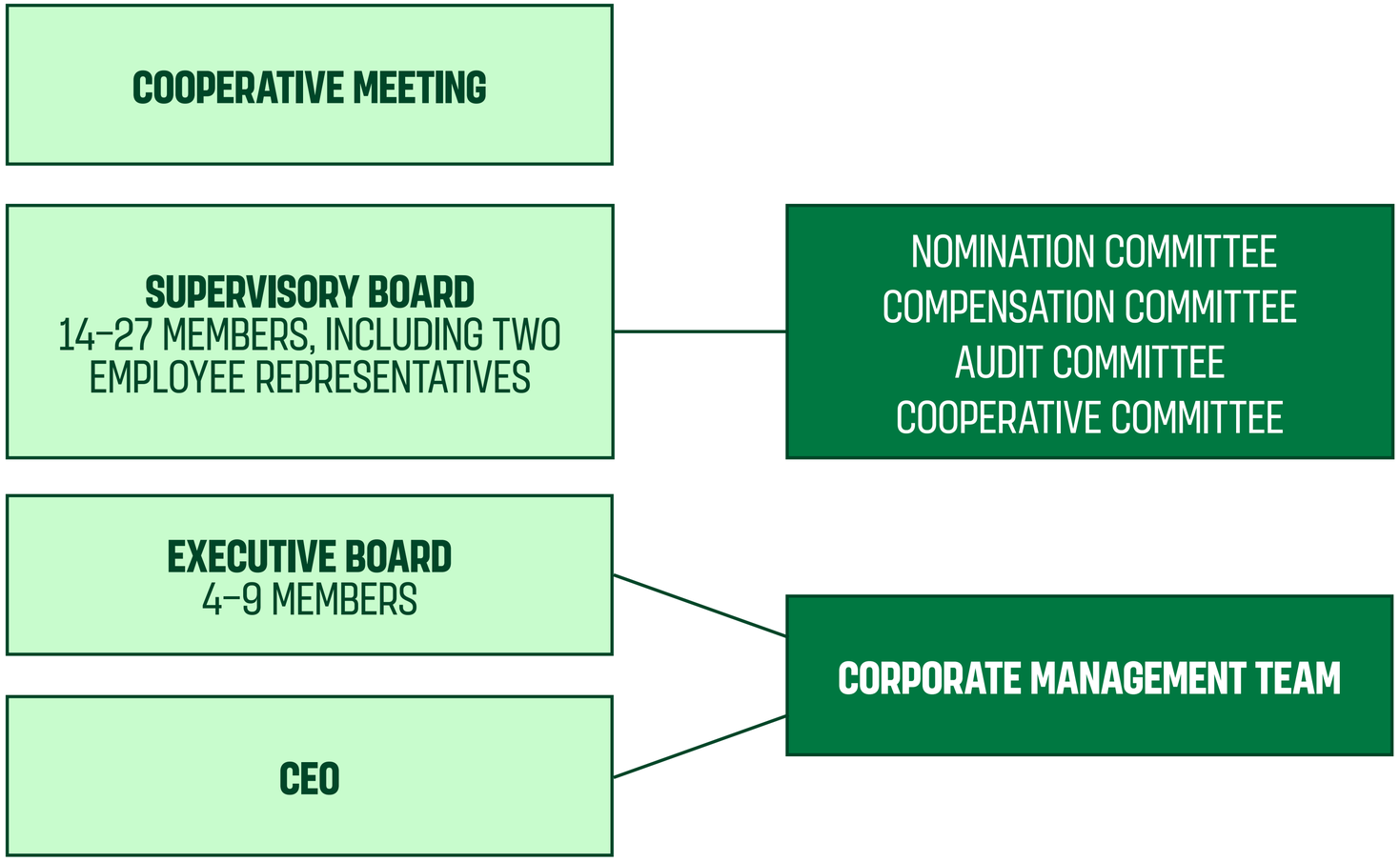
SOK's group (SOK Corporation) includes the parent cooperative Suomen Osuuskauppojen Keskuskunta (SOK) and its wholly owned subsidiaries. SOK Corporation's organisational structure (including SOK's commercial subsidiaries; the companies shown indented are subsidiaries of the company shown above them):

- → SOK LIIKETOIMINTA OY
  - → SOKOTEL OY
    - → KIINT. OY OULUN VAAKUNA
  - → AS SOKOTEL
  - → SOK RETAIL INT. OY
  - → PRISMA PEREMARKET AS
- → INEX PARTNERS OY
- → INEX EXPORT OY
- → MEIRA NOVA OY
- → REILA PALVELUT OY
- → JOLLAS-OPISTO OY
- → S-BUSINESS OY
- → S-YRITYSPALVELU OY
- → SOK REAL ESTATE INT. OY
  - → OOO OTEL PLUS*
  - → OOO ITIS 2*
  - → OOO KARELIA*
- → SOK FUND MANAGEMENT OY
- → S-VERKKOKAUPPA OY

*SOK announced on 4 March 2022 that it would cease its business operations in Russia. The shutdown of business operations has been started, and detailed effects will be clarified at a later date.

SOK'S GOVERNANCE MODEL

Contrary to the Corporate Governance Code, SOK has a two-level governance model, which consists of the Cooperative Meeting, Supervisory Board, Executive Board and CEO (managing director) in line with the diagram below. The CEO is assisted in the operational management of the company by the Corporate Management Team.



COOPERATIVE MEETING

The members (owners) of SOK exercise their decision-making power at the Cooperative Meeting. The Cooperative Meeting makes decisions concerning issues that fall into its sphere of responsibility in accordance with the Cooperatives Act and SOK's Statutes. Each member cooperative of SOK is entitled to elect a maximum of five representatives to the Cooperative Meeting, all of whom have the right to address the meeting, but only one of whom has the right to vote on behalf of the cooperative. The execution of ownership rights and the voting rights are based on the members' ownership shares and SOK's Statutes.

The task of the Annual Cooperative Meeting is to attend to the matters set out in the law and the Statutes, such as adopting the financial statements, distributing the surplus shown on the balance sheet and releasing the members of the Supervisory Board and Executive Board from liability, as well as the election and remuneration of the Supervisory Board and the auditors. In addition, the Cooperative Meeting attends to other matters listed on the agenda. An Extraordinary Cooperative Meeting can be convened when necessary.

According to the Statutes, the members of the Supervisory Board are elected at the Cooperative Meeting on the basis of proposals made by the delegates of the cooperative enterprises.

In 2022, the Annual Cooperative Meeting was held on 28 April. The meeting attended to the matters on its statutory agenda. No Extraordinary Cooperative Meetings were held in 2022.

SUPERVISORY BOARD

According to the Statutes, SOK has a Supervisory Board. The Supervisory Board convenes at the invitation of the Chair as often as matters require or when the Executive Board proposes it.

COMPOSITION AND ELECTION

The Supervisory Board has 14–27 members, of whom 12–25 are elected by the Cooperative Meeting based on proposals from the cooperatives. The members of the Supervisory Board are elected for three years so that their term of office begins at the close of the meeting electing them and ends at the close of the third Annual Cooperative Meeting following their election. The terms of office of the members of the Supervisory Board are staggered in order to secure continuity in such a way that approximately one third of the terms of office end each year.

According to the Statutes, a person cannot be elected as a member of the Supervisory Board if he or she has turned 68 before the beginning of the term of office.

SOK contributes to taking into account the diversity of the members of the Supervisory Board, including age and gender distribution, when seeking new members for the Supervisory Board.

In addition to the members elected by the Cooperative Meeting, SOK's Statutes require that SOK's personnel can, pursuant to the Act on Personnel Representation in the Administration of Undertakings, nominate two members for the Supervisory Board from among its members, as well as personal deputies for them. The term of office of the personnel representatives in the Supervisory Board is in practice determined by the decisions of personnel groups regarding the election of representatives. The purpose of personnel representation is, among other things, to provide employees with an opportunity to influence SOK's organisation, to improve communication and decision-making, and to increase the trust between management and personnel. However, the employees' representatives do not participate in the processing of matters concerning the selection or dismissal of the company's management, its contract terms, the terms and conditions of employees' employment contracts or industrial action.

In its first meeting held after the Annual Cooperative Meeting, the Supervisory Board elects a Chair as well as the First and Second Vice Chairs from among its members for one year at a time. The Chair of the Supervisory Board and the two Vice Chairs make up the Committee of Presiding Officers, which assists the Supervisory Board in carrying out its duties. The Chief Executive Officer attends the meetings of the Committee of Presiding Officers. In addition, the Committee of Presiding Officers decides, for example, on the emoluments of the CEO in accordance with the guidelines provided by the Supervisory Board.

THE DUTIES

The role of the Supervisory Board is to represent the extensive grassroots membership and to act as a forum in which the cooperative society's joint position on major strategic issues is defined. Its duty is to determine overall policies and safeguard the members' interests. The Supervisory Board confirms the strategy of S Group and SOK Corporation and the key objectives of SOK Corporation at the proposal of the Executive Board and monitors their implementation. Matters concerning actual operational management fall into the sphere of responsibility of SOK's Executive Board and line management.

The Supervisory Board monitors to ensure that the governance of the cooperative society and SOK Corporation complies with the law, the Statutes and the decisions of the Cooperative Meeting and the Supervisory Board, and that such governance is in the cooperative society's best interests. In addition, the Supervisory Board approves and, if necessary, expels members of the cooperative society and appoints and dismisses the Chief Executive Officer and other members of the Executive Board, and also decides on the remuneration of Executive Board members other than those employed by the cooperative society.

Furthermore, the Supervisory Board decides on the principles of cooperation for S Group's operations and on long-term plans.

The Supervisory Board regularly receives from the CEO and the Executive Board sufficient information for attending to the duties of the Supervisory Board. In practice, such information is provided in connection with the meetings of the Supervisory Board. The Chair and Vice Chair of the Supervisory Board are entitled to participate in the meetings of the Executive Board and to exercise the right to be heard there.

The key duties and the principles of work of the Supervisory Board are specified in the Rules of Procedure approved by the Supervisory Board. The Rules of Procedure are available in Finnish on the Cooperative's website https://s-ryhma.fi/talous-ja-hallinto/hallinto-ja-johtaminen.

COMMITTEES OF THE SUPERVISORY BOARD

Based on the Statutes, the Supervisory Board sets up committees as it deems necessary. For the time being, the Supervisory Board has established four committees: the Nomination Committee, Compensation Committee, Audit Committee and Cooperative Committee, all of which have their own rules of procedure.

Nomination Committee

The Nomination Committee prepares matters related to the selection of the CEO and the members of the Executive Board. The Nomination Committee consists of the Chair of the Supervisory Board, the first and second Vice Chairs of the Supervisory Board and two other members elected by the members of the Supervisory Board from among themselves. The members are elected at the meeting of the Supervisory Board. The Chair of the Nomination Committee is held by the Chair of the Supervisory Board and its Vice Chair is held by the First Vice Chair of the Supervisory Board. The Supervisory Board's election procedure ensures the owners' possibilities to influence the composition of the Executive Board and thus the operations of SOK as a whole.

The terms of office of the Nomination Committee members expire when the new Nomination Committee has been appointed.

The Rules of Procedure of the Nomination Committee are available in Finnish on the Cooperative's website https://s-ryhma.fi/talous-ja-hallinto/hallinto-ja-johtaminen.

In 2022, the Nomination Committee, which prepared proposals for the Supervisory Committee, consisted of the following members of the Supervisory Board:

NAME	BORN	EDUCATION	MAIN JOB	ROLE	MEETING ATTENDANCE RATE
Timo Santavuo	1960	LLM with court training	Lawyer	Chair of the Supervisory Board	100%
Jarkko Rautaoja	1964	MSc (Tech)	CEO	First Vice Chair of the Supervisory Board	100%
Tapio Finér	1968	MBA	Managing Director of the Suur-Seutu Cooperative Society	Second Vice Chair of the Supervisory Board	100%
Anne Mäkelä	1965	LLM with court training	Lawyer	Member of the Supervisory Board	100%
Heli Puura	1965	LLB, eMBA	Director	Member of the Supervisory Board	90%

The Nomination Committee convened seven times during 2022, and its members' attendance rate was 97%. The committee presented the Supervisory Board with its proposal for the composition of the Executive Board on 14/12/2022.

Compensation Committee

The task of the Compensation Committee is to assess and develop the compensation systems and principles of S Group's senior management and to issue recommendations on these and on compensation to the cooperatives' governing bodies. The Compensation Committee also prepares proposals concerning compensation to the members of the Executive Board and the Supervisory Board and their committees, for the relevant governing bodies to decide on. The Compensation Committee consists of the Chair of the Supervisory Board, the first Vice Chair of the Supervisory Board and three other members elected by the members of the Supervisory Board from among themselves.

In 2022, the Nomination Committee, which prepared proposals for the Supervisory Committee, consisted of the following members of the Supervisory Board:

NAME	BORN	EDUCATION	MAIN JOB	ROLE	MEETING ATTENDANCE RATE
Timo Santavuo	1960	LLM with court training	Lawyer	Chair of the Supervisory Board	100%
Jarkko Rautaoja	1964	MSc (Tech)	CEO	First Vice Chair of the Supervisory Board	100%
Sinikka Kelhä	1964	LLM with court training	Lawyer	Member of the Supervisory Board	100%
Antti Latola	1959		Lawyer	Member of the Supervisory Board	100%
Martti Lokka	1967		CEO, Building manager	Member of the Supervisory Board	100%

The Compensation Committee convened five times during 2022, and its members' attendance rate was 100%. The committee presented the Supervisory Board with its proposal for remuneration of the members of the Executive Board on 10/11/2022.

The Rules of Procedure of the Compensation Committee are available in Finnish on the Cooperative's website https://s-ryhma.fi/talous-ja-hallinto/hallinto-ja-johtaminen.

Audit Committee

The Audit Committee assists and supports the Supervisory Board in monitoring the Executive Board and the governance of the cooperative society. The Audit committee consists of the second Vice Chair of the Supervisory Board and two to four other members elected by the members of the Supervisory Board from among themselves.

In 2022, the Audit Committee consisted of the following members of the Supervisory Board:

NAME	BORN	EDUCATION	MAIN JOB	ROLE	MEETING ATTENDANCE RATE
Tapio Finér	1968	MBA	Managing Director of the Suur-Seutu Cooperative Society	Second Vice Chair of the Supervisory Board	100%
Timo Rajala	1957	LLM with court training	Project Director	Member of the Supervisory Board	100%
Mika Rantanen	1959	MA (Ed)	Leading Headmaster	Member of the Supervisory Board	100%
Kari Suninen	1963		Managing Director	Member of the Supervisory Board	100%
Kim Wrange	1968	Licentiate of Science (Econ.)	Head Lecturer	Member of the Supervisory Board	100%

The Audit Committee convened four times and its members' attendance rate was 100%.

The Rules of Procedure of the Audit Committee are available in Finnish on the Cooperative's website: https://s-ryhma.fi/talous-ja-hallinto/hallinto-ja-johtaminen.

Cooperative Committee

The Cooperative Committee assists the Supervisory Board in ensuring compliance with and the implementation of the principles of cooperative activities within S Group. The Cooperative Committee consists of the first Vice Chair of the Supervisory Board and four other members elected by the members of the Supervisory Board from among themselves.

In 2022, the Cooperative Committee, which prepared proposals for the Supervisory Committee, consisted of the following members of the Supervisory Board:

NAME	BORN	EDUCATION	MAIN JOB	ROLE	MEETING ATTENDANCE RATE
Jarkko Rautaoja	1964	MSc (Tech)	CEO	First Vice Chair of the Supervisory Board	100%
Sami Kettunen	1969		Managing Director	Member of the Supervisory Board	75%
Mikko Lassila	1969	MSc (Agriculture)	Agriculture and forestry entrepreneur	Member of the Supervisory Board	100%
Hannu Pelkonen	1967		Managing Director of the Maakunta Cooperative Society	Member of the Supervisory Board	100%
Elina Varamäki	1971	DSc (Econ), Docent	Vice Principal	Member of the Supervisory Board	100%

The Cooperative Committee convened four times, and its members' attendance rate was 90%.

The Rules of Procedure of the Cooperative Committee are available in Finnish on the Cooperative's website: https://s-ryhma.fi/talous-ja-hallinto/hallinto-ja-johtaminen.

CHAIR OF THE SUPERVISORY BOARD

In addition to leading the meetings of the Supervisory Board, the Chair of the Supervisory Board has the following duties, for example:

- → Acting as the administrative manager of the CEO
- → Preparing Supervisory Board meetings together with the Executive Board
- → Agreeing together with the Vice Chairs of the Supervisory Board, on the remuneration of the CEO (managing director) in accordance with the pay criteria set by the Supervisory Board
- → Issuing notice of Cooperative Meetings on behalf of the Supervisory Board

YEAR 2022

The Supervisory Board had 19 members and two personnel representatives. The Supervisory Board convened six times during the year. The attendance rate was 99%.

In 2022, the members of the Supervisory Board were:

NAME	BORN	EDUCATION	MAIN JOB	DOMICILE	OUTGOING	MEETING ATTENDANCE RATE
Timo Santavuo, Chair	1960	LLM with court training	Lawyer	Pori	2024	100%
Jarkko Rautaoja, First Vice Chair	1964	MSc (Tech)	CEO	Heinola	2023	100%
Tapio Finér, Second Vice Chair	1968	MBA	Managing Director of the Suur-Seutu Cooperative Society	Lohja	2025	100%
Mikko Junttila	1983	MSc (Econ)	Managing Director of the Osuuskauppa PeeÄssä cooperative	Kuopio	2023	100%
Sinikka Kelhä	1964	LLM with court training	Lawyer	Rauma	2023	100%
Sami Kettunen	1969		Managing Director	Jyväskylä	2025	83%
Mathias Kivikoski	1973	MSc (Econ)	Managing Director of the Varuboden-Osla Handelslag Cooperative Society	Espoo	2025	100%
Mikko Lassila	1969	MSc (Agriculture)	Agriculture and forestry entrepreneur	Pilkanmaa	2024	100%
Antti Latola	1959		Lawyer	Oulu	2025	100%
Martti Lokka	1967		CEO, Building Manager	Otava	2024	100%
Harri Lämsä	1979	LLM with court training	Managing Director of the Koillismaa Cooperative Society	Kuusamo	2024	100%
Anne Mäkelä	1965	LLM with court training	Lawyer	Kokkola	2023	100%
Hannu Pelkonen	1967		Managing Director of the Maakunta Cooperative Society	Sotkamo	2024	100%
Heli Puura	1965	LLB, eMBA	Director	Helsinki	2023	100%
Timo Rajala	1957	LLM with court training	Project Director	Akaa	2023	100%
Mika Rantanen	1959	MSc (Econ)		Kaarina	2025	100%
Kari Suninen	1963		Managing Director	Lappeenranta	2024	100%
Elina Varamäki	1971	DSc (Econ), Docent	Vice Principal	Seinäjoki	2025	100%
Kim Wrange	1968	Licentiate of Science (Econ)	Head Lecturer	Lehmo	2025	100%
Personnel representatives:						
Iiris Jakku	1962		Administrative Assistant	Helsinki		100%
Ulla Kivilaakso	1970	Vocational Qualification in Economics and Business Administration	Marketing Manager	Helsinki		100%

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board evaluates its members' independence annually on the basis of the independence criteria set out in the Corporate Governance Code.

Due to the structure of S Group and its ownership, the members of the Supervisory Board are mainly other Chairs of the Supervisory Boards or managing directors of the S Group's cooperatives. SOK has only one significant shareholder as referred to in the Corporate Governance Code, Helsinki Cooperative Society Elanto, whose Chair of the Supervisory Board was in 2020 on its Supervisory Board.

Of the members of the Supervisory Board, the managing directors of S Group's cooperatives (Recommendation 10, item f), the representative of Helsinki Cooperative Society Elanto, and the representatives of personnel are not independent of the cooperative in the manner referred to in the Corporate Governance Code.

EVALUATING THE ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board regularly evaluates its work and procedures by carrying out a self-assessment annually.

EXECUTIVE BOARD

COMPOSITION AND ELECTION

According to SOK's Statutes, the Executive Board consists of the cooperative society's CEO, who serves as Chair of the Executive Board, and 3–8 other members.

The Supervisory Board elects the members of the Executive Board for a term of one calendar year based on the Nomination Committee's proposal. When preparing its proposal, the committee evaluates the size and composition of the Executive Board, as well as the competences required of its members from the perspective of the cooperative society's current and changing needs. The purpose of the preparatory work is to ensure that the Executive Board is sufficiently diverse in terms of gender and age distribution and that its members have complementary experience and a diverse range of competences, as well as the qualifications required for the efficient management of the Executive Board's duties. According to the Statutes, a person being elected to the Supervisory Board must be a Finnish citizen and under 68 years of age at the beginning of the term of office. The goal is to ensure sufficient rotation, and sufficient continuity is also considered important in the work of the Executive Board.

The composition of the Executive Board deviates from the requirements of the Corporate Governance Code. This is due to SOK's ownership base and S Group's structure, as well as the Executive Board's role in steering the Group's operations, which requires that the owner organisations have sufficient representation on the Board.

THE DUTIES

The Executive Board's key duties and operating principles are defined in its rules of procedure, which the Supervisory Board has confirmed.

The Executive Board represents the cooperative society and attends to its governance and the appropriate organisation of its operations within the framework of SOK Corporation and in compliance with the applicable laws and rules. The Executive Board is responsible for deciding on the competition strategies for S Group's business areas and on the operating plans of SOK and its subsidiaries. The Executive Board is also responsible for preparing certain strategic matters for the Supervisory Board to decide on.

In addition, the Executive Board, upon the CEO's proposal, decides on setting up SOK's Corporate Management Team and on appointing its members and on their compensation, with the exception of the CEO. The Executive Board appoints a Nomination Working Group, which prepares a proposal for the composition of the boards of directors of SOK's subsidiaries for the Executive Board to decide on. Rules of procedure have been confirmed for the Executive Board.

Considering its duties and composition, SOK's Executive Board has not deemed it necessary to establish the committees mentioned in the Corporate Governance Code to prepare matters to be discussed by the Executive Board. At SOK, the Supervisory Board has established the necessary committees. The Executive Board also did not consider it necessary to establish any other committees for preparing matters to be decided by the Executive Board.

The Executive Board convenes as required and on the Chair's invitation, and forms a quorum when more than half of the members are present, including the Chair or Vice Chair of the Executive Board. The Executive Board evaluates its work and procedures by carrying out a self-assessment annually.

The Executive Board's key duties and operating principles are defined in its rules of procedure, which the Supervisory Board has confirmed. The Rules of Procedure are available in Finnish on the Cooperative's website: https://s-ryhma.fi/talous-ja-hallinto/hallinto-ja-johtaminen.

YEAR 2022

In 2022, SOK's Executive Board had nine members, 22% of whom were women. Six were managing directors of cooperatives, and two were external to the S Group. In accordance with the cooperative society's statutes, SOK's Chief Executive Officer is the Chair of the Executive Board.

In 2022, SOK's Executive Board consisted of the following members:

Hannu Krook	b. 1965	MSc (Econ)	CEO
Kim Biskop	b. 1971	MSc (Econ)	Managing Director
Nermin Hairedin	b. 1975	MSc (Econ)	Managing Director
Rita Järventie-Thesleff	b. 1959	DSc (Econ)	Professor
Juha Kivelä	b. 1966	MSc (Econ)	Managing Director
Veli-Matti Liimatainen	b. 1969	MSc (Econ)	Managing Director
Harri Miettinen	b. 1962	MSc (Econ)	Managing Director
Antti Määttä	b. 1966	MSc (Econ)	Managing Director
Olli Vormisto	b. 1967	MSc (Econ)	Managing Director

Seppo Kuitunen, SOK's Executive Vice President, Legal Affairs, served as Secretary to the Executive Board.

Olli Vormisto was elected as Vice Chair for 2022.

The Executive Board convened 14 times during 2022, and its members' attendance rate was 99%. The Chair and Vice Chairs of the Supervisory Board are also entitled to attend the meetings of the Executive Board.

INDEPENDENCE OF THE MEMBERS OF THE EXECUTIVE BOARD

The Committee of Presiding Officers evaluates the Executive Board members' independence and the work of the Executive Board annually. The Executive Board members' independence is evaluated based on the criteria presented in the Corporate Governance Code.

In accordance with the Statutes, the CEO of the cooperative society serves as Chair of the Executive Board. As of the beginning of 2019, the composition of the Executive Board has also included two independent members from outside S Group. Due to S Group's structure and ownership base, the other members of the Executive Board are managing directors of S Group's cooperatives. In this respect, the composition of the Executive Board deviates from the recommendation of the Corporate Governance Code with regard to independence. SOK has only one significant shareholder as referred to in the Corporate Governance Code, Helsinki Cooperative Society Elanto (Recommendation 10, item f) whose managing director has acted as a member of SOK's Executive Board in 2022.

THE EXECUTIVE BOARD'S SELF-ASSESSMENT

The Executive Board evaluates its operations and ways of working annually. This evaluation is usually carried out as a self-assessment, and its results are reviewed and discussed annually.

Identified development needs are considered when planning the duties of the Executive Board, and the Nomination Committee of the Supervisory Board takes the results into account when preparing its proposal for the composition of the Executive Board to the Supervisory Board. In addition, the Supervisory Board's Committee of Presiding Officers issues a review of the Executive Board's work annually.

CEO

The CEO of SOK is the managing director as referred to in the Cooperatives Act. The CEO is responsible for the cooperative society's routine management duties in accordance with the instructions and regulations issued by the Executive Board and the Supervisory Board. As the managing director, the CEO is responsible for ensuring that the cooperative society's accounting complies with the applicable laws and that its financial management is appropriately organised. If the CEO is indisposed, a deputy elected by the Supervisory board will act on behalf of the CEO.

The CEO also serves as Chair of the Executive Board. This practice, which deviates from the require-ments of the Corporate Governance Code, is due to S Group's structure and the fact that the cooperative society also has a Supervisory Board, which monitors the work of the Executive Board and the CEO. In addition, the Supervisory Board elects the CEO and determines the grounds for their remuneration.

CEO Hannu Krook (b. 1965), MSc (Econ), serves as managing director and Chair of SOK's Executive Board, as referred to in the Cooperatives Act. Executive Vice President Arttu Laine has been the deputy of the CEO.

Hannu Krook (b. 1965),
CEO, Chair of the Board, MSc (Econ)

- → CEO since 2021
- → With SOK Corporation since 2021
- → With S Group since 2013
- → Retirement age: 63 years
- → Main work experience:
  - – OK Varuboden-Osla Hlg, Managing Director (CEO)
  - – Oy Otto Brandt Ab, Managing Director of the Group (CEO)
  - – Tiimari Oyj, Managing Director (CEO)
  - – TeliaSonera Finland Oyj and Sonera Oyj, several duties, such as Sonera's Chief Marketing Officer
  - – Coca-Cola Juomat Oy, Managing Director
  - – The Boston Consulting Group, consultant
- → Main positions of trust:
  - – Executive Board of SOK, 2015–2017 Member, Vice Chair 2018–2020, Chair 2021–
  - – Member of the Board of Directors of the Confederation of Finnish Industries since 2022, Vice Chair of the Board in 2022
  - – Member of the Board of the Finnish Commerce Federation since 2021, Chair of the Board since 2022
  - – Member of the Board of the Central Chamber of Commerce since 2022
  - – Member of the Supervisory Board of LocalTapiola Mutual Insurance Company since 2021
  - – Member of SOK's Supervisory Board 2013–2014
  - – East Uusimaa Chamber of Commerce, Member of the Board 2013–2020
  - – Kooperativa Affärsledare, Chair of the Board 2012–2020

Arttu Laine, (b. 1970),
Executive Vice President, MSc (Econ)

- → With SOK Corporation since 2014
- → Deputy to the CEO since 2014
- → Retirement age: 63 years
- → Main work experience:
  - – Managing Director of KPO Cooperative Society
  - – Regional Director of SOK in the Baltic countries
  - – Managing Director of AS Prisma Peremarket
- → Main positions of trust:
  - – Chair of the Boards of Directors of the companies belonging to his scope of responsibility
  - – Vice Chair of the Finnish Grocery Trade Association
  - – Member of the Supervisory Board of LocalTapiola Mutual Life Insurance Company
  - – Member of the Board of the Finnish Hospitality Association MaRa
  - – Member of the National Emergency Supply Council

CORPORATE MANAGEMENT TEAM

SOK has a Corporate Management Team. The Executive Board decides on the establishment of the Corporate Management Team and the appointment of its members, as well as on the remuneration of Corporate Management Team members who are not members of the Executive Board, based on the CEO's proposal. The duties of SOK's Corporate Management Team include assisting the CEO in the management of SOK Corporation and S Group. The Corporate Management Team coordinates and prepares key proposals made to the Executive Board, for example. Such proposals include business strategies, target levels, operating plans and budgets, as well as major investment projects and divestments of S Group and SOK Corporation. In addition, the Corporate Management Team discusses operational matters concerning all of SOK Corporation's areas of responsibility. In accordance with the statutes of the cooperative society, the Executive Board provides the Corporate Management Team with guidelines, if necessary, and the Corporate Management Team does not have authority based on laws or the cooperative society's statutes. The Corporate Management Team generally convenes twice a month. The retirement age of the members of SOK's Corporate Management Team is determined in accordance with personal executive contracts, and is currently 63 years.

In 2022, the Corporate Management Team consisted of the following members:

			EMPLOYED BY S GROUP	MEMBER OF THE SOK EXECUTIVE BOARD	RETIREMENT AGE
Hannu Krook	b. 1965	CEO	2013–	2021	63
Arttu Laine	b. 1970	Executive Vice President, Chain Management, Procurement and Logistics	1995–	2014–	63
Jari Annala	b. 1964	Executive Vice President, SOK Business	1989–	2007–	63
Päivi Anttikoski	b. 1971	Executive Vice President, Media, Marketing, Communications, Content, Sustainability	2021–	2021–	63
Seppo Kuitunen	b. 1961	Executive Vice President, Legal Affairs, Legal Affairs and Secretaries	2005–	2021–	63
Hanne Lehtovuori	b. 1974	HR Director, HR functions	2021–	2021–	63
Sebastian Nyström	b. 1974	Executive Vice President, CTO, Loyalty, IT & Digital Development	2016–	2016–	63
Maria Timgren	b. 1984	Executive Vice President, Strategy	2021–	2021–	63
Jorma Vehviläinen	b. 1967	CFO, Finance and Funding	1991–	2013–	63

The Corporate Management Team convened 22 times in 2022.

SUBSIDIARIES

Primarily, the Chair of the Board of Directors of a subsidiary is a member of the Corporate Management Team, employed by SOK and responsible for the line of business in question. The CEO is the Chair of SOK Liiketoiminta Oy's Board of Directors. SOK's Executive Board nominates the members of the subsidiaries' Boards of Directors for the subsidiaries' Annual General Meetings to decide on. The members of the Boards of Directors of subsidiaries are primarily elected from among S Group's employees.

The subsidiary's Board elects the company's managing director, but in accordance with the Group's internal guidelines, the election is also subject to approval by SOK's Executive Board. As a rule, the managing directors of subsidiaries do not have seats on the Board of Directors of the company in question. The operations of the subsidiaries are regulated by corporation-wide principles and operating policies decided upon by SOK's Executive Board.

CHAIN MANAGEMENT

SOK's chain management units are responsible for developing the business area or chains and for preparing matters for SOK's Executive Board to decide on. Key responsibilities include the preparation of the competition strategy of the chains and the development of the chain business idea and chain concept, as well as the preliminary preparation of the chains' annual operating plan. The business chain management units are managed by chain directors, who are included in the area of responsibility of the Executive Vice Presidents at the Corporate Management Team level. The business support teams support and assist the chain management functions. They consist of 4–13 representatives, who are managing directors or business area directors of regional cooperatives, as well as representatives of SOK's chain management. An Executive Vice President of SOK serves as the chair of the business support teams.

SOK's support and service functions also have their own support teams, which provide assistance and support to the management of the SOK function that is responsible for providing services and developing the support function in question. The support teams include managing directors of regional cooperatives and directors of the responsibility area in question, and a member of SOK's Corporate Management Team who is responsible for the support function in question serves as the chair of the team.

The business support teams and service operations support teams are not decision-making bodies by nature. A member of SOK's Corporate Management Team responsible for the business or support functions in question is in charge of selecting the support team members, and SOK's Executive Board is informed of the selection. The management model streamlines the authority and responsibilities of the chains and the service operations.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

INTERNAL CONTROL

The purpose of internal control is to support the operations of SOK Corporation's companies within S Group and in accordance with S Group's values.

It aims to ensure efficient operations, the achievement of strategic goals, adequate and reliable external and internal reporting, compliance with legislation, regulations and the company's principles and policies and the protection of assets.

Internal control is divided into the following areas:

1. Monitoring environment and values

The monitoring environment is the basis for implementing SOK Corporation's internal control. It is supported by S Group's values and SOK Corporation's Code of Conduct, compliance with which is required for all personnel in SOK Corporation. Organisational structure, the division of responsibilities and authorisations as well as HR practices are also part of the monitoring environment. The condition of the monitoring environment is reflected in matters such as compliance with internal principles, policies and guidelines and in how the organisation treats the monitoring measures and the correction of deficiencies detected by the organisation.

2. Risk management

Risk management is an activity that supports the company's business goals. Risk management adapted to the company's business requirements, including identification, analysis and prioritisation of risks and the implementation of risk management solutions based on them, ensures that the company's strategic goals are achieved. Risk management is a part of SOK Corporation's internal control. Both have the same goal of ensuring that the company's goals are achieved. Risk management process identify risks related to the company's business goals that can be directly managed by monitoring measures or have risk management measures whose implementation can be monitored through monitoring measures and mechanisms. SOK Corporation's risk management policy and S Group's risk management principles together constitute the policies for the risk management's mindset, goals, implementation and responsibilities in SOK Corporation.

3. Monitoring measures and compliance

Monitoring measures ensure adequate monitoring of operations and ensure that the goals of the organisation are met in a controlled manner. An effective management system must identify risks so that adequate control measures can be defined. The monitoring measures and their responsibilities must be defined clearly to ensure their implementation and functionality. Monitoring measures include guidelines, management reviews, performance measurements, balancing, physical audits, preventing dangerous work combinations, deviation reports and various IT audits.

4. Flow of information and communication

Internal control is supported by adequate, reliable and up-to-date information flow and communication. The internal flow of information and communication are particularly important for internal control to convey information on matters such as guidelines, company objectives and their monitoring, and the functionality of internal control. Internal communication supports business operations and promotes its goals by engaging the working community to work towards common goals. Management communication is at the heart of SOK Corporation's internal communication.

5. Monitoring and audits

Monitoring and audits ensure the functionality and efficiency of internal control. Continuous monitoring is carried out as part of management and supervisory work. The functionality and efficiency of internal control is also ensured through separate internal and external assessments such as internal audits and financial audits. The management is notified of any shortcomings in the control system identified through monitoring and audits, and the necessary corrective measures can be started.

Overall responsibility for SOK Corporation's internal control system lies with SOK's Executive Board. In addition, the Chief Executive Officer, SOK's unit directors, and the Boards of Directors of the subsidiaries and their managing directors carry out the monitoring of business activities in day-to-day operations within their own areas of responsibility. The internal control system functions at all levels of SOK Corporation.

The division of responsibility for SOK Corporation's internal control complies with the following basic policies: The main responsibility for monitoring lies with the business units that are responsible for their units' management system, operational processes and their monitoring, projects and the implementation of risk management.

Chain management, support and service functions are responsible for supporting business units in implementing internal control. They define policies and guidelines and implement the group-level monitoring through measures such as reporting and supporting the monitoring of compliance with guidelines.

The internal audit functions conduct independent assessments determined on a case-by-case basis to ensure the operations of the control system and its individual parts by means of assessment and consulting projects. External parties, such as auditors, also assess the functionality of the control system.

RISK MANAGEMENT

SOK's Executive Board has confirmed a risk management policy for identifying and analysing risks across the corporation and for determining risk management measures as part of strategy processes and operational planning. Based on analyses, key risks are identified in terms of the corporation's operations and the achievement of its strategic goals. The Executive Board discusses and decides on these key risks annually. The management of SOK Corporation's subsidiaries and units reviews and determines each unit's most significant risks and the related risk management measures, as well as being responsible for implementing risk management measures.

Precautions have been taken for property, loss-of-profit and liability damage risks related to operations through various measures, such as contingency plans and insurance policies. SOK Corporation's risk management expert organisation steers and develops risk management within S Group and provides support in implementing risk management. SOK's internal audit function assesses the sufficiency and functionality of risk management processes.

INTERNAL AUDIT

The corporation's internal audit is carried out by the internal control function of SOK. SOK's Executive Board reviews the annual plan for SOK's internal audit every year. The internal audit function regularly reports on the findings of the internal audit to the Corporate Management Team, CEO, Executive Board and the Supervisory Board's Audit Committee.

AUDITING

The cooperative society's financial statements, consolidated financial statements, accounting and governance are audited by an auditor. The auditor must be a member of a community of Authorised Public Accountants in accordance with the Auditing Act. The cooperative society's Annual Cooperative Meeting elects the auditor.

The Annual Cooperative Meeting elected KPMG Oy Ab, Authorised Public Accountants, as SOK's auditor for 2022, with Jukka Rajala, APA, as the principal auditor.

In 2022, the auditing fees paid by the SOK Corporation companies in Finland, Estonia and Russia for auditing operations amounted to EUR 428,612, and other fees not related to auditing amounted to EUR 122,541. Of these fees, audit fees for the parent company totalled EUR 299,335, and fees from the parent company for other consulting services totalled EUR 106,499.

RELATED PARTY TRANSACTIONS

SOK Corporation maintains a list of its related parties and monitors and evaluates related party transactions.

SOK defines the related parties in a manner appropriate for its structure, particularly taking into account the purpose of the recommendation concerning related party transactions and, where possible, taking into account the related parties in accordance with the Corporate Governance Code (as specified in the Limited Liability Companies Act, which is binding on listed companies). SOK's related parties include all Group companies, the members of the Executive Board, the Supervisory Board and the Corporate Management Team, as well as their immediate family members. Any conflicts of interest will be taken into account in decision-making, and each Group company maintains a list of companies belonging to its related parties in accordance with the Corporate Governance Code.

SOK Corporation presents information on related party transactions as a note to the financial statements, if they are significant and not implemented at ordinary commercial terms.

FINANCIAL REPORTING

SOK Corporation publishes its result in February, and its financial statements are confirmed in April. A half-year financial report is published in August. Furthermore, reports on the development of S Group's retail sales are published quarterly. SOK Corporation's annual report is published at the Annual Cooperative Meeting in April.

OTHER DISCLOSURES OF INFORMATION

Up-to-date information about SOK Corporation and S Group, including press releases, is available on the Group's website at https://s-ryhma.fi/en. SOK Media's Communications and Public Affairs unit is responsible for producing and updating the information.

The remuneration report is available on a separate website: Administration and management - S Group (s-ryhma.fi).





REVIEW OF THE SVP SUSTAINABILITY

In many ways, 2022 was an extraordinary year in terms of sustainability. Security of supply, self-sufficiency and people's subsistence were clearly more present on the sustainability agenda. The rising prices of energy and food had effects on both local and global levels. S Group's strong long-term energy efficiency work, participation in the common energy saving campaign and continuing investments in renewable electricity production brought benefits to us and our co-op members, but these actions also had a significant impact on society. After all, we are the largest non-industrial consumer of electricity in Finland.

Even though the urgent crises were reflected in our sustainability work, we must still maintain the long-term targets of our sustainability programme. Climate change, loss of biodiversity, the challenges of overconsumption and the resulting scarcity of resources have not been eliminated, and the work must continue. It is a prerequisite for sustainable business and the continuity of business. The green transition will also create opportunities for new business, and changes in consumer habits will influence how we will serve our customers in the future. We have started piloting these services for sustainable consumption, and this work will continue.

Our sustainability targets are proceeding according to plan. We managed to reduce the climate emissions of our operations by 27% compared to the previous year. Our waste recycling rate was 76%. The share of domestic food increased nicely to 78% and our plant-based food share remained at 59%, the same as in 2021. We published a report on our textile project in Bangladesh and will continue to work on the identified development points with our partners. Our audit rate was 99%.

The year 2022 culminated in the UN's COP15 Biodiversity Conference in Montreal, where new international targets were agreed to promote biodiversity and combat the loss of biodiversity. We have highlighted the promotion of biodiversity as a focus area in our sustainability work. The progress of S Group's assessment work on the Group's harmful impact on nature is essential for us to better mitigate harmful impacts.

S Group's strategic goal is to be a forerunner in sustainability in the business areas that we operate in. Holding on to this goal will be increasingly challenging in the coming years as the regulation related to sustainable development increases. We must invest more in corporate sustainability and be effective in our operations. Regulation also requires information to be conveyed across value chains. Transparency requirements also increase the expectations for better sustainability data management, which makes it possible to also provide sustainability data to customers.

The challenges of sustainability and the discovery of new solutions require better cooperation across value chains and with various stakeholders. At the same time, we have to remember that a significant part of environmental impacts are created outside our operations, so building a more sustainable future has to be done through cooperation. I would like to thank all our stakeholders for their invaluable cooperation and everyone at S Group engaged in sustainability work every day. Through these actions and cooperation, we make our sustainability programme and our mission a reality: together we make a better place to live.

Nina Elomaa,
SVP Sustainability, SOK

Our sustainability programme, Together We Will Make a Better Place to Live, realises our group's mission, in which sustainability is a central theme. Our goal is to lead the way in sustainability in the industries in which we operate. Sustainability in S Group covers all business areas and is managed jointly with the business management at the Group level.

SUSTAINABILITY MANAGEMENT AND ORGANISATION

We are committed to several international initiatives, including the UN Sustainable Development Goals (SDGs), UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Treaty on Fundamental Rights at Work and the UN Global Compact initiative.

The sustainability programme, S Group's Group-level sustainability principles and strategic policies, commitments and goals are approved by SOK's Executive Board and the Supervisory Board. The Executive Board and Supervisory Board regularly discuss sustainability matters. SOK's Sustainability unit is in charge of strategic development, control and reporting of sustainability at the Group level.

SOK's Sustainability unit is in charge of strategic goal setting and determines the focus areas of S Group's sustainability development. The business area-specific sustainability objectives and procedures are defined jointly with the business units and subsidiaries and the Sustainability unit. The Sustainability unit guides and monitors implementation and reports regularly to the heads





of business management, the Corporate Management Team and SOK's Executive Board on sustainability development as part of the management system.

Policies concerning products and services are prepared jointly with the business areas. Sustainability matters are regularly discussed with regional cooperatives through internal groups and forums. Management of sustainability concerns is described in more detail in each section.

S Group's sustainability Advisory Group, consisting of external experts, is part of the sustainability management and steering model. The Advisory Group's role is to support and challenge S Group in developing sustainability. Its purpose is to provide S Group with information about new opportunities, best practices in corporate sustainability, innovations and risks related to the operating environment. Nevertheless, decisions concerning the focus areas of development are made within S Group. In addition to the SVP Sustainability, the CEO, Executive Vice President and business area management participate in the Advisory Group's work.

The goals set out in S Group's sustainability programme are integrated in the remuneration system of S Group's management.

In 2022, we defined a comprehensive set of targets related to the sustainability programme's three main themes, and these targets will be part of the remuneration system for S Group's management.

Our mission is to produce benefits and services that generate well-being for our owners – in other words, our customers. However, well-being means much more than just economic well-being. With our co-op members, we will make a better place to live. As a major operator, we have a considerable impact on the present and on the legacy we leave for future generations. Foresight is therefore important, and our sustainability programme will extend until 2030. The sustainability programme includes both long-term and short-term goals.

S GROUP'S SUSTAINABILITY 2030

SUSTAINABILITY LEADERSHIP

TOGETHER WE WILL MAKE A BETTER PLACE TO LIVE

TOWARDS A NEW NORMAL IN CONSUMPTION – TOGETHER, ONE STEP AT A TIME

Promoting sustainability, health and wellbeing

Promoting a planetary diet – 65% plant-based

Promoting local products – 80% domestic food products

Towards carbon-neutral transport



TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

Carbon negative 2025

Towards a circular economy

Strengthening the biodiversity



TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

Promoting human rights

Main ingredients of food products – 100% audited

Increasing openness – origin of products and sustainability information displayed

Common, non-discriminating and diverse S Group

Strengthening an inclusive society



WE EXIST FOR THE CUSTOMER

WE TAKE RESPONSIBILITY FOR PEOPLE AND THE ENVIRONMENT

WE CONSTANTLY RENEW OUR OPERATIONS

WE OPERATE PROFITABLY



Successful engagement work enables us to better understand our operating environment and stakeholders' expectations. Our aim is for S Group to be perceived as a responsible member of society, a vital and attractive company and a reliable partner. In cooperation with our stakeholders, we are solving social challenges, from minor problems in daily life to major global issues.

OPEN AND ACTIVE STAKEHOLDER ENGAGEMENT

Transparency is key for us in building trust. We communicate openly and actively about our operations. Matters are communicated as soon as objectives have been set for action. We listen to our stakeholders and share our views through constructive dialogue. We seek to learn.

MEASURING STAKEHOLDER ENGAGEMENT

Stakeholders' images of S Group as a responsible operator are studied annually by means such as the Reputation & Trust survey conducted by T-Media. The survey assesses our overall reputation through eight themes: governance, financial administration, management, innovation, interaction, products and services, workplace, and responsibility. In 2022, our overall reputation was regarded as good by the general public, the media and decision-makers. Among the general public, S Group's reputation is positive. In the survey of the general public in 2022, we were the eighth-most reputable company in Finland. The result remained nearly the same as in the previous year (2022: 3.75 and 2021: 3.79).

S Group and its chains were again ranked highly in the Sustainable Brand Index, the most extensive annual study on sustainability images in Europe. In 2022, consumers viewed S Group as the most sustainable daily consumer goods brand, and Prisma, Sokos Hotels and S-Bank were all leaders in sustainability in their own business areas.

OUR KEY STAKEHOLDERS	INTERACTION CHANNELS AND ENGAGEMENT	KEY THEMES IN 2022	EXAMPLES OF OUR OPERATIONS IN 2022
CO-OP MEMBERS	→ Daily customer encounters → Customer surveys → Yhteishyvä magazine → Customer service channels → Social media → Customer-owners	→ Selection, Finnish origin → Price and availability → Sustainability and transparency → Safety and quality	→ We provide our co-op members with competitive services and benefits in a profitable manner. → Wide range of Kotimaista private-label products. → 78% of the food we sold was of Finnish origin. → S-mobiili price comparison tool → Quality requirements and assurance processes → Operating in accordance with our “Together, we make a better place to live” sustainability programme
PERSONNEL	→ Job satisfaction surveys and development discussions → Open dialogue → Electronic communication channels and Ässä personnel magazine → Leadership commitments → Ethics principles → S Group whistleblowing channel → Cooperation and training	→ Well-being at work → Job satisfaction → Training and career opportunities → Occupational safety → Availability of labour	→ We are the largest private employer in Finland. → Annual job satisfaction survey → We do not ask applicants their age or gender during recruitment. → Support for the Mind model and S-Ergo project → Principles of adjusted work → Ollaan ihmisiksi campaign
DECISION-MAKERS IN SOCIETY	→ Dialogue at various stakeholder forums → Meetings → Hearings → Statements	→ Promoting free competition → Food chain issues → Availability of personnel → Diversification of emission reduction methods → Security of supply → Responsible business operations	→ Open dialogue with those preparing decisions and those making them regarding issues impacting S Group’s operations and regarding development of the service sector. → We held dialogues with the key ministers, their assistants and civil servants of pivotal importance to our sector, as well as with MPs interested in S Group’s activities. → We also bring perspectives to decision-making through statements. → In addition, we actively participate in events held by our stakeholders, as well as various hearings at ministries and the Finnish Parliament.

OUR KEY STAKEHOLDERS	INTERACTION CHANNELS AND ENGAGEMENT	KEY THEMES IN 2022	EXAMPLES OF OUR OPERATIONS IN 2022
SUPPLIERS AND SERVICE PROVIDERS, OTHER OPERATORS IN THE SUPPLY CHAIN	→ Procurement sustainability requirements, such as the amfori BSCI Code of Conduct → Dialogue and meetings	→ Cooperation, partnerships → Requirements for suppliers and service providers → Human rights and environmental matters	→ Annual Ässäpäivä event for supermarket trade suppliers. → Our Big Deal programme aims to reduce emissions by a million tonnes together with suppliers. → We participate in amfori BSCI, which promotes the development of the social and environmental responsibility of European companies. → We opened negotiations during the financial period with suppliers that are directly affected by the urgent price pressures resulting from the state of the world. → As a significant operator in the food supply chain, we want to support the success of the Finnish food supply chain. In 2022, we worked in close cooperation with organisations such as the Baltic Sea Action Group and ProAgria. In cooperation with ProAgria, we have developed and implemented a training programme for the future for farmers.
NGOS AND CHARITIES	→ Meetings and events → Surveys → Cooperation projects	→ Climate, environmental and human rights matters → Health → Sustainable consumption	→ As an example, we responded to a query from Finnwatch to the chains regarding products imported from Israel, Golan or the Palestinian territories. → Cooperation with the Finnish Red Cross to help those suffering from the crisis in Ukraine. → Organising Ässäkokki cooking courses for schoolchildren with the Martha Association since 2017. → Pidä Huolta charity challenge
INDUSTRY ASSOCIATIONS	→ Active participation in working groups and committees → Expressing perspectives → Positions of trust	→ Monitoring and development of the operating environment → Influencing opinion-shaping processes	→ We collaborate with advocacy associations and other communities in the development of our industry. → We are members of the largest organisations, such as the Confederation of Finnish Industries, the Central Chamber of Commerce, the Finnish Commerce Federation, the Finnish Grocery Trade Association, the Finnish Hospitality Association and the Pellervo Coop Centre. → As a cooperative enterprise, we are a member of international associations in our field, such as Euro Coop and the International Co-operative Alliance (ICA). → We engage in responsibility cooperation with parties such as the UN Global Compact network, Finnish Business & Society and the Climate Leadership Coalition.

OUR KEY STAKEHOLDERS	INTERACTION CHANNELS AND ENGAGEMENT	KEY THEMES IN 2022	EXAMPLES OF OUR OPERATIONS IN 2022
MEDIA	→ Press releases → Interviews → Media meetings → S Group's own communication channels → Media service	→ Openly conveying information about our operations	→ We are easily accessible to the media, and we answer questions as quickly as possible. → We share timely and interesting information via multiple channels.
UNIVERSITIES AND RESEARCH INSTITUTES	→ Cooperation projects → Dialogue → Lectures and presentations	→ Health → Data → Climate impact	→ We assess S Group's natural footprint in a research project organised in cooperation with the University of Jyväskylä. → The LoCard project, led by the University of Helsinki and University of Tampere, is studying food use and lifestyles in an internationally unique project by using S Group's purchasing data and surveys of co-op members.
LOCAL COMMUNITIES	→ Local services → Cooperation projects → Dialogue	→ Well-being and development of the region	→ We want to safeguard local services and regional vitality throughout the country. → We offer employment, summer jobs and trainee positions.

VALUE CREATION

INPUT

SOCIAL CAPITAL

- Almost 40,000 S Group employees, 84 different nationalities
- Procurement sustainability guidelines for the promotion of human rights
- Daily work to ensure the safety and healthiness of products

NATURE CAPITAL

- 75% less emissions from our own operations (2015–2022), offsetting, 15% improvement in energy efficiency (2015–2022), mitigating climate change
- 82% renewable electricity, 110,000 solar panels, 62 wind farms
- Use of refrigerants
- Water consumption
- Products and services, planetary diet objective, responsible investment services
- Policy decisions regarding procurement of raw materials

FINANCIAL ASSETS

- More than 15,600 product and service suppliers
- Capital invested by co-op members and cooperative contribution fund EUR 258.5 million
- 1,984 outlets
- More than 2.5 million co-op members

INTANGIBLE ASSETS

- Stakeholder dialogue and relationships
- Co-op members and customer information
- Management by data, research & product development and new innovations
- The respected and well-known S-brand and private-label products

S GROUP

19 cooperatives, supermarket trade, department store and speciality store trade, service station store and fuel sales, travel industry and hospitality business, hardware trade, banking services,

Estonia: supermarket trade, travel industry and restaurant operations

OUR VISION

Making your every day taste special.

OUR MISSION

Together we build a better place to live.

KEY THEMES

Towards a new normal of sustainable consumption – together, one step at a time

Towards sustainable growth – by respecting natural resources

Towards an equal world – by removing inequality

OUTPUT

- Job satisfaction 76.3 (TYT index), EUR 1.2 billion paid in salaries
- Private-label purchases 99% from audited factories
- Information about the country of origin displayed transparently all private-label products
- Advocacy through international networks to promote human rights
- 47 reports to S Group's whistleblowing channel
- Safe products
- Millions of age limit checks, 384 product recalls

- 8,342,100 tCO_2e emissions into air (Scopes 1, 2 and 3)
- Wastewater
- 107,500 tonnes of waste, 1.44% relative food waste in the supermarket trade, 76% recycling rate in Finland
- 438 recycling stations, carbon footprint calculator
- Extensive range of certified products and certification rate

- Purchases, procurement and degree of domestic origin
- Tax footprint / taxes paid EUR 1,702 million, investments EUR 556 million
- EUR 414 million paid to co-op members in bonuses, covering 78% of households
- Sustainability cooperation totalling more than EUR 6.7 million

- Functionality of the product range, comprehensive products (number of items) and services (digital and data), permanently inexpensive prices
- Future-related coaching, research cooperation, new services and innovations
- Approximately 460 products in the *Kotimaista* range

IMPACTS

- The largest private employer in Finland, innovation, satisfied employees, non-discrimination and equality, skilled personnel
- Respect for human rights, improving rights and working conditions for employees
- Safe, healthy and responsible products and services, improved national health

- Impact of wastewater emissions
- 3,900 more tonnes of waste sent to recycling compared to 2019, systematic reduction of waste
- Improvement of recycling opportunities, reducing emissions, sustainable consumption and investing
- Ensuring the diversity of nature and promoting human rights

- Supporting local purchases, indirect employment
- Supporting a vital Finland, prevention of inequalities, services for everyone, accessibility
- Local and national cooperation projects and financial support

- Broad social vision for development of business operations, development of new ways and solutions by listening to all parties, increased understanding on both sides
- Diverse product range

Specific consumption of energy, recycling rate, relative food waste in the supermarket trade, coverage of audits of purchases from high-risk countries and the share of Finnish food products do not include data from neighbouring regions.

Assurance report 2022 for the specific consumption of energy, emissions of our own operations, recycling rate, relative food waste, coverage of audits of purchases from high-risk countries and the share of Finnish food products

We are a Finnish group of companies. Most of the taxes we pay benefit our local regions, as do the benefits arising from procurement and construction. S Group is Finland's largest private employer.

WELL-BEING THROUGH COOPERATIVE ACTIVITIES

Cooperative activities refer to business operations that emphasise both financial profitability and social responsibility. Our operations are guided by our values:

- WE ARE HERE FOR THE CUSTOMER.
- WE TAKE RESPONSIBILITY FOR PEOPLE AND THE ENVIRONMENT.
- WE CONSTANTLY RENEW OUR OPERATIONS.
- WE OPERATE PROFITABLY.

The co-op members are the sole owners of S Group's cooperative enterprises. All co-op members own an equal share of their cooperative. In other words, everyone has an equal opportunity to impact the operations of their local cooperative by voting for or running for membership of the Council of Representatives of the cooperative.

Because of the cooperative form of business, the money circulating in the operations of S Group's cooperatives benefits the co-op members and ensures regional well-being and vitality. Earnings from operations are invested for the benefit of the co-op members by developing services and renovating locations, or distributed to the co-op members in the form of various benefits, such as the Bonus and payment method-related benefits.

NUMBER OF CO-OP MEMBERS* ALMOST

2.5

MILLION

CASH BENEFITS PAID TO CO-OP MEMBERS

484

EUR MILLION

BONUS

414

EUR MILLION

* Membership of cooperatives



55.3

RETURN OF SURPLUS, EUR MILLION

12.3

PAYMENT METHOD BENEFIT, EUR MILLION

2.7

PAYMENT OF INTEREST ON MEMBERSHIP FEE, EUR MILLION



A major Finnish taxpayer

S Group companies paid a total of nearly EUR 1.7 billion in taxes and levies to the Finnish state and municipalities in 2022. In addition to direct income tax and indirect taxes on consumption, S Group's tax footprint includes tax-like payments related to employees and tax withheld from their salaries.

In recent years, the focus in taxation has shifted from income taxes towards indirect taxes. Indirect taxes include value added tax and various excise duties, such as alcohol taxes, beverage taxes and fuel tax. Value added tax is a common consumption tax ultimately paid by the consumers of goods and services; that is, mainly households. We pay value added tax to the state as a company selling goods and services. Excise duties are consumption taxes included in the price of the product, and are levied from product manufacturers, producers, importers or wholesalers.

Many products sold by S Group include excise duties. In addition to the taxes included in the tax footprint, we pay transfer tax, lottery tax and tax at source, which are not included in the table on the next page. We also pay local taxes on the operations of our companies abroad in accordance with the regulations of each country.

The majority of the tax income generated by S Group is distributed regionally around Finland. Tax withheld from salaries and the corporate tax paid by the S Group companies are primarily accumulated by municipalities. The tax revenue is used to finance services offered by society in each cooperative's region in Finland.



VALUE CREATED FOR SOCIETY IN 2022

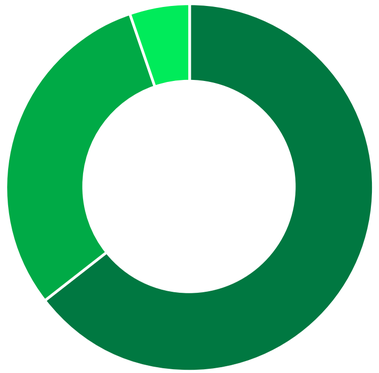
Purchases from suppliers of goods and services	8,179 EUR million
Taxes	1,702 EUR million
Personnel remuneration	1,317 EUR million
Investments	556 EUR million
Rewards to co-op members	484 EUR million

TAX FOOTPRINT IN 2022

INCOME AND CAPITAL TAXES	2022 EUR MILLION
Corporate income tax	62.3
Property tax	25.6
	87.9

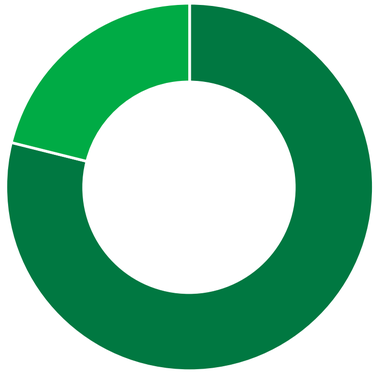
INDIRECT TAXES	2022 EUR MILLION
Remitted value-added tax	311.0
Insurance premium tax	1.1
Electricity tax	23.9
Fuel excise duty	724.6
Beverage excise duty	2.3
Alcohol tax	8.0
Importation customs duties	8.4
Vehicle tax	17.8
	1,097.1

TAX WITHHELD AND EMPLOYER CONTRIBUTIONS	2022 EUR MILLION
Tax withheld on salaries	233.5
Pension insurance payments	228.0
Sickness and unemployment insurance payments	55.0
	516.5
Total	**1,702.0**



TAX FOOTPRINT IN 2022
1,702 EUR MILLION

Indirect taxes	1,097.1 EUR million
Tax withheld and employer contributions	516.5 EUR million
Income and capital taxes	87.9 EUR million



TAX WITHHOLDINGS AND CORPORATE TAXES IN 2022
295.8 EUR MILLION

Tax withheld	233.5 EUR million
Corporate taxes	62.3 EUR million
Total	**295.8 EUR million**

TAX FOOTPRINT IN 2022

1,702

EUR MILLION

2022

SOK and cooperatives participated in supporting Ukraine through the Finnish Red Cross

In the spring of 2022, S Group organised a fundraising campaign with the Finnish Red Cross to help those affected by the crisis in Ukraine. So far, we have already raised nearly one million euros with our customers for the Finnish Red Cross's Disaster Relief Fund.

The sum includes donations from regional cooperatives, donations from co-op members, and co-op members' donations from reverse vending machines for bottle and can recycling through Tomra's campaign. In addition, S Group made material donations to the Finnish Red Cross for purposes such as assisting Ukrainian refugees in Finland. In addition, cooperatives have employed Ukrainians where possible.

The Red Cross will use the raised funds to help people fulfil their basic needs in the war zone.

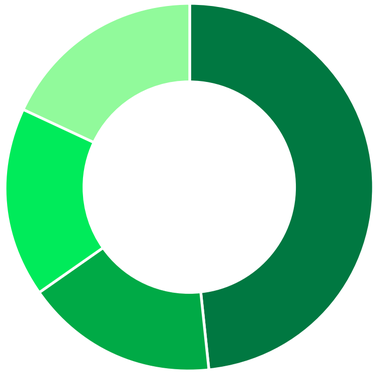
The Red Cross is delivering food, water, shelter and medical assistance to the conflict area.

Diverse activities through cooperation on sustainability

As a cooperative community, we seek to be a driver of regional activities with initiatives that promote sports, culture and social well-being.

In 2022, we provide over EUR 6.7 million in support to various operators across Finland. Nearly half of the support amount was allocated to sports and the rest to supporting social activities and culture, as well as to various donations.

Our cooperatives extensively support local activities through the Kannustajat ('Supporters') concept, for example. The concept makes it possible for the cooperatives to support children's and young people's hobbies transparently. Co-op members can join as supporters and have an impact on the amount and recipients of the support paid by the cooperative.



RESPONSBILITY COOPERATION IN 2022, %

Sports cooperation	48%
Social activities	17%
Donations	17%
Cultural cooperation	18%

2022



Pidä Huolta charity challenge

The charity challenge organised by Toivon Kärki ry, MIELI ry, S Group and LähiTapiola encouraged Finnish people to take care of young people's mental health in a variety of ways, raising more than one million euros to help and support young people. The campaign results are used in full for the benefit of the Sekasin chat service offering crisis support to young people, as well as improving the mental health skills of young people.

The national Sekasin chat will allocate the donated funds to strengthen their volunteer activities, making the chat service available to more young people. The donations have allowed the development of new operational models to support the volunteer activities with existing partners. The funds have also been used to facilitate the onboarding of new volunteers and improve communications about the service. The donated funds have also allowed the Sekasin chat service to start service in Swedish.

Since the Covid pandemic, the number of professionals (partners) in the Sekasin chat service has decreased. However, the total number of contacts on the service was successfully increased by strengthening volunteer activities.

The funds have also been used to promote the mental health of young people and support school work. For example, national training courses for mental health and emotional skills, which are free of charge for schools, have been used to strengthen the mental health competence of school professionals, such as teachers.

2022

Pink Ribbon campaign supporting research

Cancer Foundation Finland is the largest private financer of cancer research in Finland. The Pink Ribbon campaign of the Foundation supports Finnish cancer research by issuing grants to the country's most influential cancer research projects and best cancer researchers. The campaign in the autumn of 2022 resulted in a record total of five million euros in donations.

We participated in the campaign by selling the campaign's ribbons and bracelets in all of our supermarket chains and ABC, Sokos and Emotion locations. The sales of ribbons and bracelets resulted in a total of over a million euros, meaning that about one fifth of the entire campaign's donations came from S Group's outlets.

TOWARDS A NEW NORMAL OF SUSTAINABLE CONSUMPTION – TOGETHER, ONE STEP AT A TIME

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We encourage our customers to make smart choices for their wallet, health and the planet. Our goal is that in 2030, at least 65% of the food we sell will be plant-based, and 80% will be produced in Finland. We will also ensure the improvement of animal welfare. We offer sustainable consumption services and promote carbon-neutral transport in Finland.

KEY TARGETS

THEME	OBJECTIVE	ACTUAL 2021	ACTUAL 2022	COMMENT
PLANETARY DIET	65% of the food we sell will be plant-based by the end of 2030.	59%	59%	We will work on our plant-based food roadmap for the following years.
FINNISH ORIGIN	80% of the food we sell will be produced in Finland by the end of 2030.	74%	78%	Calculations of the share of food produced in Finland are based on sold food products and restaurant procurement (EUR).
CARBON NEUTRAL MOBILITY	We are building a network of ABC charging stations for electric cars covering the whole country during 2021–2024.	50	205	Number of outlets with an ABC charging station for electric cars.



SUSTAINABLE CONSUMPTION AT S GROUP

Food plays a key role in promoting health and well-being. Grocery stores can have an impact on what Finnish people eat. We want healthy eating to be possible for everyone, and we believe that when smart choices are easy, they are also made.

The 2023 update of the Nordic nutrition recommendations will take environmental impacts into account, not just health. We at S Group aim to increase the share of plant-based food without compromising on the food's domestic origin. The transition in food behaviour affects all parties involved in the food value chain, so everyone has a role to play. As the largest food retailer in Finland, we have wanted to take an active role in this work.

One of the goals of our sustainability programme is for 65% of the food we sell to be plant-based in 2030. At the same time, we want 80% of the food we sell to be produced in Finland. These goals do not make for a very simple equation. Finding a solution means that we need more investments to promote domestic plant-based production and processing, as well as more easy, tasty and Finnish plant-based products to make sustainable eating more common.

We have signed a joint call to action with almost 30 Finnish food companies and other food business operators, stating that now is the time to invest in plant-based food products. The development of the Finnish food system should be supported this decade so that it can benefit from the opportunities of growing markets both in Finland and internationally. Investing in plant-based food promotes exports, self-sufficiency and public health. The goal is for the next government to draw up a public investment package supporting the promotion of plant-based food value chains. The task of allocating the funding must be given to a party consisting of experts.

The Finnish people are making progress towards more diverse and plant-friendly groceries, but there is still a long way to go until we achieve the goals of current nutritional recommendations or climate-friendly food behaviour. From our data, we see that plant-based choices are gradually becoming more common. Some examples include plant-based food drinks (35% growth in three years) and the volume of vegetable proteins (growing by one third since 2019).

The retail sector's duty is to respond to the different and increasingly individual wishes and needs of our customers. We respect the freedom of choice of our customers, and we do not believe in forcing them. We believe in encouraging, lowering thresholds, inspiring and lightly nudging, whether it is about food choices, the products and services we offer, matters of animal welfare or more sustainable transport.

The key idea of a climate-friendly diet is that healthy eating also allows you to act sensibly from the climate point of view. Food choices are informed by what is available, how easy it is to prepare and what it costs.

PROMOTING A PLANETARY DIET

We encourage our customers to eat healthier and more sustainably for the climate. Our goal is that 65% of the food we sell will be plant-based by the end of 2030. In 2022, plant-based food accounted for 59% of our food sales. The share remained the same as in 2021 despite the share of vegetables in consumers' shopping carts decreasing in late 2022.

S Group uses the Finnish Food Authority's nutrition commitment model. It is an operating model introduced in 2017 for improving the nutritional quality of diets in Finland. At the same time, we support Finnish people in their battle against common diseases. We were the first Finnish company to make a company-specific nutrition commitment.

The commitments concern the healthiness of both the products in our selection and the nutritional quality of everyday cooking recipes published by Yhteishyvä. In total, we have made 13 nutrition commitments.

Our goal is to get people to increase their intake of vegetables by, among other things, expanding the selection of Finnish vegetables, and by highlighting seasonal vegetables, fruit and berries in our grocery stores. However, in the autumn of 2022, the share of vegetables in the Finnish shopping cart decreased due to reasons such as the increased costs resulting from inflation, and total vegetable sales in 2022 decreased by 5.2% compared to the previous year. Upon noticing this, we launched our Alle euron hevi campaign promoting affordable fruit and vegetables in January 2023 in Prisma and



S-market outlets. The campaign's purpose is to draw attention to the affordable prices of our fruit and vegetable section and encourage consumers to increase the share of vegetables in their diet. During the first campaign weeks, we saw a clear increase in the sales of both campaign products and fruit and vegetables in general.

ABC stations have varied salad buffets. The buffets now also include a daily vegetarian option, and the selection has more fish and vegetables than before. Every day, around 30,000 people enjoy meals at ABC service stations, meaning that we can have an impact on the diets of a large number of Finns by offering a wide selection of vegetarian meals and vegetables.

We engage in vegetable- and fish-related communication and marketing at our stores. The Yhteishyvä magazine, which reaches up to three million Finns every month, and its website at yhteishyvä.fi feature articles, recipes and videos about seasonal vegetables and healthy options.

When developing our private label products, we take the amount of salt, sugar and fat into consideration, aiming for an end result that is as healthy as possible. For example, we always aim for a salt content below the limit for labelling foods as being high in salt. At the end of 2022, there were 130 private label products in our selection that had been awarded the Heart Symbol.

We believe that people can learn to eat healthier by monitoring their consumption of vegetables and nutritional intake. The My Purchases service in S-mobiili can be used to view how many kilograms of fruit and vegetables you have bought in a year or in a month, or daily on average. In addition, there is a nutrition calculator that estimates the true nutritional content of your grocery shopping and how it compares to official nutrition recommendations.

THE VEGAN CHALLENGE ENCOURAGES PEOPLE TO TRY PLANT-BASED FOOD

S-market has participated in the Vegan Challenge for many years. The free-of-charge Vegan Challenge organised in January encourages people to try plant-based food for a month. As part of the 2022 cooperation with S-market, the Vegan Challenge's social media channels in January showed three grocery shopping trips filmed in S-market stores, showcasing vegan products along different themes. The challenge's participants also received daily recipes and other practical tips by email. In addition, HOK-Elanto's S-markets have clear Vege markings on the shelves to indicate vegan products.

HEALTHY RECIPES

The nutritional quality of food recipes plays a major role in implementing the dietary recommendations, and they also guide purchasing behaviour. Preparing food and meals compliant with nutritional recommendations should also be made easy for consumers.

Yhteishyvä's food recipes provide consumers with inspiration and ideas for cooking and baking. Yhteishyvä has submitted seven nutritional commitments in relation to recipes to the Finnish Food Authority. These commitments relate to increasing the use of vegetables and fish, favouring good fats, reducing the use of salt and sugar, and favouring ingredients rich in fibre in the recipes. Yhteishyvä is also committed to increasing the number of climate-friendly recipes. Yhteishyvä was the first media outlet to submit nutritional recommendations regarding its own recipes.

More detailed nutritional information has been added to the recipes on the yhteishyvä.fi website in order to make it easier for Finnish people to make health-promoting choices. The recipes are produced in the S Test Kitchen, and they have been tested to suit Finnish domestic kitchens.

ÄSSÄKOKKI INSPIRES CLIMATE-SMART COOKING

Besides developing the selection and adjusting products and recipes, healthy food choices can also be affected through education. S Group and the Martha Association have organised Ässäkokki courses around Finland since 2017. In these free-of-charge classes, children aged 8–12 learn how to prepare plant-based meals inventively and economically from seasonal ingredients.

The courses use simple Ässäkokki recipes aimed at children to encourage the use of Finnish ingredients, experiment with plant-based products and pay attention to waste. The recipes favour Finnish ingredients that are rich in fibre, use salt and sugar in accordance with nutritional recommendations, and prefer plant-based products as sources of fat. In addition to the popular Ässäkokki courses, the recipes are freely available on the Yhteishyvä website.

FOOD RESEARCH WITH S GROUP'S DATA

The LoCard research project coordinated by the University of Helsinki and the University of Tampere is doing internationally pioneering research on food use and lifestyles using S Group's purchasing data and surveys carried out with co-op members.

The researchers have analysed the purchasing data of nearly 30,000 S Group co-op members from 2016 to 2018. So far, the research has already provided new information on what Finnish population groups prioritise in their daily food choices, and that income and food prices did not prevent people from making more sustainable food choices. Lower-income consumers had more climate-friendly purchases.

S Group provides the data for the universities' research purposes with the consent of our co-op members. The cooperation we engage in with universities does not involve funding or financial support for the research.

2022

A hotel breakfast promoting a planetary diet

Break Sokos Hotel Tahko tested a prototype breakfast in November 2022, featuring food products based on the promotion of a planetary diet.

The goal was to find out how customers and staff would receive the prototype breakfast, what they liked about it what should be developed further. Customers considered the breakfast to be modern and it met their expectations of a more responsible and healthy breakfast. They especially praised the wide selection of fruits, vegetables and herbs, as well as the new lake fish paste.

The results will be utilised in further development of the prototype and breakfast testing is intended to continue in 2023.



Photo: Eetu Ahanen

EXPERIMENTING WITH LEGUMES IN S GROUP'S RESTAURANTS

The transition to a sustainable and climate-neutral food system requires more diverse cultivation, processing and use of plant protein sources.

The goal of the University of Helsinki's Leg4Life project is to contribute to significantly greater cultivation and use of legumes throughout the food system, from primary production to the consumer's plate. S Group's restaurants started a cooperation project with the project in 2022 to examine the potential of commercialising Finnish plant protein products.

The goal is to encourage and guide the customers of S Group's restaurants to select menu choices with legume-based products developed in the Leg4Life project. The project also collects customer feedback and data on legume-based dishes and customers' preferences regarding them.

The project's next phase is planning a pilot test for a few S Group restaurants.

In our cooperation project we examine the potential of commercialising Finnish plant protein products.

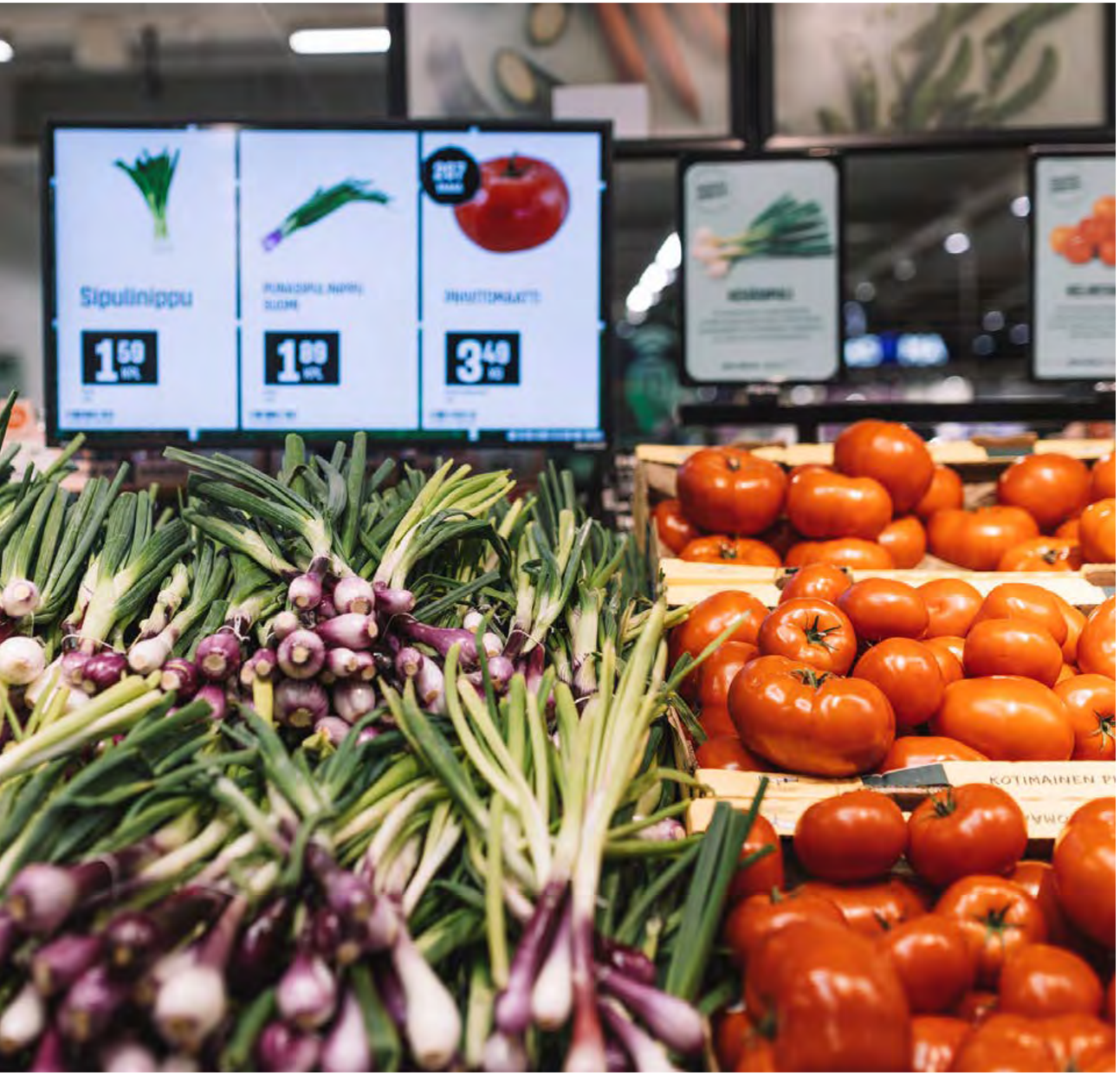
FASD CAMPAIGN

As a significant national operator, we want to do our part and remind everybody of responsible consumption of alcohol, particularly during pregnancy.

In 2022, S Group's grocery stores were again involved in the International FASD Awareness Day. (FASD is short for Fetal Alcohol Spectrum Disorders.) The aim of the day is to remind people that there is no safe limit for consuming alcohol during pregnancy. As part of the campaign, the sale of alcohol in all our S Group grocery stores started nine minutes later than usual on International FASD Awareness Day, 09/09/2022 (at 9:09 am).

S-BANK PARTICIPATING IN INTERNATIONAL ANTI-TOBACCO INITIATIVE

S-Bank's Asset Management has signed the international Tobacco-Free Finance Pledge initiative. The initiative seeks to increase awareness in the financial sector of its own role in promoting the implementation of anti-tobacco guidelines. S-Bank's Asset Management had already excluded tobacco companies from its principles of responsible investment even before joining the initiative. This means that S-Bank does not make direct investments in companies that manufacture tobacco products. Through the international initiative, S-Bank wants to highlight the role of the financial sector in limiting investments in the tobacco industry globally. The signatories are committed to encouraging investors to discontinue funding for the tobacco industry. This would promote the goal of reducing smoking globally by discouraging people from starting to use tobacco products. The signatories are also committed to increasing the popularity of funding free from the tobacco industry by providing information and increasing awareness of the harmful effects of tobacco.



Our customers value the domestic origin of products. The demand for Finnish products also promotes employment in Finland. Climate change, global population growth, urbanisation, technological development and consumers' changing needs are challenging traditional food chain operations. We believe that the food sector can be one of the growth engines of the Finnish economy. The food production and technologies of the future offer opportunities for Finland.

FINNISH ORIGIN

We are Finland's largest seller of groceries and Finnish food. Our goal is that 80% of the food we sell is of domestic origin by the end of 2030. In 2022, 77% of the food we sold in grocery stores was produced in Finland. As a completely Finnish business group, the high share of domestic origin in our products and the functionality of the food chain are important things to us.

The price pressures of primary production increased in the food chain due to knock-on effects from the war, and security of supply and self-sufficiency have increasingly become the topics of discussion. In these exceptional circumstances, we needed exceptional measures, so we started additional price negotiations in the spring of 2022. In 2022, we spent more than half a billion euros in the domestic food chain. The special measures will continue in 2023.

WE OFFER FINNISH PRODUCTS

We work to actively promote the success and future of Finnish food through our actions and by providing our customers with a wide range of options through our products and services. For example, the domestic content calculator in S-mobiili allows customers to check the domestic origin of the raw materials and manufacture of the products they buy.

S Group's Kotimaista range includes 460 products of Finnish origin that meet the generally accepted requirements of the Hyvää Suomesta label or the Sirkkalehti label for Finnish origin, meaning that their raw materials come from Finland and the products have been produced in Finland.

Our ABC restaurants have only served Finnish pork, beef and chicken since 2015. The fresh chicken and pork served at our other restaurant chains is always Finnish. For frozen and processed foods, on the other hand, the goal is for 90% of the products to be of Finnish origin. In 2022, we lagged behind the target in terms of pork due to challenges in the availability of individual products. S Group has around 600 restaurants serving food.

DEGREE OF FINNISH ORIGIN OF MEAT IN RESTAURANT CHAINS IN 2022, %

	OF THE ACQUIRED VOLUME
Chicken, fresh	100%
Frozen and processed chicken products	96%
Pork, fresh	100%
Frozen and processed pork products	88%

A FINNISH RECIPE FOR SUCCESS

For our part, we have wanted to contribute to promoting the commercialisation of domestic food innovations. The Suomalainen menestysresepti (Finnish Recipe for Success) competition developed by S Group has brought innovations to the shelves that have soon become best-selling new products.

It usually takes a long time to get a new food product on the shelves, and many challenges need to be overcome along the way. Large companies have the resources for product development and marketing. The Suomalainen menestysresepti competition intended for SMEs in the food sector was held for the fourth time in 2022. The finalists were provided with coaching on product development and packaging design, as well as telling the story of their product and marketing their product. The winners of all previous production seasons became the highest selling new products at S Group stores during the year of their launch. Products from other finalists also found their way onto the shelves of S Group's grocery stores.

TRAINING FOR THE FUTURE FOR FOOD PRODUCERS

We also wanted to do something tangible with food producers. The goal of our future coaching project organised in cooperation with ProAgria is to support the competence development of farmers and create a bright vision for the future. We offer coaching to producers on topics such as consumer insight, trends and changes in purchasing behaviour and increased sustainability requirements.

Food education for schoolchildren

In cooperation with Finfood, we have developed Trip to the Store, a study module for pupils in years 1 to 6 that enables them to visit their local grocery store, under the supervision of their teacher, to learn about the food chain. During their trips to the store, the children investigate matters such as where do products in a grocery store come from, which bread is richest in fibre and how they can tell what foods come from Finland. The trip supports the "learning outside the classroom" idea of the curriculum, in which educational institutes are encouraged to cooperate with companies as part of schoolwork and learning. The learning material is produced by food education experts from the Finnish Food Information Association.



Value-based consumption is gaining increasing emphasis, and as a major operator, we have an important role to play in and the responsibility for helping our customers make sustainable choices. We listen to our customers' wishes and seek and develop new ways in which to take them into account.

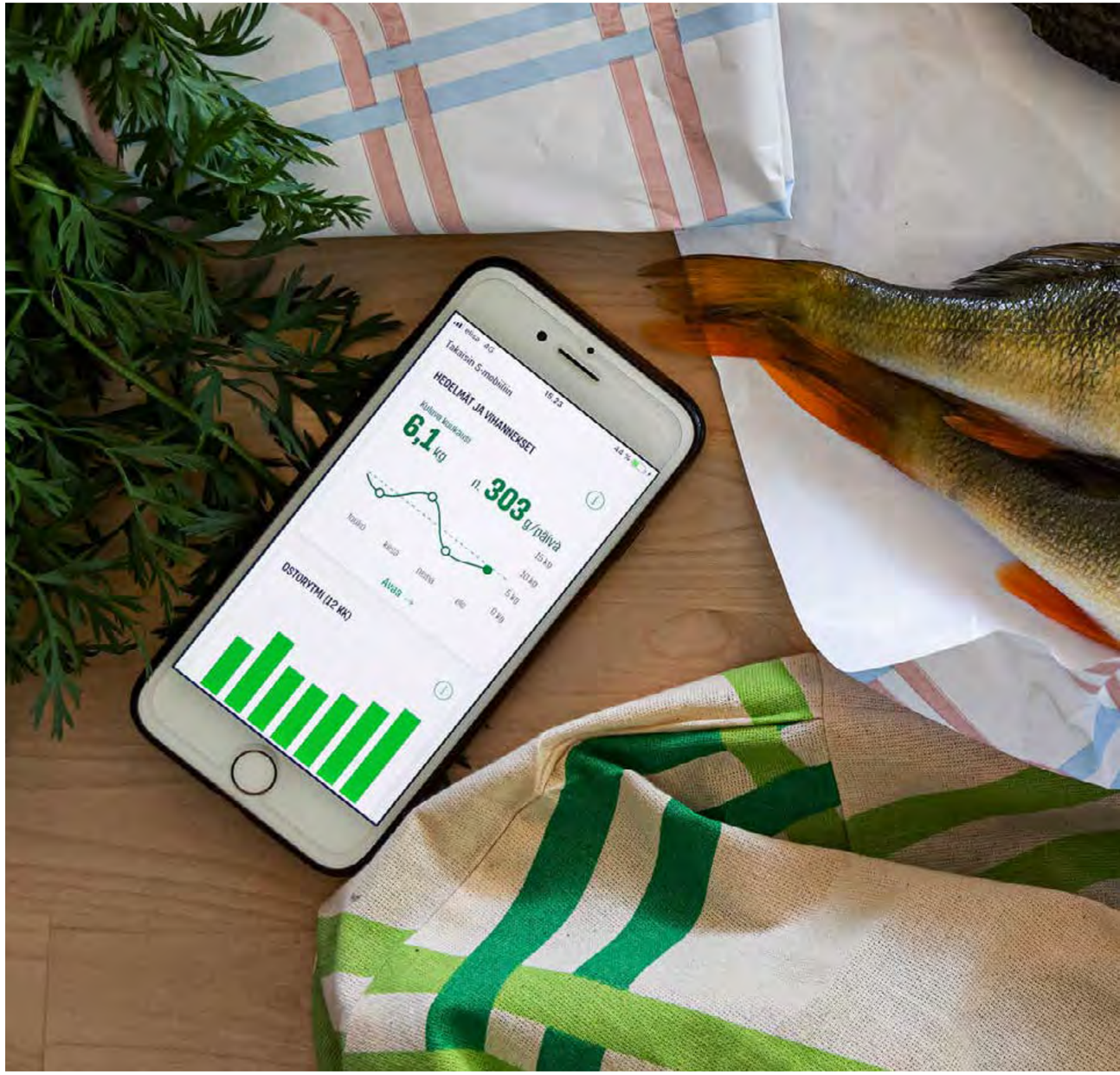
SUSTAINABLE CONSUMPTION SERVICES FOR CUSTOMERS

In the Western countries, we are constantly consuming more than the Earth can support. However, by changing our consumption behaviour, it is possible to mitigate the nature loss caused by consumption so that future generations can still live well.

CALCULATORS PROVIDE ADDITIONAL INFORMATION ON THE SUSTAINABILITY OF YOUR SHOPPING CART

We have developed a special My Purchases service for S-mobiili, which provides price comparisons and a calculator for the carbon footprint, nutritional value and domestic content of your shopping cart.

The carbon footprint calculator allows our customers to monitor the climate impact of their shopping cart for each product group, make comparisons between product groups and find ways to have a personal impact on the carbon footprint of their food purchases. The service also allows customers to separately monitor their consumption of vegetables, for example. The calculator has been developed in cooperation with experts from Natural Resources Institute Finland and consumers.



The nutrition calculator will help users understand the nutritional value of the food they buy and help them make healthier choices.

The domestic content calculator can be used to monitor food products and raw materials. The calculator indicates the degree of Finnish origin of groceries on two levels. The first level includes products made from Finnish raw materials and products with the Hyvää Suomesta label or the Sirkkalehti label for Finnish origin. The second level includes products made in Finland. In addition, the calculator shows foreign groceries as a separate list. The domestic content calculator has received much praise for its illustrative way of explaining how the domestic content of a co-op member's food basket is formed by product category, down to the level of individual products. The calculator's users are particularly interested in the domestic origins of dry food products, meat, beverages and dairy products.

The nutrition calculator, which is unique even on a global scale, was developed in cooperation with leading Finnish nutritionists. The users of the calculator can monitor the health and nutritional values of the food they buy and compare it with the Finnish nutritional recommendations. The calculator will help users understand the nutritional value of the food they buy and help them make healthier choices. Users have been most interested in their consumption of salt, sugar and fat. In addition, the calculator shows the share of fibre, carbohydrates, proteins, fat and saturated fats in the diet. It is possible to drill down to the product level in the case of all the nutritional values.

In turn, the price comparison service compares the price of a food basket between two stores. The price comparison is transparent, given that the tool automatically collects the available current prices from S Group's and its competitors' stores, which communicate their price information openly online. The price comparison allows our customers to compare any two stores that are most important to them and to investigate which of them is more affordable. The service is unique to each customer, because the comparison covers products bought by the customer themselves.

SOKOS PROMOTES THE CIRCULAR ECONOMY OF CLOTHING

The Sokos department store chain and Emmy, the online retailer for second-hand fashion, will start a collaboration in the spring of 2023 that is expected to increase the recycling of clothes and the market for second-hand clothes in Finland by a significant margin. Emmy-boxeswill be added to all 20 Sokos department stores. Additionally, Sokos Tampere will launch a sustainable fashion floor with a second-hand department and sewing, repair and alteration services – the first of its kind in Finland.

MAKING THE REUSE OF SMARTPHONES EASIER THROUGH COLLABORATION WITH SWAPPIE

S Group and Swappie, a company selling refurbished iPhones, began a collaboration in Tampere in the autumn of 2022. The first collection point for used iPhones sold to Swappie was opened at Prisma Kaleva in the beginning of October. The goal is to make it easier for customers to let their old smartphones be reused by bringing them to the collection point when they go grocery shopping.

PRISMA WILL INVEST IN BICYCLES AND EQUIPMENT MAINTENANCE

Prisma stores have invested in bicycles in recent years. Prisma Kaari, located in Kannelmäki in Helsinki, has a renewed bicycle section with a maintenance service point to meet the increasing demand for cycling. Cycling is a sustainable mode of transport and an easy-to-reach bicycle maintenance service for customers increases both the bicycle's life span and its safety.

At the end of 2022, maintenance services were offered in four Prisma stores: Prisma Kaari in Helsinki, Prisma Laune in Lahti, and the Prisma stores of Rauma and Joensuu, and the network is expanding. The service point covers all the most common maintenance and repair services, such as the initial maintenance and annual maintenance for bicycles. The maintenance services are for all bicycles, not just those bought from Prisma stores. In addition to bicycle maintenance, the service points provide services such as skate sharpening and ski maintenance. For do-it-yourself maintenance, Prisma stores also provide an extensive selection of bicycle spare parts, such as tires. Our product selections feature products that are easy to install by yourself.

In addition to expanding the maintenance services, we will also invest in the personnel's competence development. We have been organising training for our personnel for several years to ensure that they can help customers choose bicycles that are safe and the right kind for the customer. The training investment in the spring of 2022 was particularly significant. Nearly 170 Prisma employees from all over Finland took part in the basic bicycle training. The training course discusses the upcoming season's product selections, bicycle sales maintenance and the operating models of Prisma bicycle sales. The participants also received tips on the sales and customer service situations for bicycles, helmets and bicycle equipment. In addition to the basic training, we also offered our Pyörä-Ässä training for the first time. The goal is to extend the lifecycle of bicycles in addition to providing a service-based shopping experience.

THE POSSIBILITY TO OFFSET THE EMISSIONS FROM HOTEL STAYS AT SOKOS HOTELS

Since late 2021, Sokos Hotels customers have been able to offset the carbon footprint of their overnight stays and breakfasts at Sokos Hotels. The hotel chain was the first in Finland to offer private customers the opportunity to offset their carbon footprint. The offsetting is optional, so it is paid separately and will not be added automatically to the room bill. The cost includes average room-specific and breakfast-related emissions. The calculation is based on actual customer volumes from 2019, and the calculations are inspected by third parties. The room-specific cost of the offsetting is only a few dozens of cents per guest, as the climate work carried out by S Group and the hotels is already accounted for in the background. The carbon offsetting will be allocated to projects in which carbon already released into the atmosphere is sequestered in forests or soil, for example. The efficiency of carbon sequestering has been scientifically verified and certified. In order to avoid so-called double counting, **the offsetting uses foreign projects**, since the reduction in domestic emissions through various projects is counted as part of the national climate statistics. Sokos Hotels' partner in the offsetting is the Finnish company Compensate. In 2022, a total of 33,585 days of hotel stays were offset.



The purpose of the Sustainable Travel Finland label granted by Visit Finland and the development programme supporting it is to promote sustainable travel in Finland, communicate in a more harmonised manner about Finland as a country for sustainable travel and make travellers' choices easier.

SOKOS HOTELS JOIN SUSTAINABLE TRAVEL FINLAND

The purpose of the Sustainable Travel Finland label granted by Visit Finland and the development programme supporting it is to promote sustainable travel in Finland, communicate in a more harmonised manner about Finland as a country for sustainable travel and make travellers' choices easier. This label is granted when a hotel meets the sustainable development criteria created by Visit Finland, which take into account the ecological, economic, social and cultural sustainability of the hotel.

There are currently 15 Sokos Hotels to which the label has been granted and we aim to get the rest on board during 2023.

INVESTING IN MAKING THE WORLD A BETTER PLACE TO LIVE

S-Bank enables S Group's co-op members to make sustainable choices in their investments. The principles of responsible investment apply to all S-Bank funds.

S-Bank's responsible investment strategies include compliance with international standards, taking ESG (environment, social and governance) matters into account, impact investments, exclusion, engagement, positive screening and thematic investment.

The purpose of monitoring compliance with international standards is to ensure that investments comply with international initiatives and recommendations on sustainability and business practices, such as the UN Global Compact principles. The investments' compliance with international standards is monitored by external analyses and classifications. If the company does not comply with international standards, S-Bank can engage with the company to correct the situation or exclude the company from its investments.

S-Bank excludes companies from their direct investments in certain segments. The funds do not invest in manufacturers of weapons prohibited by international agreements. The funds also do not invest in tobacco producers or recreational cannabis producers. S-Bank uses external analysis to determine when companies belong in the aforementioned categories. In addition, based on our own analysis, we have excluded mining and electricity production companies with more than 15% of turnover consisting of coal used for energy production. Companies that violate international standards can also be excluded from S-Bank investments.

Active ownership is important to S-Bank's responsible investment strategy. Active ownership includes action such as voting at annual general meetings, direct corporate engagement and participation in various joint investor initiatives. In 2022, S-Bank's funds participated in 146 annual general meetings.



ANIMAL WELFARE

Photo: Paula Myöhänen/ Yhteishyvä

In addition to the domestic origin and health and climate impacts, animal welfare is also an important element of the responsibility of food to our customers. S Group is committed to responsible procurement, as well as to respecting and promoting animal welfare. Our animal welfare policy has species-specific requirements.

S Group's policy for promoting animal welfare was drawn up in 2020. The policy collates the expectations relating to the production of animal-based products in S Group's product ranges. This is not a new issue and the criteria concerning textile products have been included in our procurement contracts since 2013, for example, while the criteria concerning imported meat and products of private-label food have been in place since 2010.

The policy applies to products under S Group's private labels and branded products, as well as both Finnish and foreign production. The policy concerns S Group's operations in Finland, but discussions are also in progress with suppliers in Estonia on the promotion of animal welfare. With regard to operations in Estonia, the situation is monitored in respect of future development steps.

With the policy, we have also initiated discussions with agricultural producers and animal rights organisations on the goals and schedule for further improving the welfare of animals. We monitor the implementation of well-being requirements through visits to farms and surveys.

DISCONTINUING THE SALE OF ENRICHED CAGE EGGS

In 2019, we implemented a policy to discontinue to sale of enriched cage eggs in stages by the end of 2026. This policy also concerns S Group's Prisma stores and hotels in Estonia. Many producers made major investments in henhouses with enriched cages when henhouses with traditional cages were prohibited by law in 2012. For this reason, it is our view at S Group that this change aimed at improving animal welfare must be implemented in a controlled manner and in good cooperation with the producers.

The change will be implemented in two stages at S Group's grocery stores: the sale of enriched cage eggs under the Kotimaista brand will be discontinued by the end of 2023, and the sale of other enriched cage eggs will be discontinued gradually by the end of 2026. In 2022, the share of enriched cage eggs decreased significantly in S Group's grocery stores to 24%, while their share was 56% one year earlier.

We will discontinue the sale of enriched cage eggs in stages by the end of

2026

The goal of hotels and restaurants was to stop using enriched cage eggs by the end of 2021. In 2022, we were unable to completely stop using enriched cage eggs, as the cost increases resulting from the war in Ukraine also caused production disruptions in Finnish egg production, and we were occasionally in a situation where enriched cage eggs were the only option available to hotels and restaurants. In the Prisma stores and hotels in Estonia, the share of enriched cage eggs decreased from 85% to 81% in 2022.

Many different forms of energy will be used in Finnish transport for a long time, and that is why they all must be good, sustainable and developing. Our aim is that Finnish people could drive more sustainably irrespective of the power source. It is important that we look for cost-efficient and technically feasible solutions to reduce the fossil emissions of transport now and in the future.

TOWARDS CARBON-NEUTRAL TRANSPORT

S Group aims to build a network of electric car charging stations covering the whole of Finland between 2021 and 2024. The network is called ABC charging, and it will serve customers at S Group's ABC stations, supermarkets and hotels. The first ABC charging stations began service in the spring of 2021, and by the end of 2022, 205 of our locations already had ABC charging stations. These locations contained 698 basic, 247 power and 305 high-power charging stations. The electricity used in the ABC charging is produced with wind power. In addition to the ABC charging, the electrical charging stations of our partners can be found at more than 60 S Group outlets. Of our partners' charging stations, 337 are basic charging stations and 97 power or high-power charging stations.

BIOFUEL MIXED IN FUEL HELPS REDUCE EMISSIONS

Traffic fuel sales in 2022 increased from the previous year. Sales of petrol and diesel increased by 4% and the sales of E85 bioethanol increased by 12%. Although fuel sales increased compared to the previous year, emissions decreased compared to 2021. Emissions from the fuel we sell are reduced by increasing the share of biofuel mixed in the fuel. The objective is to gradually increase the share of





Fossil-free Nero Diesel is a diesel fuel made entirely from renewable materials. It allows reducing carbon dioxide emissions by up to 90% compared to regular diesel.

biofuels mixed in the fuel so that by 2030, the biofuel will account for 30% of the fuel. As a result of legislative changes in 2022, the share of biofuel used in fuels decreased, resulting in a lower reduction of emissions compared to fossil fuels, from 530,000 tonnes in 2021 to 470,000 tonnes in 2022. Of the raw materials of purchased biofuels, over 83% (2021: 78%) were based on waste or residue. Part of the biowaste used as raw material is collected from our own outlets. ABC's range of fuels also includes the Eko E85 high-level ethanol blend which reduces the fossil carbon dioxide emissions of cars by up to 80%.

NERO DIESEL

Road traffic emissions account for 90% of total transport emissions, which in turn represent a fifth of Finland's total emissions. ABC's aim is to ensure that people can drive more sustainably irrespective of the power source. In June 2021, the ABC chain began selling the new fossil-free Nero Diesel. It is a diesel fuel made entirely from renewable materials and allows reducing carbon dioxide emissions by up to 90% compared to regular diesel. Renewable diesel's biggest benefit for the climate lies in the fact that by shifting to renewables, no new fossil-based carbon is released into the atmosphere. In addition, the renewable Nero Diesel supports the circular economy of raw materials, given that it is mainly produced from industrial waste and surplus. The reuse of waste also contributes to a reduction in the amount of greenhouse gas emissions.

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

66 CLIMATE
75 BIODIVERSITY
81 THE CIRCULAR ECONOMY

We assume the responsibility for a sustainable future, and we want to mitigate climate change with ambitious measures. In our choices, we take nature into account and help preserve different habitats and species. We combat climate change by reducing emissions from our operations and including our partners in this work. In 2025, we will remove more carbon from the atmosphere in terms of our own operations than we produce. Our goal is to continue making progress towards cutting food waste in half and promoting circular economy. We offer solutions for sustainable consumption and help our co-op members reduce emissions.

KEY TARGETS

THEME	TARGET	ACTUAL 2021	ACTUAL 2022	COMMENT
CLIMATE (SCIENCE-BASED TARGET), OWN OPERATIONS (SCOPE 1+2)	90% reduction in climate emissions from our own operations in 2030, compared to 2015.	–69%	–75%	This target applies to all operating countries. Investments in energy efficiency and refrigeration systems are proceeding as planned. Refrigerant leakages in particular have creased.
CLIMATE (SCIENCE-BASED TARGET), VALUE CHAIN (SCOPE 3)	67% of our significant suppliers (based on volume of purchases) and service providers have set science-based climate targets by 2023.	68%	72%	This target only applies to Finland. The annual monitoring is based on reporting for the year previous to the review year due to corporate reporting schedules.
CLIMATE (SCIENCE-BASED TARGET), VALUE CHAIN (SCOPE 3)	We will reduce the emission intensity of fuel sold by 21% by 2030, compared to 2015.	–10%	–8%	This target only applies to Finland. The emission intensity is calculated based on the amount of emissions relative to the litres of fuel sold. For 2022, the increase in emissions was due to temporary reductions in biofuel distribution obligations.
CLIMATE	We will achieve carbon negativity in our own operations by the end of 2025.	Properties without climate emissions: 103	Properties without climate emissions: 123	This target applies to all operating countries. We have established ground rules for offsetting. Our carbon-negative locations are shopping centre Lohi in Lohja and the Sokos, S-market and restaurants operating in the Sokos property in Helsinki.
CLIMATE	Our goal is to reduce emissions from the value chain by 1 million tonnes by the end of 2030 in cooperation with our partners.	351,234 tCO_2e	707,488 tCO_2e	The target applies to companies participating in the Big Deal programme (S Group suppliers). The annual monitoring is always based on the year previous to the review year due to differing corporate reporting schedules.
ENERGY	We will increase the efficiency of our energy consumption by 30% by 2030, compared to 2015.	–15%	–15%	This target only applies to Finland. Energy efficiency measures have made heating energy consumption more efficient. As a trend, electrification will continue, particularly through increases in the utilisation of heat pumps, building technologies and vehicle charging.
ENERGY	The electricity we use is carbon-free and will be completely renewable by the end of 2030.	100% renewable	82% renewable and 100% carbon-free	This target applies to all operating countries. In 2022, the prices of energy and guarantees of origin have increased significantly due to the state of the world. Furthermore, poor wind conditions in the latter half of the year decreased the production of renewable energy. To control costs, some of the electricity we used in 2022 was based on nuclear power.
CIRCULAR ECONOMY	We will recycle 80% of our waste as materials or new products by the end of 2025.	73%	76%	This target applies to Finland. The 2022 figures also include Estonia.
CIRCULAR ECONOMY	Our goal is to halve food waste by 2030.	1,47%. Food waste has decreased by 18% since 2014.	1,44% Food waste has decreased by 19% since 2014.	Losses reported at S Group's grocery stores.

Climate warming is one of our greatest global crises. Climate change already affects people and nature all around the world and it can also be seen here in Finland. The urgent fight against climate change is one of the UN's Sustainability Development Goals.

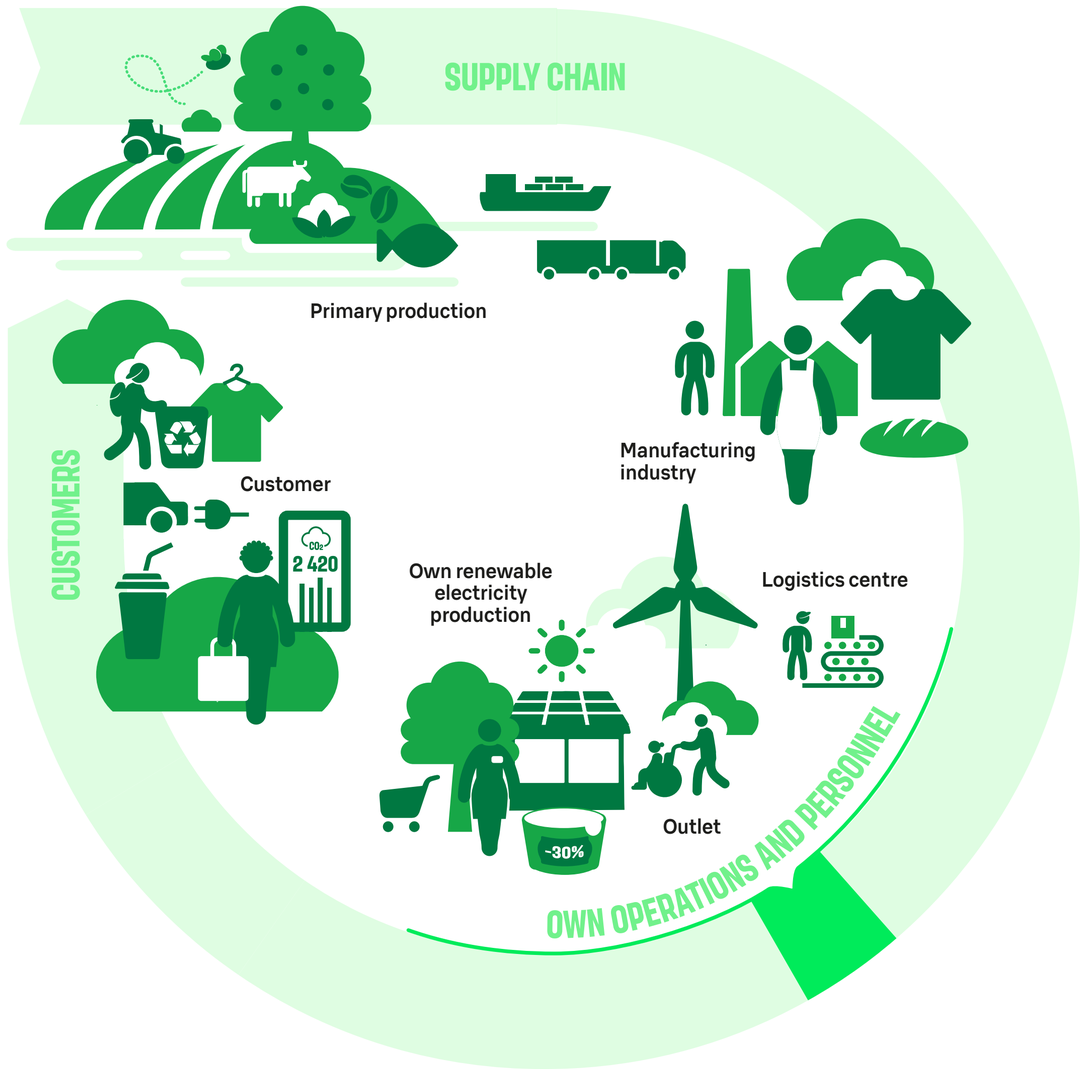
CLIMATE

Mitigating climate change and adapting to the changing environment is one of the key themes in our sustainability programme. As an operator in many sectors, we have an extensive impact, both directly and indirectly, in the entire value chain. That is why our climate targets concern not only our own operations, but also those of our partners, such as providers of products and services. We also help our customers towards a low-carbon life by introducing new solutions and services. Preventing and reducing carbon dioxide emissions that cause climate warming are an important part of our ambitious and systematic climate work over the long term. Most of our emissions come from the value chain, but our own operations also cause emissions.

According to the international CDP (formerly Carbon Disclosure Project) assessment, S Group's climate work is still at a good level. In 2022, our climate work was graded B. CDP is an independent global organisation established by non-governmental organisations in 2000. It assesses the environmental efforts of thousands of companies each year, mainly based on the requests of their financiers and investors. S Group's work to stop deforestation was evaluated in the CDP Forest survey, and we received the grade B for our soy, palm oil and wood products, which means our work against deforestation is consistent.

In addition, we were the first retail operator in Finland to join the CDP Supply Chain programme's climate action. In the associated CDP Supplier Engagement Rating evaluation, we were graded A- in 2022. The CDP Supply Chain programme allows companies that supply products or services to report their emission reductions in a consistent manner. During the year, an increasing number of our suppliers reported their own climate work through CDP Supply Chain reporting. Our response rate of 82% greatly exceeded the average CDP response rate of 60%. This was particularly due to our focus on increasing the participation of current participants through training and guidance initiatives.





We calculate our climate emissions according to the GHG Protocol standard. According to the standard, emissions are divided into direct (scope 1) and indirect (scope 2) emissions from the company's own operations, and indirect emissions from the value chain (scope 3). We calculate our emissions as carbon dioxide equivalent emissions and refer to them with the term "climate emissions".

- In practice, the scope 1 emissions are generated by the fuel used for heating our properties and by refrigerant leakages. Refrigerants are cooling gases that circulate in refrigeration systems. When released into the atmosphere, refrigerants behave in the same manner as carbon dioxide and warm the climate, some by as much as nearly 4,000 times more intensely than carbon dioxide. If a pipe in the refrigeration systems is dented or has even a minor puncture, refrigerant may leak into the atmosphere. Therefore, leaks are carefully monitored and measures are taken to seal them.
- Scope 2 emissions are indirect climate emissions from our own operations, attributable to the production of purchased electricity, district heating and cooling.
- Scope 3 emissions include the life-cycle emissions of the products and services purchased and sold by S Group, such as the primary production of raw materials and the manufacture, packaging and transport of products, as well as customer traffic and the use of the products. Scope 3 emissions are also caused by commuting and business travel by S Group's personnel, final processing of S Group's waste, S Group's investments and the energy production and distribution waste of purchased electricity.

S GROUP'S TOTAL CLIMATE EMISSIONS (TCO2e)

	2020	2021	2022
Scope 1	63,300	66,900	**46,200**
Scope 2	56,400	60,500	**52,200**
Scope 3	7,830,100	8,213,300	**8,244,700**
TOTAL	**7,949,800**	**8,340,700**	**8,343,100**

The calculation of refrigerant leakage emissions in 2021 was corrected

The calculation principles for emissions are provided in a separate appendix to the S Group GHG Inventory Report 2022.

Verification report on emissions data for 2022.

S GROUP'S TOTAL CLIMATE EMISSIONS

S Group's total climate emissions (GHG inventory, scope 1, 2 and 3 total) were 8,343,100 carbon dioxide equivalent tonnes in 2022. In 2021, the total emissions were 8,340,700 carbon dioxide equivalent tonnes, so total emissions increased slightly compared to the previous year. Our total emissions were affected by changes in legislation reducing the distribution obligation of biofuel for 2022. Approximately 1% of S Group's total climate emissions in 2022 were generated by its own operations, and the remaining 99% were emissions from the value chain.

CLIMATE EMISSIONS (SCOPE 1 AND 2) OF OUR OWN OPERATIONS

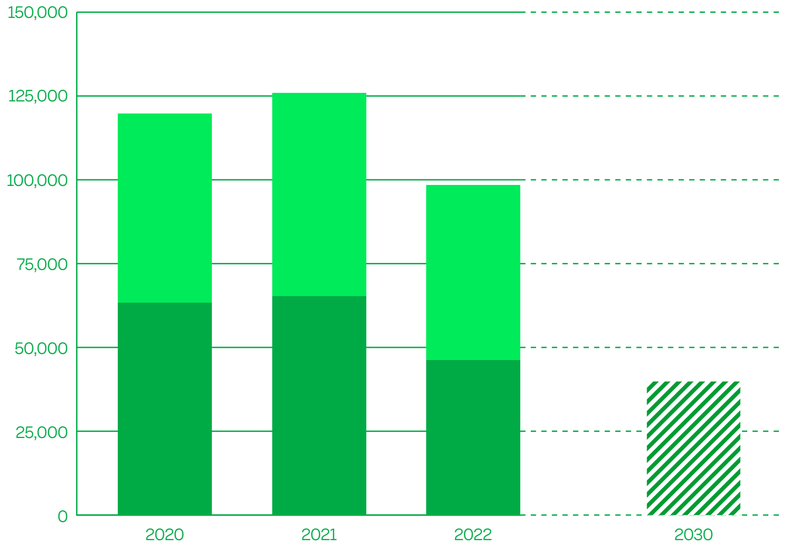
In 2022, emissions from our own operations decreased by 27% year-on-year. The emissions have already decreased by 75% since 2015 due to improved energy efficiency, refrigeration systems using renewable refrigerants, our own renewable energy investments and guarantees of origin for electricity.

By the end of 2022, refrigeration systems that use carbon dioxide and other natural refrigerants had already been installed in 476 outlets. Thanks to wind and solar power production, our climate emissions decreased by roughly 162,500 tonnes in 2022 compared to the specific emissions in accordance with the residual mix of electricity production in Finland in 2021.

THE EMISSIONS FROM S GROUP'S OWN OPERATIONS (FINLAND AND NEIGHBOURING COUNTRIES) WERE

98,400

TCO_2e



The figures in the table include market-based emissions for electricity and location-based emissions for district heating and cooling. The figures include Finland and the neighbouring countries. The figures for 2020 and 2021 include Estonia and Russia as neighbouring regions, and only Estonia for 2022.

The calculation principles for emissions from our own operations are provided in an appendix to the S Group GHG Inventory Report 2022.

Verification report on emissions data for 2022.

THE EMISSION INTENSITY OF OWN OPERATIONS (FINLAND AND NEIGHBOURING COUNTRIES) WAS

7.3

TCO_2e PER EUR 1 MILLION OF SALES

THE EMISSION INTENSITY OF OWN OPERATIONS (FINLAND AND NEIGHBOURING COUNTRIES) WAS

17.3

TCO_2e PER 1,000 GROSS M^2

EMISSIONS FROM S GROUP'S OWN OPERATIONS IN 2022 (TCO_2e)

Scope 1	46,200
Scope 2	52,200

EMISSIONS FROM S GROUP'S OWN OPERATIONS (TCO_2e)

	2020	2021	2022
DIRECT, SCOPE 1			
Own heating energy production from fossil sources (heating oil and natural gas)	8,700	7,500	**3,000**
Refrigerant leakages	54,600	59,400	**43,200**
INDIRECT, SCOPE 2			
Purchased electricity (market-based)	0	0	**0**
Purchased electricity (location-based	71,100	96,200	**53,500**
Purchased district heating and cooling (location-based	56,400	60,500	**52,200**
TOTAL SCOPES 1 AND 2 (procurement-based)	**119,700**	**127,400**	**98,400**
TOTAL SCOPES 1 AND 2 (location-based)	**190,800**	**223,600**	**151,900**

The calculation of refrigerant leakage emissions in 2021 was corrected. The figures include Finland and the neighbouring countries. The figures for 2020 and 2021 include Estonia and Russia as neighbouring regions, and only Estonia for 2022.

The calculation principles for emissions from our own operations are provided in an appendix to the S Group GHG Inventory Report 2022.

Verification report on emissions figures for 2022.

CLIMATE EMISSIONS (SCOPE 3) IN THE VALUE CHAIN

he majority of S Group's climate emissions (around 99%) are produced in our value chain, such as in the production of the products we sell or in the usage of the fuel we sell. This is why we encourage our partners to measure the climate impacts of their products and reduce their emissions systematically. It is also important that we ensure that the fuel we sell meets the statutory requirements for biofuel content and the promotion of electrification through ABC charging stations.

Emissions in our value chain (scope 3) are mainly affected by our product selection and fuel sales, and the related legal distribution obligation for biofuels. The emission impact of animal products is higher compared to plant-based products. Increase in animal product volumes increases emissions and increasing the share of plant-based products reduces emissions. This year, there was no change in the ratio of plant-based and animal products, but the reduction of the biofuel distribution obligation resulted in a very slight increase in scope 3 emissions.

The calculation of climate emissions in the value chain was updated in 2022 with regard to capital goods and Inex transportation. The climate emissions of capital goods are generated by construction. In 2022, we calculated the emissions for 12 building projects, and these calculations were also used in the calculation of emissions of other projects.

EMISSIONS FROM S GROUP'S VALUE CHAINS (TCO2e)

	2020	2021	2022
UPSTREAM SCOPE 3			
Purchased products and services	5,040,900	5,472,600	**5,437,900**
Capital assets (buildings)	10,400	4,900	**900**
Indirect emissions from purchased energy	30,700	30,600	**12,600**
Product transportation and delivery	133,400	140,300	**138,600**
Waste	17,400	18,100	**20,400**
Business travel	500	400	**1,200**
Commuting	16,500	13,800	**13,600**
DOWNSTREAM SCOPE 3			
Customer traffic	248,500	244,500	**257,100**
Use of products sold	2,218,000	2,170,300	**2,207,900**
Investments	113,800	117,800	**154,500**
TOTAL	**7,830,100**	**8,213,300**	**8,244,700**

The figures includes data concerning operations in Finland.

In 2020 and 2021, waste and wastewater figures only included waste management emissions, while in 2022, emissions from wastewater management have also been included.

The calculation principles for Scope 3 emissions are provided in an appendix to the S Group GHG Inventory Report 2022.

Verification report on emissions figures for 2022.

As part of our science-based climate targets, we have set a target for fuel sales. The objective is to reduce the emissions per litre of fuel by 21% by 2030, compared to 2015. The fuel distribution obligation changes have a significant impact to this target. In 2021, emissions had been reduced by 10% per litre of fuel. However, due to a reduction in the biofuel distribution obligation, the emission reduction per litre of fuel was 8% in 2022.

Another science-based climate target for our value chain (scope 3) is for our suppliers. The goal is for two thirds of our significant suppliers (based on volume of purchases) to set their own science-based emission reduction targets by the end of 2023. The target is calculated based on CDP Supply Chain reports, and the data always reflects the situation of the previous year. This is because different companies have different reporting periods, so we do not receive information from all companies according to our reporting period. So far, targets have been set by 72% (2021: 68%) of our suppliers within the scope of our target. Our fuel business plays an important role in achieving this target.

We have also set a million-tonne emission targets for our value chain by launching our Big Deal programme for our partner companies in 2016. The goal of the programme is to reduce climate emissions by 1 million tonnes by 2030 in cooperation with our goods suppliers and service providers. With the programme, we want to encourage and inspire our partners to reduce their emissions and achieve more effective results. The programme includes more than a hundred of S Group's partners. Approximately 70% of the million-tonne reduction target has been met by 2021, compared to 2015. Fuel business also plays an important role in achieving this target. In 2022, we held a climate emission calculating webinar for our Big Deal partners. In February 2022, we organized this training webinar for all Big Deal partners together with the consulting agency Afry. In addition to the training, we provided companies an emission calculation tool to calculate their own emissions. A total of 29 companies participated in the training. Most of the participants had not yet started their emissions calculations. In addition, training materials and calculation tools have been shared to Big Deal partner companies to support the start and development of emission calculations.

Energy efficiency

We are the largest non-industrial consumer of electricity in Finland. Refrigeration systems, store lighting, heating and ventilation equipments have the highest energy consumption in our outlets. We can achieve considerable cost savings by improving their efficiency and by renovating them. Our climate work in our operations focuses on solutions to improve energy and resource efficiency and investments in renewable energy solutions. We are continuously working to save energy and to use energy more efficiently.

We are seeking to improve our energy efficiency by 30% by the end of 2030, compared to 2015. In 2022, our locations in Finland consumed 256 kWh of energy per gross m2, which represents a decrease of 4%, compared to 2015. Compared to 2021, the efficiency of our relative energy consumption has decreased by 1%. We have reduced our relative energy consumption by more than 40% compared to 2010 such as renovating refrigeration systems, adding doors and lids to refrigeration equipment, transitioning to LED lighting and installing heat pumps. Our goal is to improve the overall energy and cost efficiency of our sites by measures such as utilising surplus heat, optimising systems and controlling the necessary use of building technology.

RELATIVE ENERGY CONSUMPTION IN FINLAND

–15%

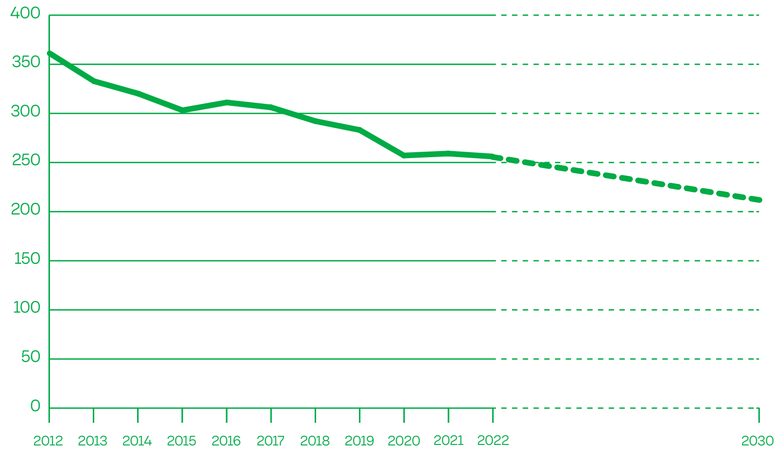
SINCE 2015

The year 2022 was exceptional. In the autumn, an energy savings campaign was announced in Finland, which S Group also took part in. We reduced the temperature of more than a thousand locations by one degree. In addition, we prepared to reduce the consumption of electricity through planning and forecasts, thus helping to mitigate any national consumption peaks. Typically, peak demand in electricity consumption takes place at eight in the morning and at five in the afternoon. During peak demand, we reduced ventilation levels to a minimum and adjusted lighting in smaller properties where it is possible by technical means. The systems are managed by S Group, and these measures operations have no significant impact on work or services. Thanks to these additional measures, S Group's supermarkets were able to save approximately 4.5% of electricity towards the end of the year, and up to almost 8% in some regions compared to the corresponding consumption of the previous year. During the morning peak demand, we were able to reduce our demand by up to 4.2% compared to the previous year. The review period for these figures is December 2022, and the figures are based on data from all S Group supermarkets in Finland. Towards the end of 2022, we joined power grid management company Fingrid's a voluntary power system support model that seeks to prevent threatening electricity shortages through early warnings. In the event of such a warning, outlets would begin using alternative power sources or stagger the use of high-powered equipment such as grills and ovens. The cooperatives' personnel were also challenged to brainstorm tips for the energy saving campaign.

S Group has joined Energy Efficiency Agreements concerning both the retail sector and travel industry and hospitality business. Energy Efficiency Agreements are a method chosen by the government and the sectors to meet Finland's international energy efficiency targets. Through the Energy Efficiency Agreements, we have committed to seeking a reduction of 7.5% in our energy consumption from the 2015 level by 2025. By the end of 2022, energy-saving measures of approximately 147 GWh (127) were recorded for the commerce sector; this is nearly 1.5 times the target. By the end of 2021, energy-saving measures of 10 GWh (8.5) were recorded for hotels and restaurants, approximately 70% of the target.

S Group has an energy efficiency system (EES+) in place. It determines a systematic operating model that helps S Group set and verify energy efficiency targets, in addition to providing support with the planning, implementation, monitoring and reporting of measures. EES+ is a method of continuous operational development towards increased efficiency in reducing emissions, energy consumption and costs. The energy efficiency system's operating model is followed across S Group, in regional cooperatives and SOK's subsidiaries alike.

SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M2)



SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M²)

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
361	333	320	303	311	306	292	283	257	259	**256**

The figures includes data concerning operations in Finland. The reported consumption data is based on data measured and reported by building or by residence.

Until 2018, our heat consumption was weather-normalised in accordance with Jyväskylä. Since 2018, our heat-consumption has been weather-normalised in accordance with a local comparison point.

The calculation principles for energy and area data are provided in an appendix to the S Group GHG Inventory Report 2022.

Assurance report on the energy and area data for 2022.

CONSUMPTION AND FLOOR AREAS IN 2022

	2020	2021	2022	TOTAL FOR S GROUP IN 2022
Electricity, Finland, GWh	1,009	1,028	1,032	**1,050**
Electricity, neighbouring countries, GWh	40	43	17	
Heating and cooling, Finland, GWh	405	413	399	**409**
Heating and cooling, neighbouring countries, GWh	30	35	10	
Floor area, Finland, gross m²	5.49	5.55	5.54	**5.67**
Floor area, neighbouring countries, gross m²	0.24	0.24	0.13	

The figures for 2020 and 2021 includes data concerning operations in Estonia and Russia as neighbouring regions, and only Estonia for 2022.

The adjustment for weather is made in relation to the regional reference point.

Coverage of data for monitoring: electricity 97%, heating 99% and gross area 96% of sites.

The calculation principles for energy and area data are provided in an appendix to the S Group GHG Inventory Report 2022.

Assurance report on the energy and area data for 2022.

CARBON-FREE ELECTRICITY

We consume more than 1% of all electricity used in Finland. In our more than 1,900 outlets, electricity is particularly required for refrigeration systems, lighting and HVAC systems. We have made considerable investments in our production of renewable energy, and increasing its share will continue to considerably support the achievement of our emission reduction targets.

We are currently committed to ensuring that all electricity we use is carbon-free and totally renewable starting from 2030. Since 2019, we have only used renewable electricity. In 2022, the prices of energy and guarantees of origin have increased significantly due to the state of the world. Furthermore, poor wind conditions in the latter half of the year decreased the production of renewable energy. To control costs, some of the electricity we used in 2022 was based on nuclear power. In 2022, 68% of the electricity we used was produced with wind power, 6% with hydropower, 8% with solar power and the rest with nuclear power.

Gigawatti Oy, which is responsible for S Group's wind power production, had a total of 62 turbines at four wind farms in 2022. The wind farms are located in Simo (Leipiö II and Sarvisuo) and in Raahe and Siikainen. The Sarvisuo wind farm, completed in 2022 in Simo in Sea Lapland, has 27 wind turbines and is one of Finland's largest wind farms. In addition to existing wind farms, we are building a wind farm in Luvia in Eurajoki, which will have 13 wind turbines. The Luvia wind farm will be completed in 2025. The Luvia project is also exploring the possibility for the production of industrial solar power, allowing the transmission of solar power using the same infrastructure.

At the end of 2022, there were more than 110,000 solar panels on the roofs of more than 200 S Group locations. In 2023, we will continue to invest in solar power. There are two solar power stations located in conjunction with S Group's logistics centres in Sipoo, where the solar panels are located on the ground instead of the roofs of the buildings. The solar power stations cover an area of more than two hectares, while the surface area of the panels comes to about 8,500 square metres. Both solar power stations have approximately 2,000 solar panels. The key benefit is that the electricity produced on these sites can be used in our own outlets and locations. Ground-installed solar panels are also found at ABC Kuninkaantie, Prisma Kirkkonummi and ABC Lohja.

Since 2020, S Group has had principles for acquiring guarantees of origin for electricity. In 2022, we will establish principles for acquiring guarantees of origin for district heat, given that an amendment to legislation made in 2021 also allows for acquiring guarantees of origin for renewable energy. The guarantees of origin used by S Group come from plants where energy is produced with wind, solar and geothermal energy. Additionally, energy production that meets the EKOenergy criteria is also acceptable, including hydropower, ocean power, as well as electricity produced using biomass, landfill waste, wastewater treatment plants and biogas.

The use of carbon-free electric power is one of the most significant ways to reduce the climate emissions generated by our properties. We are exploring the opportunity to use renewable forms of energy in all our new construction projects.

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2022



Turning cold into heat for the neighbourhood

In March 2022, an S-market was opened in Ritaharju in Oulu that is now heating the up the neighbourhood, literally. The condensation heat generated by refrigeration systems in the store is pumped into the district heating network to provide heating to homes with no waste. All refrigeration systems, such as display refrigerators and freezers, generate heat to cool their contents. At the Ritaharju S-market, this surplus heat is utilised by pumping it into the district heating network in cooperation with Oulun Energia. The method is very advanced from an international perspective and reduces the demand for the district heating plant. Ten new equivalent facilities are already planned to be built in the operational regions of Arina Cooperative Society and Oulun Energia by 2025.

Most of our properties use district heating. With regard to district heating, we engaged in a continuous discussion with district heating suppliers regarding the energy sources they use for district heating and how the emissions from district heating could be reduced. When renovating properties, heating systems can also be replaced with more efficient ones. For example, old oil and natural gas heating systems have been replaced with systems using geothermal heat and district heating or heat pump systems that utilise other sources of heat energy. Only 53 properties, or 3% of all our properties, still use oil or natural gas for heating. According to Finnish Energy, 61% of the district heating energy in Finland in 2022 was produced with renewable energy sources and surplus heat, while 39% was produced using fossil fuels.

CARBON-FREE PROPERTIES

We are making rapid progress in achieving the ambitious climate targets set for our own operations. Carbon-free properties mean properties that do not increase the amount of greenhouse gas emissions in the atmosphere. At the end of 2022, this included 123 of our properties. The use of carbon-free electric power, continuous improvement of energy efficiency, renovating refrigeration systems into carbon dioxide systems, and the recovery of surplus heat generated in refrigeration systems have been important in reducing our emissions.

Some of our properties are carbon negative. Carbon negativity requires emissions to be reduced as far as possible with energy-efficient solutions and the rest of the negativity target to be achieved through carbon offsetting. Carbon negative sites are properties that have been built to be energy efficient or in which energy efficiency has been improved for a long time by various measures.

In 2020, we established principles for the carbon-negativity of our own operations and, at the same time, decided on minimum requirements for the start of carbon offsetting. Systematic energy management is a prerequisite for starting carbon offsetting. In addition, the refrigeration systems of the site must be low-emission carbon dioxide facilities or similar facilities, and the site must be equipped with LED lighting. Sites with oil or gas heating are currently not accepted under the scope of offsetting.

S Group's first carbon negative property was the Suur-Seudun Osuuskauppa shopping centre opened in 2020 at Lohi Lohja. Since then, we have also relied on carbon offsetting to achieve carbon negativity for HOK-Elanto's Sokos, S-Market and restaurants operating in the property of the Sokos department store in Helsinki. A total of 668 tonnes of offsets have been acquired for this purpose. The emissions generated by all these sites are offset by utilising a forest conservation project in Peru, verified by a third party.

WE DEVELOP PRODUCTS AND SERVICES AS PART OF OUR CLIMATE TARGETS

We reduce emissions from transport by using bio-based fuels and support the electrification of transport by developing our charging station network. We are developing various digital services so that our customers receive better information on the climate impacts of their own consumption. For example, we are promoting climate-smart food by adding more plant proteins and Finnish fish to our product range. We are also actively communicating these matters to our customers through our own channels.

2022



S Group participating in the international Call on Carbon initiative

Since 2021, S Group has been part of the international Call on Carbon initiative, which aims to accelerate climate investments and the adoption of efficient pricing for climate emissions.

The initiative – launched by the Finnish Climate Leadership Coalition, the Swedish Haga Initiative and Norwegian Skift Business Climate Leaders – has already been signed by 150 companies, universities, research institutes and cities. The participants aim to create effective, robust, reliable and fit-for-purpose carbon pricing instruments in line with the Paris Agreement to support their carbon neutrality targets and to achieve a level playing field and minimise carbon leakage. The purpose of the tools is to enable a cost-effective investment path for achieving carbon neutrality targets.

2022

Future training for food producers

As a significant operator in the food supply chain, we want to support the success of the Finnish food supply chain. In cooperation with ProAgria, we have developed and implemented a training programme for the future for farmers, which provides farmers and entrepreneurs with information about consumption trends, support for their strategy work and advice for positive climate entrepreneurship. The goal is to provide the participants with various ways to plan and develop their business operations in line with future needs. The coaching concept expanded to six regional cooperatives at the beginning of 2023.

2022

S Group's "energy genius" logistics centre



The environmental impacts of the logistics centres in Bastukärr in Sipoo have been strongly taken into account during the design phase. The grocery logistics centre achieved a classification of Excellent in the international BREEAM environmental certification, and the consumer goods logistics centre has been built according to the principles of the Finnish PromisE ecolabel system.

In Sipoo, energy self-sufficiency has been implemented wherever possible. The building has been designed so that the surplus heat generated in the cooling of storage facilities is used for heating, and surplus heat is stored in the geothermal field in summertime. This produces about 70% of the heat required by the centre. This reduces the need for heat generated by combustion. Together with the adjacent consumer goods logistics centre, the grocery logistics centre is one of the largest sites where geothermal heating is used in Europe. A total of 300 geothermal wells have been drilled under buildings, producing a significant proportion of the overall energy demand. Sipoo also has one of Finland's largest solar power plants and electricity batteries.

In addition to the solar power plants and batteries, the logistics centre has made a number of other investments to reduce energy consumption and emissions. The improvements over the years include a one-megawatt high temperature heat pump using the condensing heat of refrigeration equipment as a heat source. Thanks to the heat pump, the centre has been able to reduce the use of wood pellets and fuel oil used as reserve energy by 5,000–6,000 megawatt hours a year. A lighting renovation was also carried out at the grocery logistics centre in 2022, where the conventional lighting installed during the construction of the logistics centre was replaced with LED lighting. The lighting renovation will both reduce the electricity consumption of lighting and reduce the need for cooling caused by lighting. This will reduce annual electricity consumption by between 3500–4000 MWh.

In 2022, the share of energy sources generating emissions only amounted to less than 0.1%. Under normal operating conditions, the consumer goods logistics centre is already carbon-free.

2022

We are offsetting our emissions from business flights

We are offsetting the climate emissions from our employees' business flights for the third year running. In 2022, the carbon offsetting from flights was allocated to a forest conservation project in Peru, verified by a third party, because forests are natural carbon sinks and sequestrate carbon from the atmosphere through photosynthesis. In 2022, our employees made 4,758 business flights, flying a total distance of more than 5.4 million kilometres, which generated climate emissions of slightly under 924 carbon dioxide tonnes. The number of kilometres flown was about half of the equivalent figure in 2019 before the pandemic.

2022



Photo: Petri Lyytikäinen / BSAG

S Group supports research into soil carbon sequestration

In 2022, we continued to support the Carbon Action project, which promotes carbon farming in Finland. In the work coordinated by the Baltic Sea Action Group, researchers from the University of Helsinki are collecting new information about the deeper layers of fields and their ability to sequestrate carbon from the atmosphere. The goal is to mitigate climate change. The funding is being used to investigate the current carbon storage in the soil at 30 Carbon Action farms located around Finland. The data is used for modelling carbon storage and for developing the verification of the change in storage. The project also aims for the storage of carbon in soil to be used as a form of carbon offsetting, in which case it would be financially beneficial for farmers. However, this requires high-quality basic research investigating the storage of carbon under different conditions.

2022

E-institute for regenerative agriculture

The e-institute for regenerative agriculture is a joint project of Reaktori and the Baltic Sea Action Group (BSAG), based on BSAG's Carbon Action platform, and the work done together with researchers, farmers and food chain operators. S Group cooperates with the e-institute as part of the Carbon Action project. The cooperation is one of the many ways S Group seeks to ensure a bright future for Finnish food.

The e-institute provides a high-quality online course for everyone interested in the regenerative farming. The free online course offers 60 hours of education and practical tools to be applied at farms. Regenerative agriculture is an important means to mitigate climate change. Soil in good condition will sequestrate carbon and is also more productive when cultivated. This creates a positive cycle for mitigating climate change.



Photo: Juha Salminen/ Yhteishyvä



Biodiversity loss is a major threat to humanity and the environment. Through the products we sell, our business depends on the natural resources. S Group's aim is to safeguard biodiversity, both in our own operations and in our value chain. By acting together, we can influence the sustainable use of land areas and forests, water areas and the flora and fauna in them, and also build a sustainable food regime.

BIODIVERSITY

According to the report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the most significant direct causes of the loss of biodiversity are land and water use, the direct exploitation of natural resources, climate change, pollution, and invasive alien species. The direct causes of biodiversity loss are caused by indirect causes such as people's values and consumption behaviour. Unlike the climate, nature and biodiversity are very local issues, so it matters greatly where the impacts on biodiversity are taking place.

In S Group, the framework for biodiversity takes into account the promotion of sustainable consumption, the minimisation of impacts and emissions, and the strengthening of protection measures. Key measures in addition to nature conservation include our climate work and recycling. In the retail sector, work towards biodiversity often becomes relevant in matters such as raw materials, whose availability may suffer as a result of the loss of biodiversity. S Group's policies include guidelines of buying fish sourced from sustainable fish populations, and our procurement processes exclude raw materials from regions that are

2022



A buzzing field of pollinators brings lasting beauty and sustainability

In the summer 2022, the Suur-Seutu Cooperative Society SSO and LähiTapiola Etelä planted pollinator fields in Halikko in Salo and in Vihti in Nummela, each approximately half a hectare in size. The variety of flowers selected for the fields ensures that the fields will stay in bloom for a long time, providing a habitat for pollinating insects and a feast for the eyes for passers-by.

sensitive to deforestation. We have also placed a strong emphasis on reducing food waste and promoting climate-smart eating and carbon farming. Read more about food waste on page 84.

Our direct land use includes the land area used by our network of outlets. For this land use, it is important to conduct environmental surveying before initiating and to ensure the minimisation of impacts during construction and the early stages of operations. We are also involved in combating invasive alien species by measures such as removing any rugosa roses found in our parking areas. Prior to the start of the construction work of the grocery logistics centre in Sipoo, we carried out a survey of the site's ecological value and an assessment of the construction's impact on it. At the same time, we received preliminary recommendations on improving the ecological value.

EVALUATING DAMAGE AND IMPACTS TO NATURE REQUIRES AN INDICATOR SUCH AS CARBON FOOTPRINTS

In order to enable companies to set targets and measures to reduce their natural footprint, companies should know their natural footprint and how significant their footprint is.

At S Group, we evaluate the biodiversity damage our operations cause to biodiversity through the pioneering research project of the University of Jyväskylä's resource wisdom community JYU.Wisdom.

There are currently challenges in identifying the harmful impact of the value chain, such as the procurement of products and services, due to reasons including the fact that a large part of the harmful impact caused by Finnish consumption is transferred outside of Finland's borders around the globe.

The purpose of the joint research project, funded by S Group and Sitra, is to develop a comprehensive calculation model for the environmental impacts of an organisation. The methods and tools will be available in the public domain to enable the planning of more efficient measures preventing the loss of biodiversity in the value chains of companies, for example. The goal for the calculation model is to be available in both Finland and abroad, facilitating organisations' commitment to avoiding operations with an overall detrimental impact on nature. In the calculation model, the measure of damage to biodiversity is calculated as a share of species that are at risk of global extinction (PDF = potentially disappeared fraction of species). Preliminary results on S Group's total natural footprint will be published in the spring of 2023. The majority of S Group's biodiversity footprint consists of food products.

In 2022, S Group participated in a pilot programme organised by FIBS and Sitra in which companies piloted the new guidelines by the Science Based Targets Network (SBTN) for setting science-based targets. The publication of the SBTN guidelines was delayed from the original schedule, and we will continue to monitor its development.

2022

Climate change and biodiversity as part of S-Bank's investment decisions

In accordance with its climate strategy, S-Bank imposed stricter carbon-based exclusion criteria in 2022. The net sales limit was reduced to 15% from the previous 20%. In addition, voting in foreign general meetings was extended. In 2022, S-Bank's funds voted in more than 100 foreign general meetings. S-Bank began its engagement related to biodiversity with six companies in 2022. The various biodiversity indicators are still under development, but we have taken our first steps in this engagement work. The methods will continue to develop in the coming years and we will continue to work on the matter.

KEY THEMES RELATED TO S GROUP'S BIODIVERSITY

STRENGTHENING PROTECTION MEASURES

> The protection of species, such as pollinators
> Nature projects, ecological restoration
> Nature surveys, instructions on alien species
> Green construction



PROMOTING SUSTAINABLE CONSUMPTION

> Raw materials, guidelines
> Planetary diet and selection, including organic
> Promotion of carbon farming, land use
> Promotion of the circular economy in packaging, for example
> New business models, the sharing economy
> Reducing consumption, supporting customers towards more sustainable consumption

MINIMISING IMPACTS AND EMISSIONS

> Climate goals
> Reducing wastage
> Carbon neutral transport
> Accounting for biodiversity in offsetting
> Sustainable use of water
> Chemicals

S GROUP PARTICIPATING IN NATURE INITIATIVES

S Group is participating in the Business for Nature initiatives. The Call for Action target called for governments to take active measures to stop the extinction of animal and plant species within the decade. Climate change is a growing threat to biodiversity, and at the same time, the accelerating loss of biodiversity is also making climate change worse. The disappearance of species is also threatening the availability of raw materials, which is why its prevention is not only of interest to governments, but also to companies such as us. More than 1,000 companies were committed in the Call for Action initiative. The Make it Mandatory appeal was addressed to decision-makers during the Montréal Biodiversity Conference. The aim of the appeal was to ensure that the upcoming UN Biodiversity Conference would come to an agreement on making the assessment of the natural impacts of large companies and financing institutions mandatory by 2030. Countries are encouraged to adopt ambitious targets to prevent damage to nature and promote biodiversity. The Make it Mandatory appeal was signed by more than 400 companies worldwide.

Climate change is a growing threat to biodiversity, and at the same time, the accelerating loss of biodiversity is also making climate change worse.

At the COP15 Biodiversity Conference organised in Montréal in December 2022, more than 190 countries agreed to adopt a global target to halt the global loss of biodiversity by 2030. Our SVP Sustainability participated in the conference as part of the Finnish delegation. The final agreement of the Biodiversity Conference requires companies to assess the impact of their activities on nature and provide information to consumers to support sustainable consumption. The targets also include reducing the amount of waste produced and halving food waste by 2030.

S GROUP'S DEFORESTATION GUIDELINES RESTRICT PURCHASES FROM RISK AREAS

The world's forests are being felled uncontrollably and illegally, especially in South America and Southeast Asia. Deforestation decreases carbon sinks around the world, which accelerates climate change. We are committed to combating deforestation and supporting the sustainable use of forests. Our deforestation guidelines are part of the objectives of our sustainability programme for strengthening biodiversity. The guidelines are based on the identification of raw materials central to deforestation and related objectives and regional restrictions concerning sustainable production.

The key principle of our **deforestation guidelines** is that we do not increase deforestation through our own actions. In practice, this means that several high-risk raw materials will be avoided and regional procurement restrictions will be introduced.

In terms of deforestation, crucial raw materials include palm oil, soy, coffee, cocoa and wood, as well as the production of beef.

We review our deforestation guidelines regularly, monitor how deforestation progresses, and update the guidelines if necessary.

We also encourage our suppliers to take into consideration the impact that their operations have on biodiversity and deforestation.

WOOD AND PAPER GUIDELINES

For the consumer packages used in our private-label products, food markets and restaurants, our private-label grocery products and tissue papers used in restaurants and hotels, our goal is to use wood that is either recycled fibre or FSC or PEFC certified material or the packaging has been awarded the Swan ecolabel or the EU Ecolabel by then end of 2023. We promote the use of certified wood-based raw material in our consumer goods and consumer packaging. By the end of 2025, the wood-based raw material we use in the fibre-based packaging of our private-label consumer goods and our private-label wood and paper products will be either FSC or PEFC certified or the product will have the Swan ecolabel or the EU Ecolabel. Alternatively, we may use consumer packaging made from recycled fibre. These guidelines apply to the whole product range concerning wood and sawn timber used in construction.

Paper products used in customer communications will also be certified or have the Swan ecolabel or the EU Ecolabel by the end of 2025.

BEEF

We avoid purchasing beef from regions where the primary production of beef is carried out in recognised deforestation areas, such as the Amazon region in South America. We serve only Finnish beef at our ABC restaurants.

MORE RESPONSIBLE SOY

Deforestation is threatening biodiversity in many areas. For example, soy is a significant raw material accelerating deforestation in South America, particularly in the Amazon region. Soy is used in various products, both on its own and indirectly in animal feed.

We have examined the origin of soy used in our private-label products, restaurants and cafés, as well as the origin of soy used in the production chains of animal-based raw materials (meat, fish, milk, eggs) and the related responsibility practices. With regard to soy used for feed, defects were found particularly when supply chains were long or the operation had no contact with the feed supplier. The origin of the soy used in products is fairly well known.

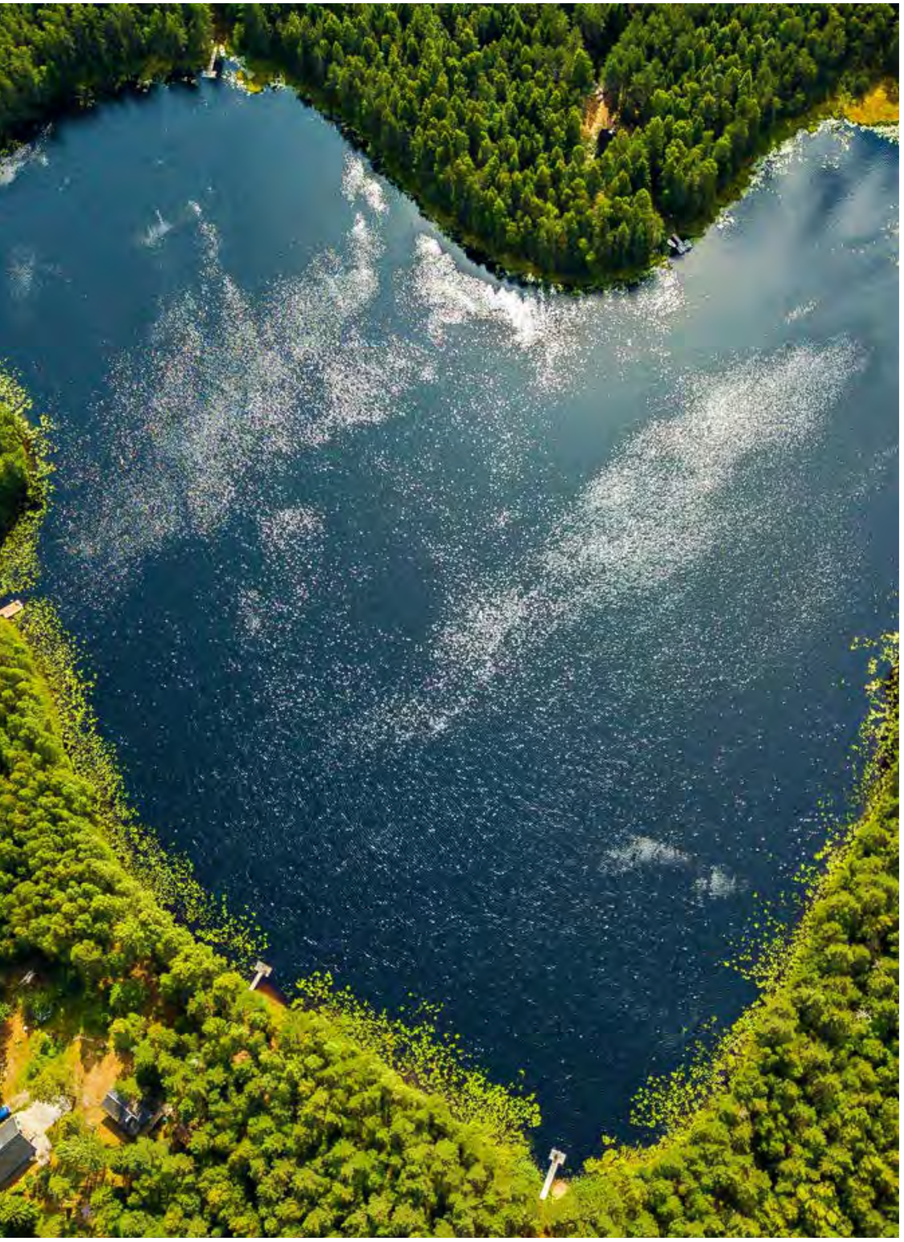
On the basis of our investigation, changes have also been made to the composition of animal feed in recent years, and the proportion of soy has been reduced by replacing it with alternative raw materials.

Finnish dairy farms are soy-free, and there, feed for cows mainly consists of turnip rape, rapeseed and grass. In 2022, 86% (2021: 83%) of the soy we used was certified.

THE WE CARE ICON COSMETICS RANGE TAKES NATURE AND WILDLIFE INTO ACCOUNT

Sokos' own We Care Icon range of cosmetics has actively supported the conservation work of WWF Finland since 2010. At least five cents have been donated for each We Care Icon product sold. Over the years, we have accumulated more than EUR 140,000 in donations. These funds have supported the conservation work of WWF for the benefit of the Baltic Sea and the endangered Saimaa ringed seals and Arctic foxes.

The cosmetics in the range are sold without cardboard packaging, avoiding the production of 2.5 million cardboard packages thus far.



Water stewardship is a central part of our biodiversity work

Water stewardship refers to water use and protection of water, taking into account environmental, economic, cultural and social equity. At S Group, water stewardship work covers our outlets, procurement and value chain. Water stewardship includes the use of water, access to water, hygiene and sanitation, water used in production or included in products, and the treatment of wastewater. Promoting water stewardship locally requires cooperation from operators in the catchment area.

WATER STEWARDSHIP FOR OUR OWN OUTLETS

Key aspects of water management in our own outlets include urban runoff and any other observations arising from nature impact assessments conducted during construction projects. The environmental permits of our outlets located in groundwater areas and near waterbodies have accounted for water-related risks and preparations for them. In particular, the water stewardship risks from fuel sales are taken into account through permit procedures and preparation for emergencies . All wastewater from our outlets is directed to municipal wastewater treatment. The highest water consumption at our outlets is in hotels (water used by customers) and ABC stations (car wash lines).

	2020	2021	2022	TOTAL FOR S GROUP IN 2022
Water, Finland, million m³	1.59	1.69	**1.88**	**1.95**
Water, neighbouring regions, million m³	0.18	0.19	**0.07**	

The figures for 2020 and 2021 include Estonia and Russia as neighbouring regions, and only Estonia for 2022.

The water data covers 89% of the locations.

EXAMPLES OF OUR WATER STEWARDSHIP ACTIONS AT OUR OUTLETS

ABC SERVICE STATIONS

> All ABC service stations have taken leakage and spill risks into account, whether the distribution station has an environmental permit or is otherwise registered. In addition, ABC service stations have guidelines for the management of spill and leakage or other emergencies.

> All of HOK-Elanto's three ABC car washes (Kaari, Nihtisilta and Porttipuisto) are certified with a Swan ecolabel that also applies to the car wash operations. The 13 traditional car wash facilities of HOK-Elanto's ABC service stations also use only biodegradable and ecolabelled chemicals. The car wash ecolabel is based on the reduction of water consumption and chemicals emissions.

HOTELS

> All Sokos Hotels and Radisson Blu hotels have the Green Key symbol, which means they meet the water-related Green Key basic criteria. Green Key's water-related requirements include water-saving water fixtures and practices.

> In 2019, Sokos Hotels stopped providing bottled water in hotel rooms as well as distributing free-of-charge bottled water for conferences. Sokos Hotels encourage the use of tap water and approximately half of the hotels have their own carbonators for water.

> The Radisson Blu hotel chain has participated in the Just a Drop water saving programme since 2017. In addition, only tap water is used in the hotels' restaurants and meeting facilities. Both regular and sparkling water are available from the taps.

WATER STEWARDSHIP IN OUR VALUE CHAIN

We have conducted a risk review for our product categories using the WWF Water Risk Filter tool and CDP Water Matrix and identified fuels, textiles, footwear and certain food products to be our most significant product groups in terms of water use. Fuel-related water risks primarily relate to the production of the raw material.

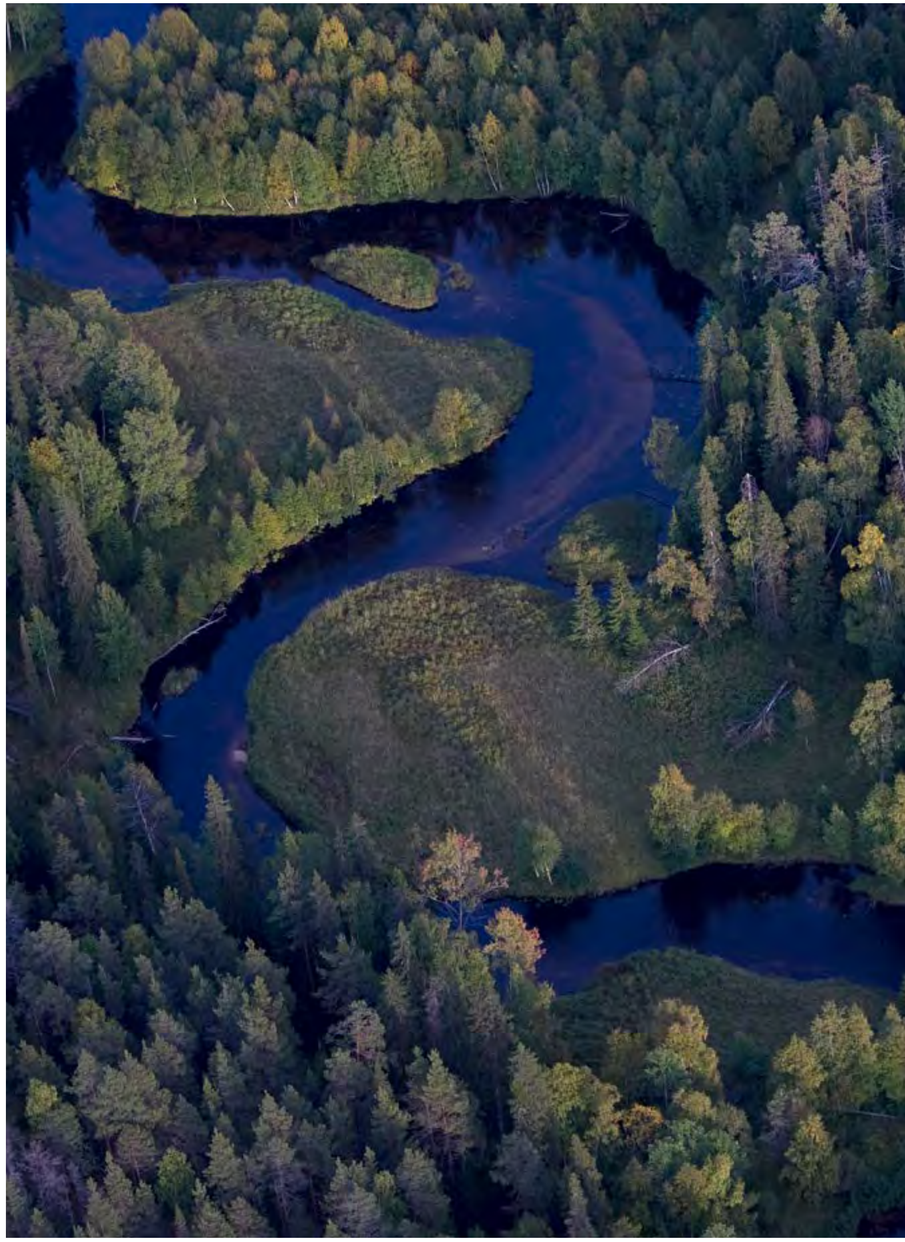
In our water stewardship work, we want to focus first on understanding our positive and negative impact and our potential to influence them. Instead of setting restrictions, it is important in water stewardship work to support the value chain in more sustainable water use and cooperate with other operators in the catchment area.

EXAMPLES OF OUR WATER STEWARDSHIP ACTIONS IN OUR VALUE CHAIN

- We support regenerative agriculture in the Baltic Sea Action Group project
- We joined the **Alliance for Water Stewardship** collaboration network in 2022.
- Since 2022, we have been involved in promoting water stewardship for the Finnish Environment Institute's food chain, aiming to find new ways for operators and the value chain to improve the condition of waterbodies and promote the sustainable use of water in Finland.
- Since 2019, we have been a member of the **Better Cotton** initiative, which aims to promote more sustainable farming methods, such as reasonable use of water and chemicals.
- Some cooperatives have made individual donations for causes such as protection of the Baltic Sea as well as restoration projects of local waterbodies. Suur-Seutu Cooperative Society is currently involved in the three-year restoration project of the Siuntionjoki river.
- We are taking part in the **MAP project** of the University of Eastern Finland, which aims to develop microplastic analysis and removal methods for industrial quality control.

PRODUCT AND RAW MATERIAL CERTIFICATION AS PART OF WATER STEWARDSHIP

With different raw material and product certifications, we can verify the social and environmental responsibility of our products. We have set certification requirements especially for our private-label products. For example, the criteria of Fair Trade and Rainforest Alliance certificates set requirements for water consumption in addition to other environmental criteria and guide farmers in the continuous improvement of water resources and wastewater management. In addition, the Roundtable for Sustainable Palm Oil (RSPO) certification of responsible palm oil, the Round Table on Responsible Soy (RTRS) and ProTerra set many requirements for farmers, including on the adequacy, management and quality of water.



Circular economy solutions allow us to curb climate change and have an impact biodiversity. By keeping raw materials in circulation longer, we can influence the sustainable use of natural resources.

THE CIRCULAR ECONOMY

Excessive use of resources and changes in the availability of raw materials, as well as the limited end uses of the raw materials used in products, are affecting and will continue to affect our operating environment. We promote the efficient use of raw materials and resources in line with the principles of the circular economy in many ways, focusing on recycling waste, waste management and solutions for consumers. We are continuously identifying new operating models related to the circular economy in order to recycle valuable raw materials and resources even more efficiently and for longer than before. In the Sustainable consumption section, you can read more about the services we offer our customers. The circular economy in the retail sector means ensuring the reuse of materials, but also providing alternative consumption methods. Consumers' awareness of sustainability is also increasing, and they expect companies to implement measures to promote the sustainable use of natural resources.





Packaging

The most important purpose of packaging is to protect the product. Functional packaging prolongs the shelf life and safety of the product and prevents waste. Food product packaging is especially important in minimising food waste.

The five principles we follow in the sustainability of our packaging:

1. **Reduction of packaging materials**
   Our objective is to minimise all unnecessary packaging and reduce the amount of material used.

2. **Recyclability of packaging and sorting instructions**
   Our objective is for all our private-label consumer products and packaging of products packaged in stores to be recyclable. We will add sorting instructions in plain language to the consumer packaging of our private-label products to make it easy for consumers to correctly sort packaging into recycling.

3. **Our objective is to increase the use of recycled materials**
   The purpose of using recycled materials such as recycled plastic and recycled paperboard is to reduce the need for virgin materials.

4. **Our objective is to increase the use of renewable materials**
   Renewable materials such as paperboard, paper and bio-based plastic can often replace fossil-based raw materials such as conventional plastic.

5. **We will investigate our opportunities to replace disposable packaging with reusable packages.**

WE DEVELOP OUR PACKAGING

In 2022, we made progress on our new sustainability requirements for our wood-based consumer packaging. Our objective is for all wood in the consumer packaging of our private-label grocery products to be either recycled fibre, FSC or PEFC certified material, or for the packaging to be certified with the Swan ecolabel or the EU ecolabel by the end of 2023. For example, all paperboard packages of S Group's private-label juices (including juices, juice drinks, juice boxes, juice soups and smoothies) are already certified according to the policy.

Almost all of the packaging of private labels includes sorting instructions in plain language, so that it is easy for customers to sort packaging for recycling. The recycling of packages will be continuously evaluated and promoted.

REDUCING PLASTIC

Through the international New Plastics Economy Global Commitment launched by the Ellen MacArthur Foundation and the UN, we have been committed to promoting the circular economy of plastic since 2018. The most important goals of the commitment include avoiding unnecessary plastic and improving recyclability. The commitment also contributes to the reuse of plastic, which reduces the need for virgin plastic in packaging.

The goal is to reduce the amount of virgin plastic in the grocery trade's private-label packaging and plastic bags by 20% by the end of 2025, compared to 2018.

During 2022, we committed to the Green Deal agreement related to the directive on single-use plastics, which is primarily aimed at reducing the consumption of disposable plastic packaging for meals and drinks. We also took part in the food industry's commitment to improve material efficiency in 2022–2026. One of the commitment's objectives is to promote the use of environmentally sustainable packaging solutions.

We have continued to reduce the amount of packaging plastic in private-label products whenever a product's quality and shelf life allow for it. In 2022, plastic was reduced in the packaging of 18 private-label products. The biggest change in 2022 was made in the Herkku label's ready-made dishes: the amount of plastic was reduced in several products in the range, resulting in decreases of up to 15–26% in the amount of plastic depending on the type of packaging. On an annual basis, this packaging now uses nearly 5,000 kg less plastic than before.

In 2022, we were able to complete recyclability improvement project for the pots of our Kotimaista brand's lettuce and herb products. Previously, the products widely used black plastic pots, which are not suitable for plastic recycling due to their colour. After the improvement project, over 90% of the pots are recyclable, and many of these also use recycled plastics. The rest of the pots are paper pots that can be sorted as biowaste. The change is significant because it concerns several millions of herb and lettuce pots on an annual basis, whose raw materials can now be recycled more efficiently. S Group prohibits the use of black plastic in the consumer packaging of its own brands.

Recycled plastic is already used instead of conventional virgin plastic in the consumer packaging of more than 100 of our private-label products. Recycled plastic is particularly well-suited for daily consumer goods packaging. For example, all Rainbow laundry detergent packaging now contains recycled plastic. There is also a lot of recycled plastic in the packaging of cottons and diapers, as well as the pots of the Kotimaista brand's herbs and lettuces. In 2022, the renovation of ready-made food packaging in the Herkku range of products was changed to contain recycled plastic. The Mehustamo product range's juices and smoothies have used both recycled plastic and bio-based plastics for many years. In 2022, we decided that other private-label PET bottles will also increasingly use recycled plastic. Our objective is for the raw material in S Group's private-label products' PET bottles to include at least 25% recycled plastic by the end of 2025. S Group's plastic bags have been made of recycled plastics for a long time. In 2022, the share of recycled materials in all bags sold was 90%.

The goal is to reduce the amount of virgin plastic in the grocery trade's private-label packaging and plastic bags by 20% by the end of 2025, compared to 2018.

Regular plastics are also being replaced in packaging with bio-based plastics. In 2022, 40 of our private-label product packages contained bio-based plastics. Bio-based plastic is used in the packaging of products such as baby care products and diapers, Mehustamo range's drink packaging and in two freezer products in the Kotimaista range.

REUSABLE PACKAGING

We promote reusable packaging, especially in logistics. For example, reusable produce boxes have been in use for years. These are used to replace disposable cardboard boxes. In 2022, we transitioned from the IFCO produce boxes we previously used to the EPS (Euro Pool System) system. In 2022, our supply chain used more than 17 million reusable produce boxes. This is exactly as much as in the previous year. The use of produce boxes has increased by 48% over the last five years (reference year 2018). Our produce sections also offer our customers reusable produce bags that they can use to replace disposable produce bags. Reusable packaging is also available for two Rainbow laundry detergent bottles, which the customers can refill with refill packs that have packaging made out of thinner plastic.

THE SALE OF PLASTIC BAGS PER CUSTOMER DECREASED

S Group is taking part in the national plastic bag commitment that seeks to reduce the use of plastic bags. The goal is for every Finn to use no more than 40 plastic bags per year by the end of 2025.

148.3 (147) million plastic bags were sold in grocery stores. Although the sales volume of plastic bags increased slightly from the previous year, the sale of plastic bags per customer decreased due to the increase in the increase in customer visits. The sales of paper bags (-2%) and biodegradable carrier bags (-4%) continued to decrease. The sales of reusable bags increased by 13%. The reusable bags of S Group's grocery stores were renewed in 2022. The new bags have patterns that were chosen by a vote on social media. A small reusable bag was also introduced as a suitable choice for children or as a meal bag to commute with.

At Sokos stores, the sales volume of reusable bags increased further, by more than 47% compared to 2021. However, the sales volume of reusable bags at Sokos stores is fairly low, as fewer than 5,400 were sold at Sokos stores in 2022. Sokos only uses plastic bags for its 3+1 campaign days.

MORE FINNISH RECYCLED MATERIAL

The Palpa bags used in stores have been made of 100% recycled material for about eight years. The bags are produced in Poland and the raw material for the recycled plastic comes from several different sources across Europe. In May 2022, S Group created a model that allows the utilisation of clear PE plastic material produced by Inex in the production of our own Palpa bags in closed cycles. In the future, plastic will be recycled from Inex to Merikarvia, where the amount marked for SOK will be washed and recycled into plastic pellets. This material can be used directly as is for the manufacture of new Palpa bags. The bags will be produced by L&T's partner company in Merikarvia.

Food waste

We aim to halve food waste by 2030.

The food waste of S Group's grocery stores in 2022 was 1.44% (2021: 1.47). In 2022, relative food waste decreased by 2% and the amount of waste produced was reduced by nearly 2,400 tonnes compared to the previous year. Compared to 2014, the amount of food waste has decreased by 19%.

One of the visible methods of food waste management is red-labelled products at stores. Products about to go out of date have been systematically discounted at S Group's grocery stores for more than 10 years. In 2022, we sold nearly 91 million (2021: 87 million) products with red discount tags (-30% and -60% of the normal price). The popularity of the increased evening discounts is particularly evident in smaller stores, such as Alepa stores, where the practice began about six years ago. The evening discount practice has been in national use for five years.

Usable food is also donated to charity, and S Group has some 400 food aid partners. In addition, food donations are also carried out at outlets in Estonia. In addition to donations, as many as 11 cooperatives already use produce waste boxes and bags. In 2022, the waste boxes reduced the amount of fruit and bread waste by approximately 1.5 million kilograms.

FOOD WASTE AT OUR STORES IN FINLAND HAS DECREASED BY

19%

SINCE 2014

RESTAURANTS' FOOD WASTE ON A DECREASING TREND

Food waste in S Group's restaurants began to decrease from the figure of 1.26% in 2022 following the pandemic. The food waste in ABC restaurants, on the other hand, was 1.6% in 2022. The increase in customer volumes and therefore volume growth improves the utilisation of raw materials and predictability of ordered volumes, resulting in less waste.

We aim to continuously seek and develop new ways to reduce food waste at our restaurants. Usually, the measurement and monitoring of food waste is carried out manually alongside other restaurant work. During the autumn of 2021, the Biovaaka project was started at the Pizza & Buffa restaurant in Kouvola, seeking to harness technology for minimising waste.

The system provides immediate feedback on the amount of waste accumulated in a restaurant. At the same time, it generates data which provides the restaurant with accurate data on the food waste generated in various areas of its operations more easily and comprehensively. Customers also play a key role in minimising food waste, and when they return dishes, the system provides them with feedback on the amount of their waste by displaying one of three smiley faces.

Pizza & Buffa's customers were very interested in the pilot project and pleased about being encouraged to consume more responsibly. At the end of 2022, Biovaaka was in use at 10 Pizza & Buffa restaurants and aims to deploy the Biovaaka system at all of the Pizza & Buffa chain units in 2023.

MORE THAN 136,000 MEALS SAVED THROUGH THE RESQ CLUB

Through ResQ, you can save food from restaurants, cafes and grocery stores at low cost that might otherwise be wasted. In 2022, we managed to save nearly 136,000 meals through S Group's restaurants and ABC, resulting in nearly 340 tonnes of carbon dioxide equivalent emissions avoided. The food rescue service ResQ Club was utilised by 177 of our outlets. In addition, HOK-Elanto's Coffee House cafés, as well as some other cafés of the cooperative, have an evening discount of 50% on products in glass cabinets during the last opening hours of the day.

2022



Market's discounted vegetable and bread boxes save products from going to waste

When the products of a grocery store's fruit and vegetable department are no longer in perfect condition, but still edible, they are collected for sale in separate and affordable bags and boxes. This gives us a chance to reduce wastage and save resources.

HOK-Elanto's 64 S-market stores operating in the metropolitan area and the Uusimaa region sells discounted boxes in which they collect fruit and vegetables or bakery products that have reached their best-before dates that would otherwise go to waste. The two-euro vegetable and bread boxes are a welcome addition to the range of means by which to reduce food waste in S Group. The day's setting is always slightly different varying according to the season.

While the most important work to reduce food waste is done by forecasting that relies on data, the forecast does not always hit the bullseye, as the fruit and vegetables may also have imperfections in their appearance or be bruised. The goodie boxes on offer during morning hours are a welcome addition to the red-labelled products and the popular evening discount.

S Group aims to move towards halving food waste by 2030. In stores, the fight against food waste is a daily effort, and we also want to encourage our customers to pay attention to food waste. The goodie boxes and bags have been a real hit. The stores in the region of the Varuboden-Osla Cooperative were the first to begin applying the concept back in 2017, and it is now applied one form or another in the region of 11 regional cooperatives.

RAW MATERIALS INTO CIRCULATION

In 2022, our total amount of waste, including in the neighbouring countries, was 107,600 tonnes. The amount of waste from our operations in Finland is estimated to account for approximately 3% of the country's municipal waste. The amount of hazardous waste generated was approximately 900 tonnes, while there were 5,200 tonnes of liquid waste. Most of the waste generated by our operations is paperboard, paper and organic waste, as well as energy waste and waste to be incinerated. In 2022, 76% of the waste we generated in Finland was taken to be recycled into materials. Our goal is to recycle 80% of our waste as materials or new products by the end of 2025.

We continued to utilise the bread waste generated in our stores for the production of Eko E85 fuel sold at ABC service stations. Last year, we delivered bread waste for the production of approximately 1,200 tonnes of ethanol. The Eko E85 bioethanol produced from food waste and side streams from the food industry contains 15–20% petrol, and the process produces feed for agriculture and water as by-products. Eko E85 fuel reduces the carbon emissions from motoring by up to 80%. Furthermore, deep-frying oil used in our restaurants is recycled via Suomen Kasviöljykierrätys to be utilised in the production of renewable fuel.

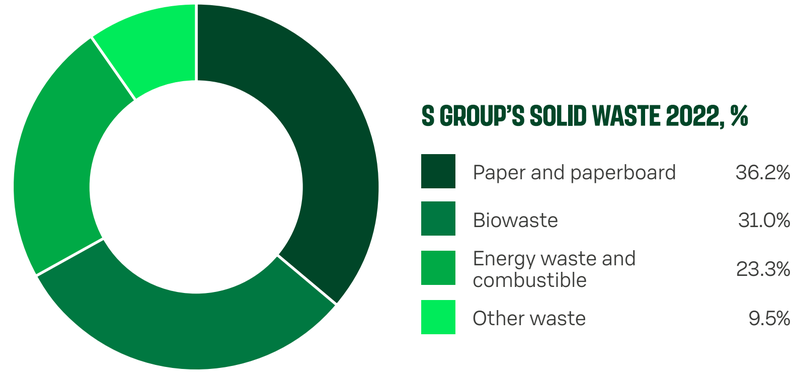
S GROUP'S WASTE MATERIALS (TONNES)

	2020	2021	2022
Paper and paperboard	36,400	34,800	**36,700**
Biowaste	32,800	30,300	**31,500**
Energy waste and combustible waste	24,300	24,900	**23,700**
Plastic	1,500	3,100	**3,200**
Metal	1,600	1,400	**3,300**
Glass	700	700	**700**
Other solid waste	4,100	7,700	**2,400**
TOTAL SOLID WASTE	**101,400**	**102,900**	**101,500**
Hazardous waste	500	500	**900**
Liquid waste	3,600	3,700	**5,300**
ALL WASTE IN TOTAL	**105,500**	**107,100**	**107,600**

The waste data covers 94% of locations.

The figures includes data concerning operations in Finland and the neighbouring countries. The figures for 2020 and 2021 includes data concerning operations in Estonia and Russia as neighbouring regions, and only Estonia for 2022.

Verification report on the waste figures for 2022.



PROCESSING AND REUSE OF S GROUP'S WASTE MATERIALS, %

	2020	2021	2022
Material recycling	45	42	**45**
Reuse for energy	25	27	**24**
Reuse of biowaste	30	31	**31**
Landfill processing	0.01	0.09	**0.03**

The figures are calculated based on solid waste.

The figures for 2020 and 2021 includes data concerning operations in Finland. The figures for 2022 includes Finland and Estonia.

Reuse of organic waste refers to composting or reusing waste in the production of biogas or bioethanol.

Verification report on waste data for 2022.



COMPREHENSIVE RECYCLING NETWORK HELPS CUSTOMERS RECYCLE

Rinki eco take-back points for cardboard, glass, metal and plastic packaging is available at our outlets. At the end of the 2022, there were Rinki eco take-back points at 438 stores. Of these recycling stations, 282 had collection points for plastic in addition to glass, cardboard and metal, and 294 had collection points for textiles.

Refundable beverage containers, as well as batteries and waste electrical and electronic equipment, can be returned to our locations. The number of plastic bottles returned in 2022 increased by 6% from the previous year. The amount of portable accumulators and batteries returned to our outlets increased by nearly 4% from 2021. More than a third of accumulators and batteries returned in Finland are collected through our outlets. Customers can return old, unused nail polish to 55 stores in the Sokos and Emotion chains.

RECYCLING POINTS AND RECYCLED QUANTITIES

	2020	2021	2022
Number of recycling stations	428	432	**438**
Returned recyclable plastic bottles, million pcs	245	272	**287**
Returned recyclable glass bottles, million pcs	53	53	**49**
Returned aluminium cans, million pcs	663	673	**665**
Returned portable accumulators and batteries, tonnes	599	621	**648**

TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

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S Group is committed to respecting human rights in all its operations and complying with the due diligence obligation in accordance with the UN Guiding Principles on Business and Human Rights to prevent negative human rights impacts

KEY TARGETS

THEME	OBJECTIVE	ACTUAL 2021	ACTUAL 2022	COMMENT
PERSONNEL	Job satisfaction survey	75.8	76.3	The most significant annual indicator of job satisfaction is our workplace community survey (TYT), which all employees are invited to participate in.
PERSONNEL	Our goal is to provide young people with positive learning experiences at the start of their career	about 14,000 summer employees	about 15,000 summer employees	S Group is one of Finland's largest employers of young people. We provide a significant group of people with their important first experience of working life, for example in the form of summer work or traineeship.
PERSONNEL	Our goal is to prevent attitudes from affecting invitations to participate in job interviews, even unconsciously.	When people applied for a job with us, we did not require them to provide their age or year of birth.	When people applied for a job with us, we did not require them to provide their age or year of birth.	When people apply for a job with us, we do not require them to provide their age or year of birth.
HUMAN RIGHTS	Our goal is to audit all production factories of private label and own importing products located in high-risk countries through amfori BSCI audits or equivalent third-party audits.	98%	99%	Among other things, the audits are conducted to investigate the practices concerning occupational safety, working conditions and wages.
HUMAN RIGHTS	Our goal is that the places in which the main raw materials of S Group's private-label food products in high-risk countries are produced will be included under the scope of third-party verification by the end of 2025.	In 2021, we continued this work in respect of frozen fruit and berries, as well as products containing coconut and vanilla.	Our actions in 2022 included studying the production chains of juices.	The traceability of juice production chains is often challenging, and the main risks are related to workers' rights and farming practices.
HUMAN RIGHTS	For our private-label and import products, our goal is to use only sustainably produced cotton by the end of 2025.	29%	61%	The production of cotton used according to our cotton policy must meet one or more of the following criteria: It must be more sustainable in terms of the environment, social responsibility or the farmers' economy.

Compliance with the UN Guiding Principles requires public commitment to respecting human rights, as well the careful assessment of human rights risks and operating methods to prevent risks and rectify adverse impacts. In addition, the principles require open communication about risks, measures and challenges.

HUMAN RIGHTS AT S GROUP

Our human rights impacts are related, in particular, to our employees and customers and the employees and communities in our supply chains. In supply chains in particular, human rights risks are closely linked to the surrounding society and must be impacted by means of systematic work over the long term through the operators in the supply chains and through other networks.

S GROUP'S HUMAN RIGHTS PRINCIPLES

S Group's human rights principles describe S Group's management model for identifying and managing matters related to human rights, as well as for risk management and communication. The principles also determine roles and responsibilities related to human rights. Their purpose is to support the systematic management of human rights at S Group over the long term, as well as describing our approach to human rights to our stakeholders. The principles supplement our commitment to respecting human rights, which is set forth in SOK Corporation's ethical principles. The human rights principles have been approved by SOK's Executive Board.



SOK CORPORATION'S COMMITMENTS AND PRINCIPLES

> **SOK Corporation's ethical principles**
Through the ethical principles adopted by SOK's Executive Board, we are committed to respecting and promoting human rights in all our operations, and we expect the same from our partners. The ethical principles concern all SOK Corporation's employees. Many of our regional cooperatives have also adopted SOK Corporation's ethical principles, or have their own principles.

> **S Group's human rights principles**
Adopted by SOK's Executive Board, S Group's human rights principles describe our operating model, which is in line with the due diligence obligation, and the management of human rights efforts within our group of companies.

> **amfori Code of Conduct**
As a member of amfori, an international sustainability network, S Group is committed to compliance with the amfori BSCI Code of Conduct. The amfori Code of Conduct is part of our supplier contracts and outlines our expectations towards suppliers.

> **Women's Empowerment Principles**
S Group is committed to the principles of the UN's equality organisation UN Women and the UN's corporate sustainability initiative UN Global Compact, promoting equality and diversity.



MANAGEMENT OF MATTERS RELATED TO HUMAN RIGHTS

The management of matters related to human rights at S Group is part of sustainability management, which is the duty of SOK's Sustainability unit. Within the Corporate Management Team, SOK Sustainability falls under the purview of the Executive Vice President in charge of communication, marketing and sustainability. The SOK Sustainability unit is responsible for human rights principles and their development, as well as for providing guidance for their implementation. Within S Group, the SOK Sustainability unit is responsible for the assessment of human rights risks and the development of new operating models. It also steers and coordinates the continuous assessment of human rights risks in different functions. The SOK Sustainability unit is also responsible for internal and external reporting related to human rights.

According to the management model, the SOK Sustainability unit regularly reports key risks related to human rights, key figures and the most significant selected projects to SOK's Executive Board and senior management. SOK's Executive Board approves principles and commitments related to human rights. SOK's units and subsidiaries evaluate key business area-specific risks and preventive measures. The units are also responsible for preventive and corrective measures closely related to human rights. Human rights is one of the main themes of our sustainability programme. The goals, measures and projects related to human rights are determined in cooperation with the business operations. The most important goals have been integrated into our sustainability programme.

ASSESSMENT OF RISKS RELATED TO HUMAN RIGHTS

In accordance with the UN Guiding Principles on Business and Human Rights, we work to carefully assess and predict the human rights impacts of our operations and prevent and mitigate adverse human rights impacts. The assessment of human rights impacts is a continuous process. In the assessment of human rights impacts, we have identified the groups on whose human rights S Group may have direct or indirect impacts. The assessment also covers particularly vulnerable individuals and groups, such as children, women, migrant workers and people with special needs. In the assessment of S Group's human rights impacts, we use various organisations' and authorities' reports and studies, country-specific risk assessments (e.g. the amfori Country Risk Classification) and dialogue with non-governmental organisations and other stakeholders. We also use the information we have obtained through audits, as well as our experiences of monitoring the working conditions at factories, for example. The assessment involves S Group's specialists from different business areas and the Procurement, HR and Sustainability units.

In the assessment of human rights impacts, we have identified the groups on whose human rights S Group may have direct or indirect impacts.

MOST SIGNIFICANT HUMAN RIGHTS RISKS

S Group has potentially both direct and indirect impacts on the human rights of different groups. The direct impacts are related to S Group's employees and customers, while the indirect impacts are related to supply chains through business relationships. Key direct and indirect human rights impacts are described below. The list is not exhaustive. It includes the key and most significant human rights impacts that we specifically aim to minimise. Other human rights are equally important, and we will continue our work to ensure that we do not hinder their fulfilment in any way.

DIRECT IMPACTS

S Group's most significant direct human rights impacts are related to the safety of our customers and employees. Ensuring the safety of locations and products, self-monitoring and, for example, monitoring compliance with age limits for purchasing alcohol and tobacco products call for continuous work to ensure that no-one's safety is compromised at work or when visiting an S Group location.

Our possible direct human rights impacts also include non-discrimination and the equality of our customers and employees. Non-discrimination means the equal treatment of customers and employees and the accessibility of our locations, for example. We respect our employees' right to join trade unions, and do not tolerate any kind of discrimination or harassment. For example, we prepare non-discrimination and equality plans for our employees and train our employees to ensure an equal workplace community without any discrimination.

INDIRECT IMPACTS

S Group may also have indirect impact on the human rights of people working in the supply chains of products and services. Our most significant indirect human rights impacts are related to forced labour, discrimination, violations of freedom of association, child labour, insufficient salary, excessive working hours and compromised occupational health and safety.

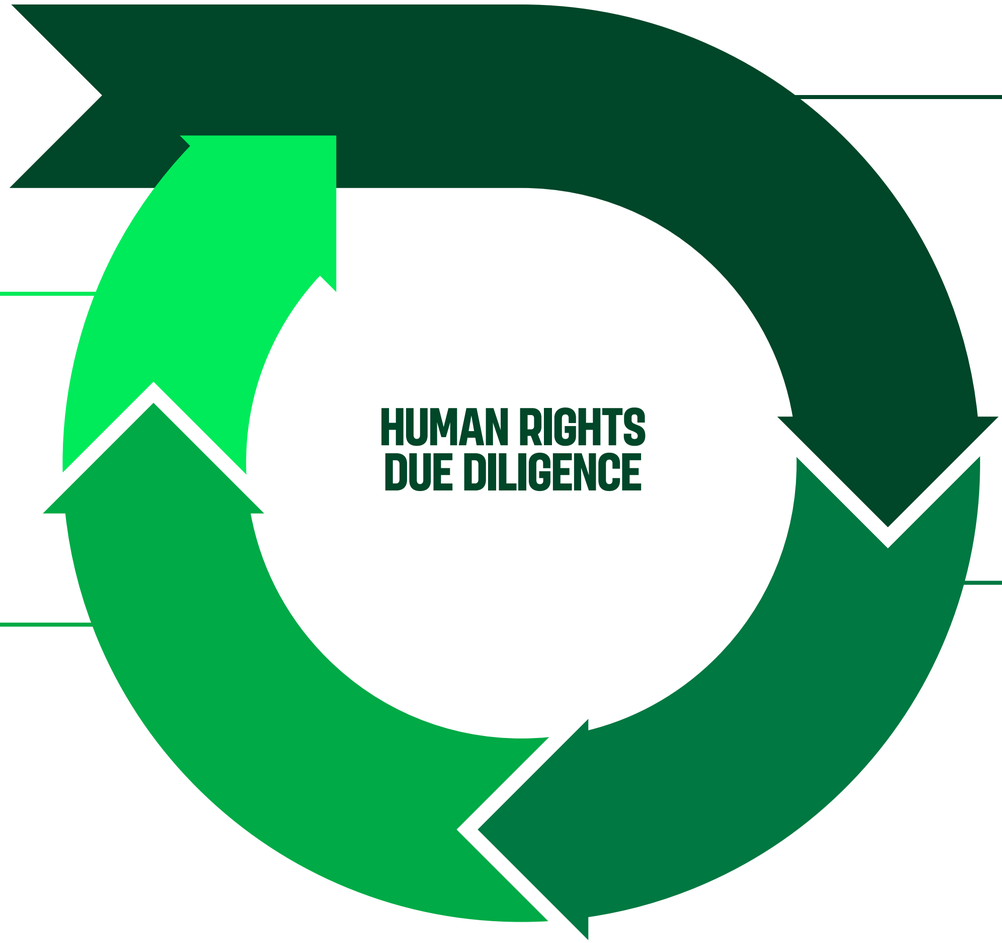
Generally, S Group's biggest human rights risks in its supply chains are related to the following:

- countries where the legislation and its implementation and monitoring are insufficient, or countries that have not ratified international labour and human rights agreements
- countries that have a large number of domestic or foreign migrant workers
- products and raw materials which are produced in high-risk countries and the production of which relies heavily on the use of low-skilled labour
- goods suppliers that have not made a commitment to sustainability initiatives and have not developed operating methods to ensure responsible procurement
- non-certified high-risk raw materials
- long supply chains.
- It must also be taken into account that non-risk countries may also have areas or individual industries with elevated levels of human rights risks.



WE ARE COMMITTED TO RESPECTING HUMAN RIGHTS

> SOK Corporation's ethical principles
> S Group's human rights principles



WE RECOGNISE OUR OPERATIONS' DIRECT AND INDIRECT HUMAN RIGHTS IMPACTS AND THEIR AFFECTED PARTIES AND UNDERSTAND RISKS

> Human rights impact assessments
> Assessments of high-risk countries and business areas
> Surveys of high-risk raw materials
> Reports and studies
> Stakeholder dialogue

WE PREVENT THE REALISATION OF IDENTIFIED RISKS

> Contract requirements
> amfori Code of Conduct
> Third-party audits
> Certifications
> Training
> Supplier surveys
> Research model to investigate root causes

WE SEEK TO CORRECT HUMAN RIGHTS VIOLATIONS THAT HAVE ALREADY OCCURRED

> Plan of remedial measures
> Cooperation with partners
> Training
> S Group whistleblowing channel

WE REPORT TRANSPARENTLY ON OUR DUE DILIGENCE PROCESS, RISKS AND MEASURES

> Annual reporting
> Communications
> Stakeholder dialogue

PREVENTION OF HUMAN RIGHTS IMPACTS AND IMPLEMENTATION OF CORRECTIVE MEASURES

S Group's human rights work is based on thorough risk assessments and on targeting measures at areas where the risks are the highest. According to the UN Guiding Principles on Business and Human Rights, actions are prioritised on the basis of the severity, irrevocability and probability of impact, and of whether impact is caused directly or indirectly, such as through business relationships.

We seek to prevent human rights risks in supply chains in many ways, including audits of suppliers in high-risk countries and certification of high-risk raw materials. We expect all of our suppliers of products and services to respect human rights, as well as to ensure that products can be traced back to the source of the raw materials. Alongside independent audits and certificates, we have developed a method to investigate the root causes of human rights risks in supply chains. The goal is to identify current human rights issues related to products or production countries and their root causes, so that we can have an impact on them, together with our partners and stakeholders. Investigations are conducted by an independent third party, and we communicate their results openly.

We seek to have an impact on the development of working conditions in key countries from where we purchase products and services and on the development of laws that govern these through our partnership networks, whenever this development is in conflict with international human rights agreements and ILO's standards. Open interaction with stakeholders and our partnership networks is key in making an impact. We can also have an impact by issuing various statements to the authorities or companies, either separately or jointly with international networks.

If any direction violations of human rights are discovered in S Group's activities, we will immediately start an investigation process together with the business or other unit concerned and stakeholders. Corrective measures are taken to prevent any broader impacts and, if possible, to repair any harm. We will also investigate our own operating methods to prevent similar violations from recurring.

If any defects related to human rights are discovered in S Group's procurement of products and services, we will immediately start an investigation. Corrective measures will be agreed upon with the partner concerned, and their implementation will be monitored through audits, for example. Cooperation with the partner will not primarily be discontinued, as doing so would not help the workers' situation at the factories and on the farms. Cooperation is the best way to improve operations. Furthermore, boycotting a specific product or procurement area is never our primary solution, as this would often damage the position of workers who are already in the weakest position. Cooperation can be discontinued if a partner does not show any willingness to address or is not committed to addressing repeatedly discovered defects. Cooperation can also be discontinued if a partner does not consent to any audits conducted by an independent third party. The goal is to increase the capabilities of partners to improve the conditions of workers by providing training and by requesting suppliers to participate in training provided by the amfori sustainability network.

Particularly in supply chains, S Group is not always able to have any direct impact on the correction of defects. Increasing influence through cooperation with other companies, sustainability initiatives and other networks is important in such cases.

S Group has drawn up internal guidelines and trained its personnel to identify and prevent human trafficking and labour exploitation. The risk of human trafficking and labour exploitation is also real in Finland, which is why it is important for the people in our outlets and locations and those responsible for sourcing, for example, to be able to identify and report their concerns and investigate their partners' operating methods.

BANGLADESH ACCORD

S Group joined the Bangladesh Accord in 2020 and, following its end, the new International Accord initiative (International Accord for Health and Safety in the Textile and Garment Industry) in the autumn of 2021. Third-party inspections are carried out at the clothing factories used by the companies that have joined the Accord, and the corrective measures and training undertaken on the basis of these inspections improve the fire, electrical and building safety of the factories. All Bangladeshi factories producing clothes for S Group's private labels or its import operations are included in the Accord process. The Accord expanded to Pakistan at the end of 2022, where its operations will begin in 2023.

S GROUP WHISTLEBLOWING CHANNEL

S Group's whistleblowing channel is open to S Group's employees and external stakeholders. Suspected misconduct and violations of ethical principles can be reported through the channel, and all reports will be processed. The whistleblowing channel is organised by our partner WhistleB. Reports can be submitted to the channel under your own name or anonymously. The reporting process is encrypted, and all reports are processed confidentially. People filing reports will be protected against retaliatory action in accordance with the requirements set out in the Whistleblower Act that entered into force in 2023.

In 2022, a total of 47 reports were submitted to S Group's whistleblowing channel. The reports were mainly related to HR issues, occupational health and safety or activities contrary to guidelines and instructions. A significant part of the reports (9) were reports which did not fall under the scope of the whistleblowing channel (categorised as customer feedback). There were no reports during the year that would have led to official investigations.

The cases reported through the channel are processed by SOK Risk Management in cooperation with key people in various organisations of S Group in a manner that ensures impartiality. On the basis of reports received through the whistleblowing channel, it was decided that a clarification of instructions and ground rules and their review with the employees was in order. In addition to S Group's whistleblowing channel, stakeholders can report unfair trading practices via the channel provided by the Board of Trading Practices in the Food Supply Chain and via the channel provided by amfori, through which any violations of human rights within the supply chains of amfori's members can be reported.

We provide our employees with continuous training on ethical principles. This training covers the principle of integrity, disqualification from decision-making and equal treatment in the workplace, for example. The participants are also reminded of the opportunity to report any violations of the ethical principles to the whistleblowing channel. The training is also part of our induction training for new employees.



SUPPORT FOR DEFENDERS OF HUMAN RIGHTS

S Group has extensively and openly supported the civil society in order to support human rights in supply chains. Defenders of human rights are individuals or groups who promote the fulfilment of human rights locally, nationally or internationally. Typically, defenders of human rights are non-governmental organisations, representatives of trade unions and employees who highlight defects in working conditions.

We do not interfere with the work of defenders of human rights or the functioning of civil society, including campaigns related to S Group. We expect that our partners also respect the work of defenders of human rights and the functioning of the civil society, and we do not accept any type of interference from our partners. In situations where there is clear evidence of one of our partners interfering with or preventing the work of defenders of human rights or the functioning of the civil society, we aim to exert pressure within the scope of our influence on our partner to stop this interference.

If the situation is directly related to S Group's operations, legal and financial measures are also possible. Such situations will be investigated on a case-by-case basis. Improving legal protection at the national level is a key method in supporting the work of defenders of human rights, and their lawful activities should not be impeded by legal means.

2022

Ethics index

Since 2017, we have been following the ethics index, which is part of our job satisfaction survey. The index measures employees' trust in their employer, as well as their perceptions of the ethicality of the company's operating methods and the implementation of its values and principles in day-to-day work. In 2022, the index was 80.3 (2021: 80.1) on a scale of 0–100.

EMPLOYING VICTIMS OF HUMAN TRAFFICKING

In Finland, the scope of the system for assisting victims of human trafficking currently covers around a thousand people. Most of them are victims of labour trafficking, and S Group has experience of employing them through HOK-Elanto. These experiences gave rise to a broader will within S Group to find out which matters should be taken into account in recruitment situations and the recruiting process. As a student project, students of Aalto University prepared a roadmap for S Group on how companies can employ victims of labour exploitation through best practices: how to start, who to contact, what the benefits for companies are and, on the other hand, what kinds of challenges a company may face both in the recruitment and during the employment relationship.

THE RIGHT TO A CLEAN, SAFE ENVIRONMENT IS A HUMAN RIGHT

In the autumn of 2021, S Group and a group of other companies submitted to the UN Human Rights Council and the General Assembly that the right to a safe, clean and sustainable environment be recognised as a human right. The state of the environment has an impact on the life and health of people in the local region, which is why it should be recognised as a human right. The UN Human Rights Council approved the initiative in the autumn of 2021, and the General Assembly issued a resolution on the matter in 2022.

Our operations have indirect impacts on the human rights of the people working in the supply chains of our products and services, particularly in countries with a high risk level in terms of social responsibility.

RESPONSIBLE PROCUREMENT

In responsible procurement, it is essential to agree on expectations and requirements regarding responsibility when selecting and cooperating with goods suppliers and service providers, and to monitor compliance with the agreed matters. In 2021, we updated our procurement contracts for groceries and consumer goods, specifying our expectations regarding due diligence on environmental and human rights impact. In 2022, we continued the contract updates in our other functions. In our procurement contracts, we require all our suppliers to respect key labour and human rights, as well as to exercise due diligence to identify, mitigate and remedy the human rights impact of their operations and supply chains.

We assess human rights in procurement using the amfori BSCI's list of high-risk countries, which indicates country-specific risks, as well as risk assessments for raw materials and other data sources such as research, reports and studies. In addition, we conduct regular surveys among all our suppliers on social responsibility practices and the origin of products.

We require third-party factory audits from all suppliers whose products are manufactured in countries with a high risk level in terms of social responsibility or contain raw materials procured from high-risk countries. We regularly monitor the fulfilment of the requirements, particularly with regard to factories producing our private-label products and products imported by us.



We are committed to the principles of good business practices, which aim to ensure fair rules in the trade relations between the operators in the food supply chain.

We are a member of the amfori BSCI (Business Social Compliance Initiative) and have actively participated in the development of the system and its tools for many years. The amfori BSCI aims to bring the working conditions of employees manufacturing products in high-risk countries to the level required by international agreements, and to streamline and harmonise the monitoring of supply chains by companies. S Group is also a member of the SEDEX (Supplier Ethical Data Exchange) initiative.

PRINCIPLES OF GOOD BUSINESS PRACTICES

We are committed to the principles of good business practices, which aim to ensure fair rules in the trade relations between the operators in the food supply chain. Their purpose is to respect freedom of contract but, at the same time, to safeguard the competitiveness of the contracting parties, mutual trust and the continuity of contractual relationships. The principles of good business practice include policies concerning written contracts, predictability of operations and responsibility for risks. The principles were originally agreed between the EU Commission and the EU organisations within the food supply chain in 2011. This kind of cooperation no longer exists at the EU level, but operators in the Finnish food supply chain have jointly decided to continue the operations of the Board of Trading Practices in the Food Supply Chain.

In Finland, the Board of Trading Practices in the Food Supply Chain promotes procedures in line with good business practice in the food supply chain. The Board takes the principles of good business practices into account in the Board's position where applicable. If the Board detects non-compliance, it may intervene by measures such as issuing recommendations concerning good business practice. In addition, the Board may develop the sector's ethical principles and issue statements concerning compliance with the principles of good business practice. We have taken the Board's recommendations into account.

PRINCIPLES OF RESPONSIBLE MEDIA PROCUREMENT

S Group's media investments follow the ethical guidelines on marketing of the Council for Mass Media (CMM). They were used as the basis for producing principles to guide the procurement of purchased media. In accordance with the principles, media content must be in accordance with good practice and must not undermine the general public's trust in the news or journalistic content. In media content, human dignity must be respected, and it must not incite discrimination. Media must not encourage, admire or allow violence, illegal activities or other conduct against society. Media must not encourage or seek to benefit from superstition or beliefs not supported by science.

S GROUP'S PROCUREMENT

S GROUP'S TEN LARGEST PROCUREMENT COUNTRIES*

COUNTRY	% OF TOTAL PROCUREMENT
Finland	87.3%
The Netherlands	2.4%
Sweden	2.0%
Spain	1.3%
Denmark	1.1%
China	1.0%
Germany	0.9%
Italy	0.8%
Belgium	0.4%
Estonia	0.4%

*) Includes S Group's goods and service procurement in Finland. Does not include fuel purchases.

S GROUP'S TEN LARGEST HIGH-RISK COUNTRIES OF PROCUREMENT IN TERMS OF SOCIAL RESPONSIBILITY*

COUNTRY	% OF TOTAL PROCUREMENT	% OF PROCUREMENT FROM HIGH-RISK COUNTRIES
China	0.98%	65.4%
Bangladesh	0.12%	8.3%
Turkey	0.10%	6.9%
Thailand	0.05%	3.5%
Vietnam	0.05%	3.2%
South Africa	0.03%	2.1%
India	0.03%	1.7%
Bulgaria	0.02%	1.6%
Pakistan	0.02%	1.5%
Egypt	0.02%	1.3%

*) Includes S Group's goods and service procurement in Finland. Does not include fuel purchases.

Verification report on procurement from high-risk countries for 2022.

ASSESSMENT OF HUMAN RIGHTS RISKS IN PROCUREMENT

PROCUREMENT FROM HIGH-RISK COUNTRIES

S Group purchases products for private labels and its own imports from several countries. Some 661 of the factories manufacturing the products are located in a high-risk country. The share of direct purchases from high-risk countries is 1.5% of S Group's goods and service procurement (including operations in Finland, excluding fuel procurement), and 10% of private labels and own imports. Our principle is that direct purchases from high-risk countries are only made from suppliers audited by a third party. Non-risk countries may also have areas with elevated levels of human rights risks. For example, human rights risks have been generally identified in the Spanish and Italian agricultural sectors in the working conditions of immigrants. This is why we have expanded the monitoring of the social responsibility of our private label procurement in Italy and other Mediterranean countries to the initial production of fresh fruit and vegetable products, as well as the tomatoes used in canned tomato products.

The raw materials of some products originate from high-risk countries, even when production of the product itself takes place in a low-risk country, such as within the EU. For our private-label food products, we track the production location of the main raw material. If the product or its main raw material is produced in a high-risk country, we require that a third-party audit or certification be conducted to ensure sustainability.

Our goal is that the places in which the main raw materials of S Group's private-label food products in high-risk countries are produced will be included under the scope of third-party verification by the end of 2025.

Our goal is that the places in which the main raw materials of S Group's private-label food products in high-risk countries are produced will be included under the scope of third-party verification by the end of 2025. We are making progress in terms of our target one product group at a time. A few years ago we started this work in respect of our private label coffee, tea and cocoa and the target in relation to them has been achieved. Our actions in 2022 included studying the production chains of juices. The production chains are long and fruit can come from small farms. Traceability can be challenging, and the main risks are related to workers' rights and farming practices. In recent years, initiatives have been developed to verify sustainability in the juice industry, and our suppliers have been active in these initiatives. The initiatives also help to promote the sustainability verification of the main raw materials of private-label juices in the country of origin. In the past, we have reviewed the production chains of private-label products such as frozen fruits and berries, coconuts, rice, vanilla and nuts to make progress towards the audit target for the origin of main raw materials.

PURCHASES OF SERVICES

When purchasing services, we pay attention to risks related to labour exploitation in Finland. Our service supplier contracts include a requirement for appropriate working conditions, and we discuss the related risks with our service providers on a regular basis.

LOW-RISK PURCHASES

Some purchases are regarded as low-risk in terms of human rights, as the products and their raw materials are manufactured in areas that the amfori BSCI deems to be low-risk.

HUMAN RIGHTS REQUIRE COMMON RULES

S Group is in favour of regulating by legislation the obligation of due care compliant with the UN Guiding Principles on Business and Human Rights. For the legislation to be equal for everyone and to have a genuine impact on the realisation of human rights, it should be decreed at the EU level and apply to everyone. We have been promoting this matter in cooperation with stakeholders and networks. In the autumn of 2022, the European Commission presented a directive proposal on the due diligence requirement of companies regarding environmental and human rights issues. The matter will continue to be discussed by the EU institutions.

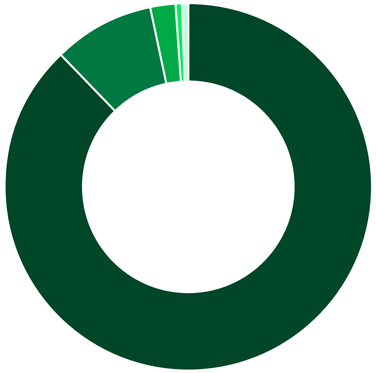


AUDITS – FACTORY INSPECTIONS BY THIRD PARTIES

When monitoring our goods suppliers, we pay special attention to countries with the most significant risk of labour and human rights violations. According to the amfori BSCI, such high-risk countries include several countries in Africa, Asia and South and Central America, as well as certain European countries. Our private-label purchases and own importing from high-risk countries are made from audited suppliers. Our goal is to audit all production factories of private label and own importing products located in high-risk countries through amfori BSCI audits or equivalent third-party audits.

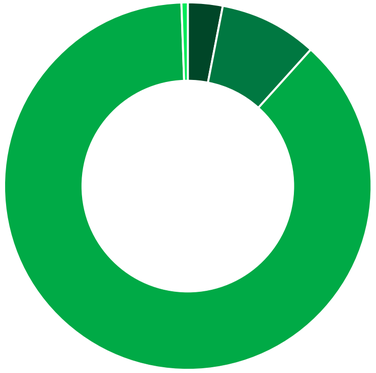
Audits refer to factory inspections, such as amfori BSCI audits or equivalent third-party audits. In the audits, independent auditors inspect production plants to ensure that the criteria for the system are being met in practice. In 2022, BSCI audits were conducted at the factories of 482 S Group suppliers (2021: 483).

The audits cover matters such as working time and occupational safety practices, as well as the payment of the statutory minimum wage. A total of 99% of factories manufacturing S Group's private labels and own imports products in high-risk countries had been audited at the end of 2022. By the end of the year, 1% of factories had not carried out the required monitoring audit, the audit scheme was not approved by S Group or the audit result was not at an acceptable level due to a Zero Tolerance observation. The main reasons for the delay in monitoring audits at the end of the year were the ongoing war in Ukraine, as well as the regionally difficult Covid situation in China.



PURCHASES FROM AUDITED SUPPLIERS 2022, %

amfori BSCI	87.9%
SMETA	9.0%
SA 8000	2.0%
ICTI	0.6%
WRAP	0.5%



RESULTS OF S GROUP'S BSCI AUDITS IN 2022, %

BSCI A (Outstanding)	3.3%
BSCI B (Good)	8.9%
BSCI C (Acceptable)	87.3%
BSCI D (Insufficient)	0.5%

AUDIT SCORES

In 2022, the most significant development needs detected during the amfori BSCI audits were related to management and working time practices and safety at work.

If the audit score is low, the factory will draw up a plan for corrective measures. A new audit will be performed to monitor compliance with the plan. Generally, cooperation with the partner will not be discontinued, as doing so would not help the workers' situation at the factories and on the farms. The best way to develop activities is to do so together, and remedial action is crucial. This is also supported by the results of initial audits and follow-up audits.

To help goods suppliers improve their operations, the amfori BSCI provides training on correcting typical issues detected during audits. We encourage our suppliers to participate in such training.

In 2022, sustainability audits made Zero Tolerance observations at two factories in Thailand that produced S Group's private label food products. The Zero Tolerance observations were related to child or forced labour, safety deficiencies causing immediate danger and bribery. In both cases, the Zero Tolerance observations were made regarding fees paid by migrant workers during the recruitment process. In accordance with the Zero Tolerance process of amfori BSCI, we reviewed the observations and planned corrective measures together with other procuring companies and amfori BSCI. In both cases, the factories have started corrective measures. One of the factories has carried out measures such as drawing up a repayment schedule for the workers, and the other has updated its recruitment policy and made certain recruitment costs the employer's responsibility. A new audit will be carried out at both factories in 2023. We will monitor the implementation of the corrective measures.

RESULTS OF BSCI AUDITS BY AREA IN 2022

FULL AUDITS IN 2022



FOLLOW-UP AUDITS IN 2022



A (OUTSTANDING) B (GOOD) C (ACCEPTABLE) D (INSUFFICIENT) E (UNACCEPTABLE)

CERTIFIED PRODUCTS

CHOICES BASED ON VALUES

GUIDELINES AND TARGET

SITUATION IN 2022

	COCOA	For our private-label products, our goal was to use only cocoa that has been certified or verified for sustainability by the end of 2020. For a product to be verified for sustainability, its supply chain must be verified through audits all the way back to primary production. Acceptable certificates include Fair Trade, UTZ and Rainforest Alliance, for example.
	COFFEE	For our private label products and S Group's restaurants, our goal was to use only coffee that has been certified or verified for sustainability by the end of 2019. For a product to be verified for sustainability, its supply chain must be verified through audits all the way back to primary production. Acceptable certificates include Fair Trade, UTZ and Rainforest Alliance, for example.
	FISH AND SHELLFISH	The sourcing of fish products complies with S Group's fish policy, which is mainly based on fish guides from WWF Finland and WWF Sweden. In our green policy (good choice), we also accept MSC- and ASC-certified fish and shellfish products. When required, information provided by the Natural Resources Institute Finland is applied to the species in caught in Finland, while information provided by the Marine Conservation Society is applied to species caught abroad. The basic principle of our fish guidelines is to exclude from our product range any fish from fish stocks that are endangered, vulnerable or subject to overfishing, and the origin of the fish must always be known. In addition, undersized or protected fish are not accepted in the product selection. Separate criteria concerning fishing areas or fishing methods have been set for many fish species, such as prohibition of bottom trawling. The fish policy is updated every two years, most recently in June 2022. The guidelines apply to SOK's procurement and the cooperatives own procurement in both S Group's grocery stores and restaurants.
	EGGS	S Group will discontinue the sale of enriched cage eggs in stages by the end of 2026. S Group's hotels and restaurants will discontinue using enriched cage eggs by the end of 2021. The change will be implemented in two stages at S Group's grocery stores: the sale of enriched cage eggs under the Kotimaista brand will be discontinued by the end of 2023, and the sale of other enriched cage eggs will be discontinued gradually by the end of 2026. This policy also concerns S Group's Prisma stores and hotels in Estonia.

SITUATION IN 2022
100% of the sales volume of S Group's private-label cocoa and chocolate (2021: 100%) and 100% of the relevant product items (2021: 100%) was/were certified at the end of the year.
100% of the sales volume of S Group's private label coffees (2021: 100%) and 100% of the relevant product items (2021: 100%) was/were certified at the end of the year. In S Group restaurants, 97% of the sales volume of coffee (2021: 100%) and 86% of the relevant product items (2021: 100%) was/were certified or verified as responsible at the end of the year.*
At the end of the year, the selections of our grocery stores included 304 (2021: 197 MSC)** MSC- or ASC-certified products. A total of 77 (2021: 68) fish counters in S Group's food markets have been awarded the MSC and ASC traceability certificate.
At the end of 2022, 24% of the eggs sold at S Group's grocery stores (2021: 56%) were enriched cage eggs. Less than 1% of the eggs used at S Group restaurants and hotels were enriched cage eggs. Enriched cage eggs accounted for 80.9% of eggs in Estonia's Prisma stores and hotels in 2022 (2021: 85%).

*) S Group's restaurants do not serve private-label coffee.

**) The figure for 2022 includes both MSC- and ASC-certified products. The 2021 figure only includes MSC-certified products.

GUIDELINES AND TARGET		SITUATION IN 2022
PALM OIL	S Group's goal is to only use certified palm oil traceable to palm oil plantations in private-label products and in deep-frying oil in restaurants by the end of 2021. S Group has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011. RSPO's criteria for palm oil plantations include the conservation of biodiversity and the improvement of operations through ethical and ecological standards.	The certification rate of the palm oil used in S Group's private-label food products was 100% at the end of 2022 (2021: 100%). The share of traceable RSPO Segregated palm oil was 94.2% (2021: 97.5%).
COTTON	For our private-label and import products, our goal is to use only sustainably produced cotton by the end of 2025. At that point, all cotton is intended to be organic or recycled, or produced in line with Fair Trade or the Better Cotton Initiative (BCI). The use of cotton produced in Turkmenistan, Uzbekistan and the Xinjiang region of China is prohibited unless it complies with the Better Cotton Initiative (BCI) or is Fair Trade certified.	At the end of 2022, 61% of the cotton used in S Group's private-label and own import products was responsibly produced (2021: 29%). Of this, 23.9% was organic cotton (GOTS certified), 75.7% was cotton procured through the Better Cotton Initiative (BCI), and 0.4% was Fair Trade cotton.
SOY	Our goal is that soy from high-risk countries that is used as an ingredient in our private-label products, as well as soy feed from high-risk countries that is used in the production chains of animal-based ingredients (meat, fish, dairy, eggs) for our private-label products, will be certified by the end of 2021. Soy from high-risk countries that is used in meals served in our restaurants and cafés, as well as soy feed from high-risk countries that is used in the production chains of animal-based ingredients (meat, fish, dairy, eggs) for the meals, will also be certified by the end of 2021. Responsible soy certificates include Round Table on Responsible Soy (RTRS) and ProTerra.	Of the soy used in S Group's products as raw material or as animal feed in the production chains of animal-based products, 86% is certified (2021: 83%)***. Of this, 96% was RTRS-certified and 4% Pro Terra-certified. Of the soy used, 99.9% (2021: 99.8%) is soy used as feed for animal-based products. Of all soy used, 89% (2021: 89%) originates from a high-risk country ****.
TEA	The goal was that only tea that is certified or verified for sustainability is used for our private-label products and at S Group's restaurants by the end of 2019. For a product to be verified for sustainability, its supply chain must be verified through audits all the way back to primary production. Acceptable certificates include Fair Trade, UTZ and Rainforest Alliance.	100% of the sales volume of S Group's private label tea products (2021: 100%) and 100% of the relevant product items (2021: 100%) was certified at the end of the year. In S Group restaurants, 74% of the sales volume of tea (2021: 100%) and 69% of the relevant product items (2021: 89%) were certified at the end of the year.

***) Includes S Group's private-label food products as well as the products used in S Group's cafés and restaurants.

****) If no reliable information on the use of soy or its origin has been obtained from the supplier, it has been assumed that it is of risk origin, and the soy factors of RTRS have been used for calculating the amount of soy.

2022



S Group, Save the Children and Work Ahead conducted a study on the family friendliness and children's rights in textile production

A joint project organised by S Group, Save the Children and Work Ahead carried out a study on issues related to the rights of women and children, as well as the implementation of children's rights and family friendliness guiding business at textile production workplaces in Bangladesh. Save the Children carried out the study on behalf of S Group as a neutral party. The project utilised new technology provided by Work Ahead to allow the voices of employees to be heard, combining the technology with Save the Children's expertise in supporting children's rights and family-friendly business.

Bangladesh is a major producer of textiles and the second largest source of textiles for the European market after China. Some textile products of S Group's private labels are also sourced from Bangladesh.

The aim of the study conducted by Save the Children was to identify and understand the root causes behind human rights risks, especially for children's and families' rights, and to find opportunities to positively influence the development of workplaces. The results and recommendations of the study will be published in the spring of 2023 to also benefit other operators in the sector.

The data collection for the study made use of a new kind of video survey for smartphones developed by the Work Ahead company, which made it possible to collect opinions and feedback from the two factories producing clothes for S Group's private labels. Feedback was provided on matters such as the coordination of family and working life, the role of women in the workplace and the implementation of children's rights. Systematically collecting feedback from employees is not typical in Bangladesh. In addition, the data collection made use of stakeholder interviews and previous studies.

The sustainability of Bangladesh's textile production has improved over the last few years thanks to legislation, joint initiatives and systematic sustainability work. However, the report shows that there are still development areas when it comes to excessive working hours, sufficient income for living, awareness of workers' rights and the role of women in working life.

Once the study is completed, S Group intends to openly discuss further measures with various stakeholders to promote the sustainability of textile production and the promotion of children's and families' rights in textile production in Bangladesh.

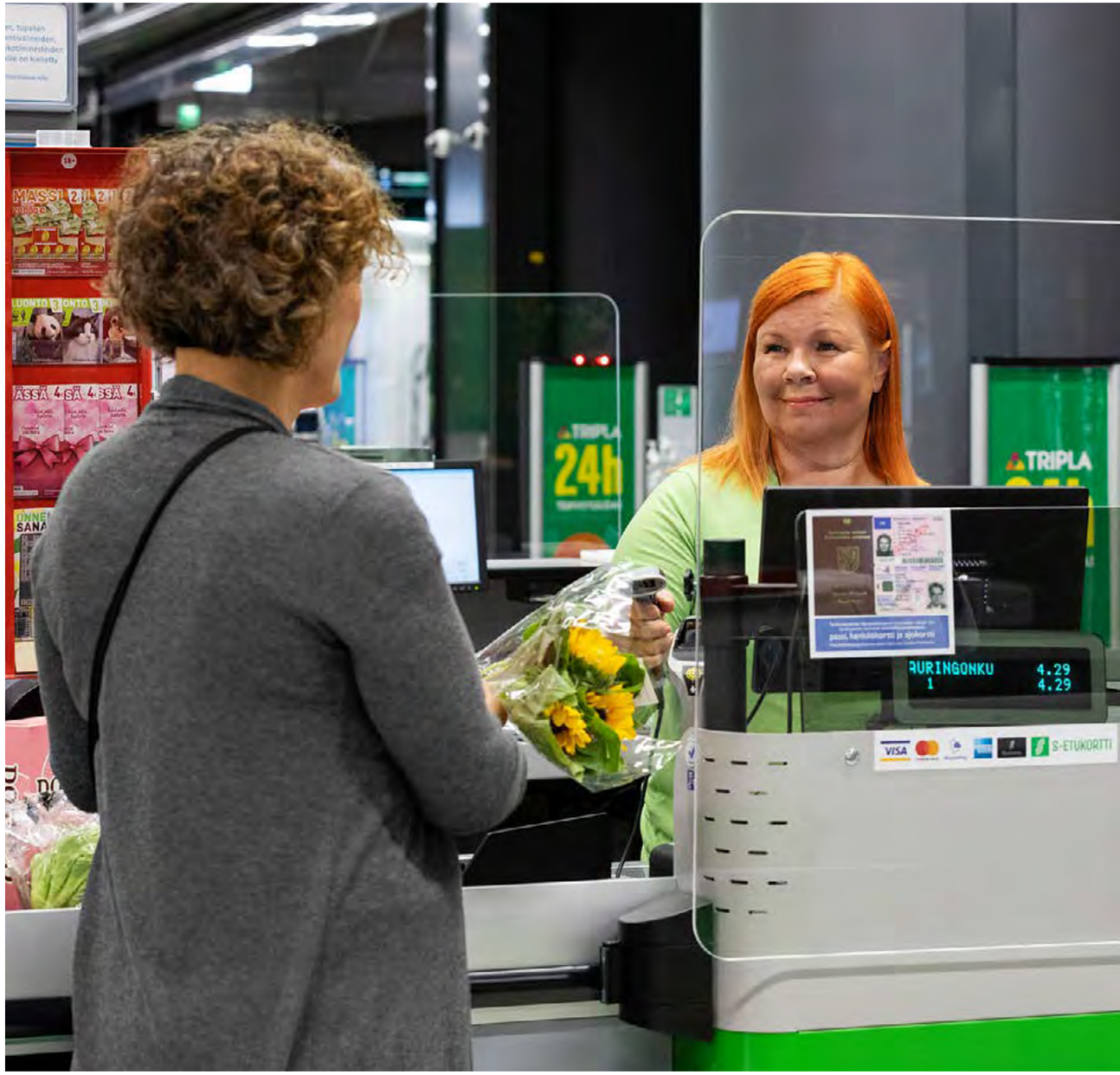
The report is a follow-up to S Group's Radical Transparency study model, which examines the root causes of human rights issues. The model's first study examined the production of Italian canned tomato products, and the report showed that working conditions should also be monitored in EU countries.

The safety of our customers and personnel is of utmost importance to us. In addition to creating a safe environment for our customers and employees, we want our customers to be able to trust the safety and high quality of our products and services. We monitor products and supply chains in many different ways. The monitoring is supported by standards concerning products and manufacture, as well as by audits.

ENSURING THE SAFETY OF OUR CUSTOMERS AND EMPLOYEES

S Group ensures safety through accident prevention as well as identification and avoidance of various hazardous and close call situations. Continuous improvement of safety awareness among employees and regular assessment of work-related risks are important means of prevention.

In 2022, the pandemic restrictions were largely lifted in Finland, and temporary restrictions such as those related to events, customer facilities and restaurants under the Communicable Diseases Act ended on 30 June 2022. As society reopened, S Group has also settled into the new normal, without compromising on good hygiene practices. Some of the practices from the pandemic, such as the utilisation of hand sanitiser points and the cash register plexiglass screens were extended until the summer of 2023, and they may become permanent solutions in at least some locations.





A SAFE WORKING AND SERVICE ENVIRONMENT IS A FUNDAMENTAL RIGHT

The safety of facilities is maintained and improved through regular training for employees, as well as through safety drills and thorough induction, among other means. We have a wide selection of online courses for our employees.

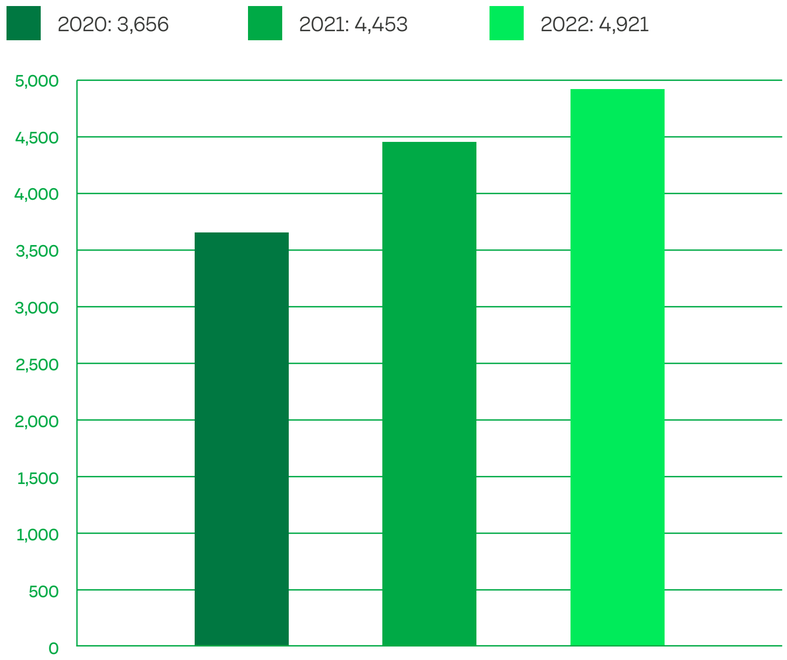
The hazards and risks in our facilities are regularly assessed, and safety aspects are considered in the planning and design of our outlets. We also carry out safety walkthroughs at outlets to observe the safety aspects of each outlet and improve the personnel's readiness to operate in various situations. We try to prevent similar accidents from reoccurring by means of accident investigations.

Each location has a rescue plan that has been communicated to the employees. Our goal is to have employees who have completed S Group's Safety Passport training or equivalent safety training in all our locations. The Safety Passport indicates that the person has the required first aid and fire extinguishing skills, and knows how to prevent safety risks. In recent years, we have regularly increased the number of defibrillators in our outlets. The use of defibrillators is also taken into account in Safety Passport training.

We have a centralised safety information management system, STurva, in place across S Group. The system offers one-stop access to safety guidelines, audits, inspections, training materials and the easy reporting of deviations and observations. We have been encouraging the personnel to actively report any safety deviations, given that it improves transparency in deviations and provides a good overview of the safety needs of outlets and enables better safety management. In 2022, the number of reported safety observations and deviations increased by more than 30%. Safety work at our outlets and locations is also supported with technical security solutions, such as camera surveillance and access control, and by using various security services, such as guarding, shop assistants with security training, and security monitoring.

In addition, S Group's own security services company, Reila Palvelut Oy, provides security solutions for our outlets and locations. The Seifi security salespersons are one of the key service products provided by Reila Palvelut. The Seifis, who have the training and qualifications of security guards, ensure the safety of our outlets and locations as part of the staff, mainly carrying out regular tasks. The service enables us to respond rapidly and professionally to unexpected situations requiring security measures and thereby improve the safety of our employees and customers.

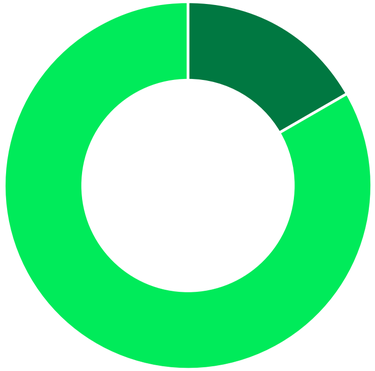
TOTAL REPORTED ACCIDENTS*



*) In the 2022 report, we changed the method of presenting the reported accidents and began reporting all reported accidents. In previous years, we have reported only those accidents that have led to sickness absences or compensation of at least EUR 100. In this diagram, we have calculated the data for 2021 and 2020 retroactively.

ACCIDENTS AT WORK	2020	2021	2022
Accident frequency[1)]	37	38	**29**

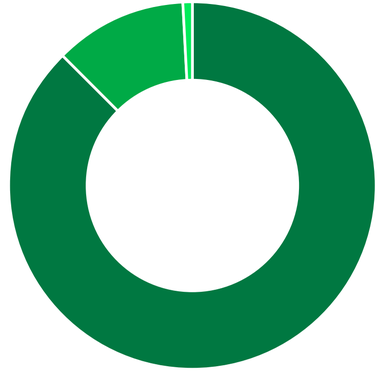
1) Total number of accidents at work involving compensation per one million hours worked.



In recent years, we have particularly focused on facilitating and speeding up the reporting of accidents at work, which is why the number of reported accidents at work has increased. At the same time, we have managed to reduce accident-related absences and costs, thanks to quicker reporting and a more effective care process.

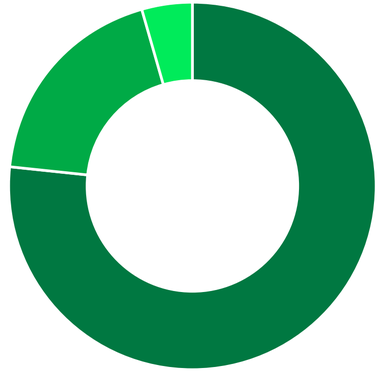
LOCATIONS OF ACCIDENTS IN 2022

When commuting	824
At work	4,097



WORKPLACE ACCIDENTS 2022

0–3 days of absence	87.6%
4–30 days of absence	11.6%
more than 30 days of absence	0.8%



COMMUTING ACCIDENTS 2022

0–3 days of absence	76.7%
4–30 days of absence	18.9%
more than 30 days of absence	4.4%



ENSURING THE PRACTICES OF GOODS SUPPLIERS

We use a wide range of product safety certification practices in the assessment of the food production of the manufacturers of S Group's private-label products. We accept, for example, the following standards: BRC, IFS, FSSC 22000 and ISO 22000. In addition, we conduct our own audits to assess product safety processes and ensure the fulfilment S Group's quality requirements. In 2022, we audited the product safety of 61 (2021: 26) food product suppliers.

PRODUCT TESTING AND SELF-MONITORING

We regularly test product samples before releasing the product for sale. In 2022, we examined a total of 10,881 product samples (2021: 8,516). The samples were mainly related to the product development of our private labels.

As part of self-monitoring, we took 5,715 samples of our private-label and import products (2021: 5,044). The samples were studied to ensure the fulfilment of safety and quality requirements. Most of the studies were conducted by third-party research and testing laboratories.

Our self-monitoring covers the entire supply chain. For example, the freshness and quality of products is monitored in all S Group's grocery stores and restaurants. If product quality is compromised for any reason, the affected product is removed from the shelf. In addition, storage temperatures and the tidiness of the facilities, for example, are regularly monitored in accordance with the self-monitoring plan.

CONTROLLED USE OF PLANT PROTECTION PRODUCTS

The controlled use of plant protection products prevents crop losses and secures sufficient and high-quality food production. The EU has set maximum limits for residues of plant protection products in food that are safe for consumers and correspond with good agricultural practice. In addition, S Group has set stricter criteria than what is required by legislation for the use of pesticides and plant protection products in imported fruit and vegetables. By doing so, we want to support the minimisation of any risks arising from the use of pesticides to workers, consumers and biodiversity.

We carry out weekly risk-based monitoring of our products with our Nordic procurement partners, in addition to the national supervision carried out by the authorities. We carry out monitoring in case of any residues of pesticides or plant protection products that are prohibited in production within the EU. We also carry out monitoring for other compounds that have been deemed harmful to the environment and health on an international scale. This monitoring is also applied to production outside the EU. We have products tested for the presence of nearly 700 different compounds in an independent, accredited laboratory.

We apply a 50% tighter limit value than that specified in EU legislation for the maximum level of plant protection product permitted. We also test the combined use of various residues and allow the simultaneous use of no more than 3–5 approved plant protection products. Justified simultaneous use depends on the product. In 2022, we investigated 371 samples for plant protection residues. Of the samples tested, 43 (11.6%) led to measures taken due to the findings. If use contrary to our criteria is discovered, we will actively seek alternatives to their use in cooperation with our suppliers. A total of 143 samples had no plant protection product residues.

PRODUCT RECALLS

Quality and product safety management mainly take place before the product is delivered to stores. Product recalls are implemented if a product is detected to be defective at the store.

In 2022, we implemented 384 product recalls (2021: 279) of which 51 concerned our private-label products (2021: 56). Erroneous product labelling due to problems in packaging or other reasons not associated with product safety were the most common reasons for the recalls (22% of all product recalls) carried out during the year.

If a product at one of our stores is deemed to be defective in a way that poses a risk to consumers' health or safety, the product recall is communicated to consumers. The number of public recalls made during the year was 67 (2021: 60). Two of these concerned S Group's private-label products (2021: 6). The most common reason for product recalls was erroneous product labelling, such as insufficient information about allergens.

OIVA INSPECTIONS

The Finnish Food Authority coordinates self-monitoring inspections conducted in line with the Oiva system in facilities where foodstuffs are sold or served.

The inspections cover the temperature management of food products, the cleanliness of the facilities and personnel performance, among other aspects. In 2022, a total of 561 Oiva inspections were conducted at S Group's stores, and 265 Oiva inspections were conducted in Group's restaurants and other catering facilities. Of the results of Oiva inspections conducted at S Group stores, 69% were excellent (2021: 72%), 28% good (2021: 25%) and 4% in need of correction (2021: 3%). None of S Group's stores received a poor result in the Oiva inspections.

Of the serving locations, 53% received excellent (2021: 52%) and 36% good (2021: 40%) results, while 11% were in need of correction (2020: 9%). No poor results of Oiva inspections were recorded for S Group's catering facilities. The Oiva reports are available at www.oivahymy.fi and are on display at every outlet inspected.

Each of our checkout counter employees must complete age-limit supervision training. Through guidelines and training, we ensure that products subject to age-limit supervision are not sold to underage people.

MONITORING OF MINIMUM AGE REQUIREMENTS

Each of our checkout counter employees must complete age-limit supervision training. Through guidelines and training, we ensure that products subject to age-limit supervision are not sold to underage people. In line with our age control guidelines, we check the age of customers buying alcoholic beverages or tobacco products who appear to be aged under 30. Starting from October 2020, the age of users or players of Veikkaus products will also be checked if they appear to be below 30 years of age.

If a customer purchases other products that have a minimum age requirement of 18, such as films or Veikkaus products, their age will be checked if they appear to be aged under 23. In 2022, our cash register personnel checked the age of nearly 23 million customers buying alcoholic beverages (2021: 20 million) and of more than 14.5 million customers (2021: 8.2 million) buying tobacco products. 13.6 million) customers. Based on these checks, we refused to sell alcoholic beverages in 57,418 cases (2021: 20,506) and tobacco products in 19,855 cases (2021: 11,721).





Careful processing of personal data in compliance with law is a key prerequisite for our activities and part of responsible business operations.

DATA PROTECTION IS DATA RESPONSIBILITY

Data protection principles guide all processing of personal data at S Group. Their purpose is to ensure compliance with data protection laws in all personal data processing. The data protection principles also allow us to provide the S Group's co-op members and other customers with new and better services, as well as support the needs, profitability and continuity of S Group's business areas. We use customer data to develop services that benefit the customers the most.

S Group's data protection is managed by means of a centralised model managed by SOK. Carefully thought-out, clear and common operating methods for personal data processing across S Group are a prerequisite for our credibility as a responsible operator.

In 2022, data responsibility was promoted in S Group's operations by measures such as updating the data protection practices for camera surveillance based on the European Data Protection Board's guidelines and deploying a data protection development programme for 2022–2023.

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DATA PROTECTION IN FIGURES AND ACTIONS

S Group is one of the largest processors of personal data in Finland. Our controllers operate in a number of sectors, and personal data is processed for several different purposes. The cooperatives within S Group have approximately 2.5 million members. There are more than 4.3 million data subjects in S Group's co-op member and customer register. In 2022, we also processed the personal data of our roughly 43,300 of our employees and roughly 205,000 job applicants.

We implement the data protection processes related to the data subjects' rights consistently across all S Group companies. We aim to serve data subjects in matters related to data protection through high-quality services without delay.

Our customers and employees have presented S Group with requests related to their personal data and have exercised their rights in 2022 as follows:

- A total of 3,601 data subjects reviewed their data in S Group's co-op member and customer register. Of these individuals, 98.1% did so in the form of self-services in Oma S-kanava. The functionality of the S-kanava service was transferred to the S User account in 2023.
- S Group received 55 requests for information and 24 request for the deletion data subjects' own data.
- Personal purchase data and consumption habits can also be viewed in the My Purchases service.
- Co-op members and their household members can manage and update some of their personal data via their S User account or by contacting the data controller.

In 2022, some 38,500 S Group employees processing personal data in their work completed basic data protection training.

To ensure that the data protection and information security requirements are appropriately taken into account in our operations, we conducted around 135 privacy protection and information security assessments concerning the S Group's projects, initiatives and modifications in 2022.

In 2022, some 38,500 S Group employees processing personal data in their work completed the annual basic data protection training for the maintenance of their information security competence. In addition, we provided our employees working in expert and customer service positions with advanced data protection training and continued training on data phishing to maintain the information security of our employees.





Few are the companies that succeed without employees who are satisfied with their jobs and feel good at work. Well-being at work can be improved in simple ways that are easy to implement in day-to-day work. The most important thing is to anticipate changes and their impacts on employees and to genuinely involve them in developing better ways of working.

PERSONNEL
WELL-BEING

S Group has a shared set of well-being indicators, including key indicators for job satisfaction, the quality of supervisory work and perceived working capacity, as well as for disability. S Group's Group-level shared leadership promises are: I dare, I appreciate and I do. The purpose of these promises is to ensure good local leadership for everyone and further develop the Group's leadership culture.

The most significant annual indicator of job satisfaction is our workplace community survey (TYT), which all employees are invited to participate in. The survey identifies and monitors factors related to each employee's work and performance, as well as factors related to their units and the company. The survey consists of several indices, which are used to measure various aspects of job satisfaction. Indicators such as the leadership promise index are used to measure the day-to-day local leadership's compliance with the leadership promises.

In 2022, the TYT result remained high in the entire S Group at 76.3. Our employees are clearly more satisfied with their jobs than the average in Finland, and in 2022 we exceeded the norm by 7.2 points. Compared to the 2021 result, the largest improvements in the total result were related to matters of well-being. Good feedback was given for matters such as local leadership, team spirit, inclusion and the meaningfulness of work. In turn, the leadership promise index, which describes the work of people's immediate supervisors, their trust in their immediate supervisor, and good relations with their immediate supervisor, was 78.1. The leadership promise index is one of S Group's strengths, because in 2022, we exceeded the general standard in Finland by a good 6.7 units.

S GROUP'S WORKPLACE COMMUNITY SURVEY RESULTS (SCALE 0–100)	2020	2021	2022	GENERAL STANDARD IN FINLAND 2022
TYT index (includes all questions)*	76.3	75.8	**76.3**	69.1
Dedication index	79.6	78.9	**79.3**	75.4
Commitment index	77.6	77.0	**77.2**	72.4
Leadership index	75.8	75.6	**76.3**	67.8
Performance index	73.2	72.6	**73.3**	63.0
Ethics index**	79.6	80.1	**80.3**	–
Average score for the statement "The daily operations of our unit comply with the principles and values of our company" (scale 1–4)	3.49	3.50	**3.49**	3.24
Leadership promise index	77.4	77.4	**78.1**	71.4

*) The results have been weighted by the number of respondents.

**) The ethical index consists of 10 questions, 6 of which are answered in all S Group companies (2022: N=35,114) and 4 are optional if the company has chosen to implement the questions (2022: (N=14,797)

FLEXIBLE WORK

Our intention is to enable all employees to earn their primary income by working for the Group. Although a large part of our personnel wants to work full-time work and hours close to it, part-time work is particularly popular among people aged under 25, as well as among employees close to retirement. Young people working on the weekends alongside their studies, for example, are an important resource in service sector, allowing us to serve our customers even during peak hours.

TYPE OF EMPLOYMENT, %	2020	2021	2022
Permanent	90	90	**91**
Fixed-term	10	10	**9**
Full-time	40	39	**38**
Part-time	60	61	**62**

TURNOVER OF PERMANENT EMPLOYEES, %	2020	2021	2022
Total turnover, %	15.1	19.9	**23.5**
Women, %	14.7	19.5	**23.4**
Men, %	16.3	21.2	**24.4**

The figures do not include the data of Inex Partners.

2022



Photo: Suur-Savo Cooperative Society

S Group once again awarded as one of Finland's most inspiring workplaces – cooperatives ranked first, second and third in the category of large companies

Once again, S Group's companies fared well in Eezy Flow's Most Inspiring Workplaces in Finland competition. In the category of large companies (over 1,000 employees), Suur-Savo Cooperative Society took first place for the second time in a row. KPO Cooperative Society placed second and PeeÄssä Cooperative Society placed third. Southern Ostrobothnia Cooperative Society was named the biggest climber in the same category, rounding out the award list.

The Group also had some success in the SME category (150–1,500 employees), where Varuboden-Osla Handelslag Cooperative Society placed second and Southern Karelia Cooperative Society placed third.

The results of the Most Inspiring Workplaces in Finland competition are based on the results of workplace community surveys (TYT) carried out in 2022, which showed good development in many areas in S Group. All 19 regional cooperatives and nearly all SOK Corporation companies achieved at least the AA or Good level in the TYT surveys, which secured them an honourable mention in the competition.

MENTAL HEALTH WORK AT S GROUP

Mental health issues and related disability pensions are a growing challenge in working life. The phenomenon should be examined comprehensively: mental health issues are linked to many different areas of life, such as lifestyle choices, life situations and life management. Work culture and supervisors have a particularly significant impact at the workplace.

The systematic promotion of mental health started at S Group with the Nuori Mieli Työssä (Young Minds at Work) project in 2017. The increase in mental health symptoms among young people was taken into consideration. The project resulted in Support for the Mind model, which includes tools such the digital low-threshold support services Mielen chat and Mielen sparri, developed in cooperation with Terveystalo. The model has been extensively introduced at S Group, and the development work that started with young people will now benefit our employees of all ages.

Systematic management and effective support services and treatment models are at the core of the Support for the Mind model, in addition to increasing awareness of the connection between mental well-being and work and management among supervisors and managers. The concrete measures included in the model include the provision of short-term psychotherapy, an occupational health psychologist's guidance to preventive services, strengthening the support of immediate supervisors in dealing with situations and training for supervisors.

2022

S Group placed proudly second in Universum's annual study where professionals in the commercial sector evaluated ideal employers. Second place is a historically high placement for S Group and a clear improvement over the previous year's fifth place.

SICKNESS ABSENCES IN S GROUP

S Group uses an early support model and provides the possibility to adjust the work to better suit the employee's ability to work. In this way, employees' well-being can be supported in a targeted fashion, preventing sick leave and maintaining the employee's working ability better. As the global situation continues to remain unstable, many uncertainties are causing stress for people and increasing the sense of unease and insecurity. This has been reflected as an overall increase in mental health symptoms, which has long been one of the main causes

2022

HOK-Elanto offers mental first aid training to its personnel

HOK-Elanto continued its preventive work to promote the well-being of its personnel by introducing mental health skills as part of the personnel's first aid competences in the autumn of 2022. The new refresher training for personnel on occupational safety focuses on traditional first-aid skills, work ergonomics as well as mental well-being and the normalisation of mental health difficulties.

Over the past years, mental health-related absences have increased in working life. The growing anxiety of young people in particular has become a challenge worldwide. HOK-Elanto, S Group's largest regional cooperative, is one of Finland's first retail sector companies to tackle the issue through measures such as hiring an organisational psychologist. Their purpose is to support the development of the personnel's well-being and to make mental health visible as part of the everyday life in the workplace.

In addition to strengthening the personnel's mental health skills, HOK-Elanto is investing in the mental well-being leadership skills of its supervisors and the strengthening of their resources.

As recognition of its commitment to its personnel's mental health, the MIELI Mental Health Finland association awarded HOK-Elanto the Hyvän mielen työpaikka® certification in the spring of 2022. The certification requires that the promotion of mental health is managed systematically, the everyday working practices support mental health and the employees' mental health can be supported in various life situations.

of sickness absences in addition to musculoskeletal disorders. However, in S Group, sickness absences related to mental health decreased slightly in 2022 compared to 2021. Overall, the number of sickness absence days per person in S Group increased by 27% from 2021. The growth was due to matters such as the Covid pandemic and an increase in the number of infectious diseases.

The challenges of coping and prolonged perseverance are reflected in both mental health and physical symptoms. S Group's single largest category of causes for sickness absences is musculoskeletal disorders, which saw a decrease of 11% in the associated sickness absence days per person compared to the previous year.

We strive to support supervisors in their work and to allow flexibility when employees need it. We also encourage the use of various support services, such as occupational healthcare services. With the help of S-Ergo, we also try to prevent musculoskeletal disorders and the resulting disabilities at an early stage.

S-ERGO PROJECT

Availability of labour is one of the major challenges for future working life. We need employees with skills and well-being, and we want them to stay in good working condition throughout their careers. One important way to maintain working ability is to ensure good ergonomics and safe methods at work.

The goals of the three-year S-Ergo project launched in 2020 were to:

- increase ergonomics to a strategic level in S Group
- increase the quality and efficiency of work
- promote working capacity and reduce disability
- develop occupational healthcare cooperation in issues involving ergonomics
- influence the availability of labour.

At S Group, ensuring work ergonomics is seen as a continuous operation, and attention is paid to people's physical activity and the planning phase of work and to induction processes. In 2022, we looked at work ergonomics by, among other things, analysing how footwear and outfits at work affect ergonomics and working, how to take ergonomics into account in the planning of operations and facilities and in logistics chains, as well as how healthy work ergonomics can be implemented in work shift planning.

S-Ergo was completed as a separate project at the end of 2022, and a number of studies were carried out over the three years of its activity, including studies related to work clothes, cash register terminals and picking for online sales. In addition, the project created Group-wide operating model recommendations for matters such as shift planning and stand-up work, the S-Ergo Ambassador concept and Konkari model. From 2023, S-Ergo will be integrated into our everyday activities.

THE COMMON GOAL OF WORKING PEACE

The unstable state of the world is reflected in the everyday work of S Group employees, such as through the inappropriate conduct of customers. S Group has taken a firm stance for the management of situations related to bullying, threats and harassment. There is zero tolerance for inappropriate conduct both when interacting with customers and within the working community. To clarify the ground rules, S Group updated its resolution models for workplace bullying and disruptive behaviour, as well as the after-care models for traumatic situations.

In addition, our communications took part in the Finnish Commerce Federation and Service Union United PAM's Ollaan ihmisiksi campaign that encouraged consumers to think about their role in promoting the occupational well-being of customer service personnel. Ensuring an undisruptive working environment and properly addressing challenging customer situations have been strongly features as subjects in our own forums.

VETO JA PITO PLAYBOOK

The challenges in the availability of labour and employee retention apply to both physical and expert work at a national scale. S Group has done a lot of valuable work to solve these challenges. As one example, we launched the Veto ja Pito playbook in 2022 to more effectively share best practices and support materials to improve the availability of labour and employee retention. As the largest private employer in Finland, we have a unique ability and possibility to influence the attractiveness of businesses and companies in our industry, and to ensure that S Group's companies are good places to work and develop your professional skills.

The Veto ja Pito playbook is a continuously updating package of information to improve the availability of labour and employee retention. The playbook's sections are developed in close cooperation between SOK, the chains and the regional cooperatives.



S Group is Finland's largest private employer. We play a significant role in society, and we are expected to contribute through our work to the future success of Finland. Actions are required, among other things, for securing the availability of labour. As a cooperative, we also recognise our responsibility as a builder of a diverse, accepting and non-discriminatory work culture.

WE PROMOTE DIVERSITY AND EQUALITY

A workplace community where diversity is respected and supported enables equal treatment and equal opportunities for everyone. Our key principles include respecting and appreciating others, as well as non-discrimination and equality. Our employees are free to be themselves. Competence, attitude towards work and the ability to learn are what counts, not personal background factors.

The reference framework describing S Group's diversity promotion was completed in 2020, after which we began to pay increased attention to the diversity of our teams and workplace communities. At SOK, we launched a project comprehensively examining diversity issues, which has conducted studies and produced useful results for analysis. Together with our employee representatives, we prepared a diversity plan to describe and develop a diverse SOK. We have also tried to raise awareness of diversity and related phenomena through various training events.

With regard to recruitment, our main principle has always been that, when filling open tasks, we always recruit the best person for the job, regardless of age, gender, cultural background, life situation or other factors that do not affect the competence and performance of the employee. We do not ask applicants for their age on job applications.

Even though we have only recently started to talk about the management of diversity, we have even earlier taken into account the role of different population groups and people groups with individual actions at S Group. We have abandoned the two-gender perspective in our co-op member surveys, our personal data system and elsewhere. We have thought about the use of religious symbols, and we provide scarfs as part of workwear. We have been allies of sexual and gender minorities in Helsinki Pride for the past five years. We employ people of 84 different nationalities.

S Group's companies prepare annual plans concerning personnel, training, equality and the equal treatment of employees. The personnel and training plan is prepared in order to maintain and develop employees' professional skills. The purpose of the equality plan is to promote equality between women and men in working life and to prevent discrimination based on gender identity or gender expression. The equal treatment plan promotes the equal treatment of employees with different backgrounds, prevents discrimination and improves the legal protection of individuals who experience discrimination.

EMPLOYEE DIVERSITY

84

NATIONALITIES

36

AVERAGE AGE OF EMPLOYEES





AGE IS JUST A NUMBER

When people apply for a job with us, we do not require them to provide their age or year of birth. Age was excluded from the criteria of SOK's recruitment of experts in 2019. Since the beginning of 2020, this policy has been expanded across S Group to cover stores, restaurants and ABC service station stores, among other outlets. The goal is to prevent attitudes from affecting invitations to participate in job interviews, not even unconsciously.

S-ERGO KONKARI MODEL

One of the concept recommendations of the S-Ergo project was the S-Ergo Konkari model. The model, launched in December 2022, aims to support older employees in staying in working life and enable longer, more motivating careers by promoting working ability. Many older employees have the desire to continue in working life after the minimum retirement age if the work is sufficiently flexible and their health is good. In the moderately demanding physical work of S Group's outlets, musculoskeletal disorders are the largest single category of causes for sickness absences and disability pension. Their relative share clearly increases in the 50+ age category.

The model consists of three parts:

- Part 1: a voluntary Konkari discussion with employees of more than 55 years of age every 3–5 years
- Part 2: Konkari well-being programme
- Part 3: Konkari coaching

The first part's Konkari discussions have been piloted at HOK-Elanto, and the feedback from the employees has been mainly positive. Among other things, the discussion was found to improve their sense of being appreciated and cared about. The feedback from supervisors has also been positive. In turn, the third part's coaching has been piloted at SOK. The pilot received feedback and was highly recommended.

PERSONNEL AGE DISTRIBUTION	2020	2021	2022
Share of employees aged under 25 (%)	26.0	25.5	**26.8**
Share of employees aged over 50 (%)	21.0	20.9	**19.9**
Share of employees aged 50–59 (%)	16.7	16.6	**15.4**
Share of employees aged 60 or more (%)	4.1	4.3	**4.4**

COMMITMENT TO THE PRINCIPLES OF WOMEN'S EMPOWERMENT

We have signed the Women's Empowerment Principles, established by the UN Global Compact and UN Women.

By signing the commitment, we are supporting the objective of the principles to promote equality in working life and extensively support the realisation of inclusion and diversity. As part of our commitment to these principles, we also participated in the WEPs Activator capacity-building programme coordinated by UN Women and amfori, an organisation for the promotion and development of social responsibility within European enterprises. The programme and its network provided us with tools that help us address the gender perspective as an employer and in operations involving our supply chains. We also gained new perspectives on our human resources development and our work for sustainable and responsible business, as well as an opportunity to learn as an organisation. The programme helped us analyse our current situation, set concrete targets for ourselves and adjust our action programme to better implement equality.

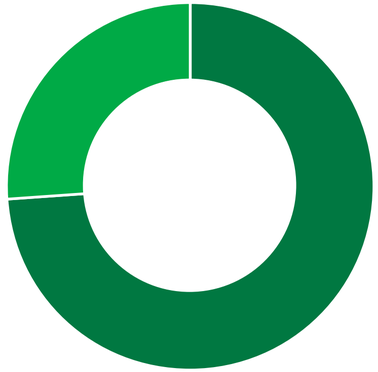
SOK CORPORATION	2020	2021	2022
Share of women among board members (%)	22.2	**22.2**	**22.2**
Share of women among Corporate Management Team members (%)	14.3	**33.3** (1	**33.3**
Share of women in supervisory positions (%) (2	50.6	**52.0**	**49.4**

1) In 2021, the Corporate Management Team grew by two people, and therefore the figure is not directly comparable with other years.

2) The figures reported in 2020 do not include Inex, Meira Nova or neighbouring areas. The figures for 2021 and 2022 do not include Inex or neighbouring areas.

S GROUP	2020	2021	2022
Share of women among board members (%)	31.3	**32.7**	**32**
Share of women among Corporate Management Team members (%)	29.6 (1	**33.3**	**35**
Share of women in supervisory positions (%) (2	58.2	**59**	**59.5**

1) The figures reported in 2020 do not include Inex, Meira Nova or neighbouring areas. The figures for 2021 and 2022 do not include Inex or neighbouring areas.



GENDER DISTRIBUTION OF S GROUP EMPLOYEES IN 2022, %

Women	74%
Men	26%
Other	0%
I'd rather not say / NA	0%

GENDER DISTRIBUTION OF S GROUP EMPLOYEES	2020	2021	2022
Women, %	75	74	**74**
Men, %	25	26	**26**
Other, %	0	0	**0**
I'd rather not say / NA, %	0	0	**0**

SHARE OF NEWLY RECRUITED PERMANENT EMPLOYEES BY GENDER	2020	2021	2022
Women, %	74.4	73.2	**71.7**
Men, %	25.6	26.6	**28**
Other or does not wish to specify, %	0	0.2	**0.3**

2022



Hämeenmaa Cooperative Society providing training to Ukrainians

In the beginning of 2023, Hämeenmaa Cooperative Society, the Employment and Economic Development Offices and Hyria launched a completely new type of joint training for job seekers coming from Ukraine to Finland. The purpose of the training is to improve the participants' employment opportunities in Finland, and the participants are given the opportunity to find employment in the Hämeenmaa Cooperative Society during the training or after it.

The main challenge for the employment of Ukrainians has previously been organising training in their own language, but the new training is available in Ukrainian and Russian. In addition to the training, the new employees study the Finnish language, and they are also encouraged to use the language during their traineeship. Hämeenmaa, the Employment and Economic Development Offices and Hyria have personnel who speak Ukrainian and Russian, and the training materials are also provided in the participants' languages.

The training is mainly carried out at Prisma Riihimäki, but also in S-markets and Sale stores in the region, with several personnel who speak Russian and Ukrainian. The kick-off takes place at a training period organised by Hyria that discusses Finnish working life skills, occupational safety and Hämeenmaa as an organisation. After the kick-off, the participants start a workplace education period at Hämeenmaa, which lasts until the end of the training.

2022

The Työstä turvaa project offers employment for Ukrainians fleeing the war

The crisis in Ukraine has touched society as a whole and sparked an enormous desire to provide assistance. The Työstä turvaa project, started by the Confederation of Finnish Industries and StaffPoint, allows companies to offer employment to people fleeing the war in Ukraine. The project coordinates the efforts of companies helping Ukrainians in temporarily settling down and integrating in Finnish working life. Eight of S Group's cooperatives have already registered for the project. In addition, other measures have been taken to assist Ukrainians, and Ukrainians have also been employed elsewhere within the S Group.



THE TRADE SECTOR SERVES AS A BRIDGE TO WORKING LIFE FOR YOUNG PEOPLE

S Group is one of Finland's largest employers of young people. We provide a significant group of people with their important first experience of working life, for example in the form of summer work or traineeship. On the other hand, young students working evenings and weekends are vital to the operations of many of our locations.

Our goal is to provide young people with positive learning experiences. Studies show that a young person's first experiences of working life contribute to the formation of their professional identity and their success throughout their career. We take our role as a teacher of workplace skills seriously. We organise and participate in many recruitment events across Finland and are continuously developing our cooperation with educational institutions. We want to make working life attractive for young people, as well as inspiring them to learn on the job.

S Group provided summer jobs for approximately 15,000 young people in stores, restaurants, hotels, service station stores and the Sipoo logistics centre.

S Group employs the Duuni and Harkka Passports, which allow young people working in different sectors to learn about working life skills, occupational safety and well-being at work, for example.

The Duuni Passport is an online training package created in cooperation with the Finnish Institute of Occupational Health to support induction training for seasonal employees at their places of work. It allows young people to review the basic skills of working life, such as taking care of safety and well-being. The passport exam is taken by self-learning, supported by the supervisor. The Duuni Passport programme has been designed to ensure face-to-face meetings between young people and their supervisors, because a feeling of belonging and encouraging feedback from the supervisor are the most important factors for young people at the beginning of their careers.

The "Welcome to S Group as a trainee" induction, or the Harkka Passport, is a lighter version of the Duuni passport. The Harkka Passport is intended for TET and Learn and Earn trainees, and it can be found at s-ryhmä.fi.

In 2022, we were again one of the main partners of the Responsible Summer Job campaign. S Group provided summer jobs for approximately 15,000 young people in stores, restaurants, hotels, service station stores and the Sipoo logistics centre.

S Group's external reporting and communication are primarily developed in line with the expectations of co-op members, employees and other stakeholders.

DESCRIPTION OF THE ANNUAL REVIEW AND SUSTAINABILITY REVIEW

S Group's leadership in sustainability requires systematic management. Comprehensive and reliable monitoring information is needed about a number of key indicators for this purpose. External reporting should also be transparent.

S Group has reported its operations annually by applying the sustainable development reporting standard produced by the Global Reporting Initiative (GRI) since 2012. However, the cooperative structure of S Group is also taken into account in the reporting.

The review provides information about the policies prepared and implemented at Group level, as well as about key targets and measures. As legally independent businesses, the cooperatives also report their own operations in their annual reports and on their websites.

The greenhouse gas emissions presented in the report (Scopes 1, 2 and 3), the areas, energy consumption, details of waste and food waste, the total number of BSCI audits, purchases from risk countries as well as the share of Finnish food products have been verified by an external party.



GRI CONTENT INDEX

This report is made with reference to the GRI Standards.

GENERAL DISCLOSURES

CODE	CONTENT	LOCATION	STANDARD VERSION
THE ORGANIZATION AND ITS REPORTING PRACTICES			
2–1	Organizational details	5–7	2021
2–2	Entities included in the organization's sustainability reporting	27, SOK Corporation's Financial Statements	2021
2–3	Reporting period, frequency and contact point	Reporting period is 2022, Frequency annually. Contact emails firstname.lastname@sok.fi	2021
2–4	Restatements of information	Changes reported in connection with topic-specific information.	2021
2–5	External assurance	137	2021
ACTIVITIES AND WORKERS			
2–6	Activities, value chain and other business relationships	6–8, 45	2021
2–7	Employees	8, 111	2021
GOVERNANCE			
2–9	Governance structure and composition	21–23	2021
2–10	Nomination and selection of the highest governance body	27–33	2021
2–11	Chair of the highest governance body	21, 28, 31	2021
2–12	Role of the highest governance body in overseeing the management of impacts	28–30,38	2021
2–13	Delegation of responsibility for managing impacts	38–39	2021
2–14	Role of the highest governance body in sustainability reporting	38	2021
2–15	Conflicts of interest	28–31, 35	2021
2–18	Evaluation of the performance of the highest governance body	31	2021
2–19	Remuneration policies	s-ryhma.fi/en	2021
2–20	Process to determine remuneration	s-ryhma.fi/en	2021
STRATEGY, POLICIES AND PRACTICES			
2–22	Statement on sustainable development strategy	10, 37, 40	2021
2–23	Policy commitments	38, 89–93	2021
2–24	Embedding policy commitments	89–93	2021
2–25	Processes to remediate negative impacts	89–93	2021
2–26	Mechanisms for seeking advice and raising concerns	93	2021
2–28	Membership associations	43	2021
STAKEHOLDER ENGAGEMENT			
2–29	Approach to stakeholder engagement	41–44	2021
MATERIAL TOPICS			
3–1	Process to determine material topics	40	2021
3–2	List of material topics	40, 120	2021
3–3	Management of material topics	38–40, 61, 90, 104, 108–115, 125–129	2021

ECONOMIC IMPACTS

CODE	CONTENT	LOCATION	STANDARD VERSION
ECONOMIC PERFORMANCE			
201–1	Direct economic value generated and distributed	7–8, 45	2016
201–2	Financial implications and other risks and opportunities due to climate change	125–129	2016
INDIRECT ECONOMIC IMPACTS			
203–1	Infrastructure investments and services supported	7, 13–20, 46	2016
203–2	Significant indirect economic impacts	13–20, 46–49	2016
PROCUREMENT PRACTICES			
204–1	Proportion of spending on local suppliers	47, 56, 96	2016
ANTI-CORRUPTION			
205–2	Communication and training about anti-corruption policies and procedures	35, 89	2016
TAX			
207–1	Approach to tax	47–48	2019
207–4	Country-by-country reporting	47–48	2019

ENVIRONMENTAL IMPACTS

CODE	CONTENT	LOCATION	STANDARD VERSION
MATERIALS			
301–3	Reclaimed products and their packaging materials	82–83, 86	2016
ENERGY			
302–1	Energy consumption within the organisation	70–71	2016
302–3	Energy intensity	70	2016
302–4	Reduction of energy consumption	70–71	2016
WATER AND EFFLUENTS			
303–1	Interactions with water as a shared resource	79–80	2018
303–2	Management of water discharge-related impacts	80	2018
303–5	Water consumption	79	2018
BIODIVERSITY			
304–2	Significant impacts of activities, products and services on biodiversity	75–78	2016

CODE	CONTENT	LOCATION	STANDARD VERSION
EMISSIONS			
305–1	Direct (Scope 1) GHG emissions	67–68, 130–136	2016
305–2	Energy indirect (Scope 2) GHG emissions	67–68, 130–136	2016
305–3	Other indirect (Scope 3) GHG emissions	67, 69, 130–136	2016
305–4	GHG emissions intensity	68	2016
305–5	Reduction of GHG emissions	65, 68	2016
WASTE			
306–1	Waste generation and significant waste-related impacts	85	2020
306–2	Management of significant waste-related impacts	81–86	2020
306–3	Waste generated	85	2020
306–4	Waste diverted from disposal	85	2020
306–5	Waste directed to disposal	85	2020
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308–1	New suppliers that were screened using environmental criteria	98	2016

SOCIAL IMPACTS

CODE	CONTENT	LOCATION	STANDARD VERSION
EMPLOYMENT			
401–1	New employee hires and employee turnover	111	2016
OCCUPATIONAL HEALTH AND SAFETY			
403–2	Hazard identification, risk assessment, and incident investigation	103–105	2018
403–3	Occupational health services	103–105, 110–113	2018
403–4	Worker participation, consultation, and communication on occupational health and safety	103–105, 110–113	2018
403–5	Worker training on occupational health and safety	104, 112–114	2018
403–6	Promotion of worker health	103–104, 112–113, 116	2018
403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	106–107, 113, 117	2018
403–9	Work-related injuries	103–105	2018
DIVERSITY AND EQUAL OPPORTUNITY			
405–1	Diversity of governance bodies and employees	116–117	2016
NON-DISCRIMINATION			
406–1	Incidents of discrimination and corrective actions taken	91, 114–117	2016
CHILD LABOR			
408–1	Operations and suppliers at significant risk for incidents of child labor	91	2016

CODE	CONTENT	LOCATION	STANDARD VERSION
FORCED OR COMPULSORY LABOR			
409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	91, 96	2016
HUMAN RIGHTS ASSESMENT			
412–1	Operations that have been subject to human rights reviews or impact assessments	90–93	2016
SUPPLIER SOCIAL ASSESSMENT			
414–1	New suppliers that were screened using social criteria	98	2016
414–2	Negative social impacts in the supply chain and actions taken	98, 102	2016
CUSTOMER HEALTH AND SAFETY			
416–1	Assessment of the health and safety impacts of product and service categories	54–55, 106–107	2016
CUSTOMER PRIVACY			
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	108–109	2016

S GROUP'S CLIMATE RISKS AND THEIR MANAGEMENT (TCFD)

Below is our report in accordance with the Task Force on Climate related Financial Disclosures (TCFD) recommendations on the economic impact of climate change on S Group's business operations. Identifying climate risks and opportunities is part of our ongoing risk management work, and we will continuously develop these assessments and reporting on them.

MANAGEMENT OF CLIMATE MATTERS

Sustainability is integrated into S Group's strategy. In line with the strategy and mission approved in 2020, together we will make a better place to live. The will to work together and change things for the better is at the core of cooperative activities. We assume the responsibility for a sustainable future, and we want to curb climate change with ambitious measures. SOK's climate targets, key measures and key indicators have been approved by SOK's Executive Board, which monitors the progress made in terms of the goals at least annually. The main responsibility for climate-related issues lies with SOK's Chief Executive Officer, who also chairs the Executive Board and the Corporate Management Team. The Corporate Management Team coordinates and prepares all proposals for the Executive Board, including climate risks and opportunities, reduction targets, action plans and the most significant communication campaigns. In addition, the Corporate Management Team monitors strategic and partly operational matters in all of S Group's business areas. In addition to the Executive Board, the progress on S Group's climate



targets is reported to SOK's Corporate Management Team, business operations, and support functions and regional cooperatives.

SOK's Sustainability unit is responsible for developing sustainability within S Group. Overall responsibility for Task Force is Climate-related Financial Disclosures (TCFD) reporting lies with SOK's Sustainability unit, led by SOK's SVP Sustainability. The SVP Sustainability is part of the SOK Risk Management steering group.

SOK's Sustainability unit is in charge of the strategic development of climate targets and the key indicators, and it guides and monitors the progress of goals. Chain management and cooperatives are responsible for the operational implementation of climate targets in cooperation with the Responsibility unit, SOK Real Estate Services, the subsidiaries and S-Voima.

S GROUP'S CLIMATE POLICY

S Group's target is to achieve carbon negativity in its own operations by the end of 2025. In addition, we aim to reduce emissions from our own operations by 90% by the end of 2030, compared to 2015. What lies at the core of our climate work in terms of our operations are solutions to improve energy and resource efficiency and investments in renewable energy solutions.

In addition, we are developing products and services as part of our climate targets.

Regarding our value chain, we are working together with our partners to reduce emissions by 1 million tonnes by the end of 2030. Our goal is also for two thirds (67%) of our most significant suppliers to have set their own Science Based Targets for climate action by the end of 2023. We aim to reduce the emissions per litre of fuel by 21% by 2030, compared to 2015. Our climate targets are in line with the 1.5-degree target of the Paris Agreement, and they have been confirmed as based on science in accordance with the Science Based Target initiative (SBTi).

We reduce traffic emissions by using bio-based fuels and by supporting the electrification of traffic by developing the charging infrastructure. We are also developing various digital services so that our customers receive better information on the climate impacts of their own consumption. For example, we are promoting climate-smart food by adding more plant proteins and Finnish fish to our product range. We are also actively communicating these matters to our customers through our own channels.

There is a solid link between biodiversity and climate change mitigation. For example, combating deforestation through our raw material guidelines or the implementation of offsetting through forest projects helps combat both climate change and damage to nature.

RISKS RELATED TO CLIMATE AND THE ENVIRONMENT

SOK's Executive Board confirms the risk management methods for SOK. The Corporate Management Team assesses the key risks of operations every year. SOK's management, subsidiaries and units review and determine the main risks of their own operations, and decide on the risk management measures. The experts of SOK's Sustainability unit also participate in the assessment of risks related to climate change.

Risk management plans are based on individual risk assessments. The risks and opportunities we identify at S Group are prioritised based on their impacts, probability and timing, as well as on the basis of their expected financial impacts. Our primary consideration is risks that are likely to materialise in the short or medium term and will have significant financial impacts. We also consider risks the impacts of which will occur later or the impacts of which are difficult or extremely difficult to assess, but which do not necessarily require immediate measures.

With regard to climate risks, we assess ways to mitigate, postpone, accept or manage them, and we prepare plans for risk management measures. The significance of financial risks is linked to their probable financial impact. In addition, we have identified key processes that are subject to considerable financial impacts if the risks materialise.

We look at risks and opportunities in the short (less than 5 years), medium (5–10 years) and long term (over ten years), while taking into account possible changes and financial impacts related to regulations. In addition, we take into account in our assessment any geographical differences in countries where S Group has a direct impact through its outlets. The estimate regarding our procurement is general in nature.

In setting our targets, we utilised international climate scenarios, the goals of the national climate and energy strategy, as well as sector-specific forecasts. The emissions from our own operations (scope 1 and scope 2) consist of the electricity and heating energy consumed, as well as of refrigerant leakages. Based on scenario analyses, we set the goal of only using renewable electricity by the end of 2030. During the transition period, the electricity is carbon-free.

The development of emission figures in our outlets is also significantly affected by the amount of fossil energy that municipalities use for district heating, as well as by the transformation of power generation towards greener energy sources. We can partly reduce our dependence on district heating with energy efficiency solutions.

Approximately 45% of our emissions are generated by refrigerant leakages from refrigeration systems. During the next decade, we will replace the fluorinated refrigerants referred to in the F-gas Regulation with natural refrigerants. In addition to the investment plans, the speed of change will be affected by the availability of new refrigerants and refrigerant installers.

Climate change also has some identified special business unit-specific impacts through products and services, as well as general impacts concerning the entire group, some of them accumulative. We have carried out a review of the current status of products and services, where we assessed the current status through four overall impacts: the environment, society, well-being and training. We carried out a review at the group level and also by taking into account different business units.

We have also carried out a scenario review through the chosen megatrends and possible change factors. We evaluated the overall impacts roughly, taking into account the following change factors in both group and business units:

1) intense warming of the climate,

2) increasing digitalisation,

3) far-reaching pandemics and

4) changes affecting specific product groups (increased consumption of plant-based food, changes in fuel sales).

The measures in our sustainability programme support the need for changes discovered in the scenario review.

CLIMATE RISKS AND THEIR MANAGEMENT

The major climate risks and risk management methods identified by S Group.
It is still difficult to assess the direct financial impact of climate risks on
S Group's operations, because the data and its availability are incomplete.

REGULATION AND POLICY	TRANSITION RISKS	MANAGEMENT METHODS
	• Sudden changes in political intentions, segregation of regulations or unforeseen regulations, either nationally or globally. • Short-term focus in the regulatory environment slowing down the realisation of investments and weakening climate work. • Failure of economic steering measures to support the climate work of companies, potentially affecting the availability of raw materials or products or preventing the use of solutions based on market conditions. • Effects of climate change on trade policy, possible conflicts or global crises (pandemic, export restrictions).	• Active stakeholder engagement and open dialogue with political decision-makers, influencing the organisations looking after the interests of the sector or in international organisations. • Voluntary, national and international commitments. • Developing our own operations and reducing emissions intensity throughout the value chain. • Proactive operations. Monitoring, assessment and response to changing regulation. • Decentralised procurement.

TECHNOLOGICAL RISKS	TRANSITION RISKS	MANAGEMENT METHODS
	• Unavailability of new technologies, infrastructure or know-how for their utilisation, such as to improve energy efficiency or promote hydrogen economy. • High cost of new required technology. • Unavailability of required transparent and collectively agreed data, preventing genuine comparisons between products and therefore delaying climate action. • Some parts of the value chain being unprepared to fully utilise new technologies, making their deployment incomplete and partially ineffective.	• Support for research and development and various projects to utilise new technologies or data models. • Cooperation and dialogue with different operators.

MARKET RISKS	TRANSITION RISKS	MANAGEMENT METHODS
	· Failure of national and international climate targets and forecasts, or targets being met too slowly, hindering business. · The availability and costs of raw materials affecting prices and consumers' purchasing power. · The change in consumer behaviour affecting the demand for products and services.	· Investments in energy and resource efficiency and renewable electric power. · Responsibility goals as well as raw material guidelines, taking into account biodiversity and climate impacts. · Development of digitalisation, completely new services. · Active monitoring of consumption habits and reacting to changes. Promotion of sustainable consumption. Active customer communication. · Decentralised procurement.

REPUTATIONAL RISKS	TRANSITION RISKS	MANAGEMENT METHODS
	· Failure to meet increasing stakeholder expectations may have a negative impact on S Group. · Weakening reputation has a negative impact on trust and is reflected in consumer behaviour.	· Genuine and ambitious climate actions and targets. · Open and transparent communication regarding S Group's climate targets and actions. · Active stakeholder engagement.

PHYSICAL RISKS – URGENT	TRANSITION RISKS	MANAGEMENT METHODS
	· Drought or flooding impacting the availability and price of raw materials. · Urgent and extreme physical weather phenomena can affect security of supply and logistics costs. · Extreme weather phenomena may also cause trade policy conflicts, which may have negative effects on procurement. · Impacts of extreme weather phenomena on energy production and operations such as those of Gigawatti Oy. · Vulnerability of outlets in extreme weather conditions.	· Cooperation with suppliers and management of the supply chain, decentralisation of procurement and identification of high-risk areas in procurement. · Taking flood risk areas into account in construction . · Backup systems to cover power or heating energy cuts in the logistics centre. · Energy efficiency measures and goals. · Investments in renewable energy. · Development of the utilisation of demand response in electricity supply and its deployment.

PHYSICAL RISKS – CHRONIC	TRANSITION RISKS	MANAGEMENT METHODS
	· The weather is warming faster than expected, compromising the resilience of nature and the company. Lasting changes in the availability of raw materials and areas such as agricultural conditions. · The possibility of pandemics increases. · Preparing for the consequences caused by extreme events caused by climate change, such as the need for property cooling and associated impacts on operational costs.	· Scenario reviews and possible changes in the range of products and services. · Supply chain cooperation. · Decentralising procurement and identification of high-risk areas in procurement. · Improving energy efficiency, investments in renewable energy.

POSSIBILITIES

Over the past few years, we have made considerable investments in wind and solar power, which has significantly reduced our emissions. These investments will continue in the future, and by the end of 2022, the number of solar panels at our outlets had grown to more than 110,000, for example. Investments in renewable electricity will also affect the electricity procured and its origin.

We will continue to improve the energy efficiency of our outlets. Our goal is that by 2030, all refrigerants violating the F-gas Regulation will have been replaced with natural refrigerants. As a result, the emissions attributable to refrigerants will decrease considerably. In addition, we will improve the utilisation of surplus heat generated in refrigeration plants, reducing our dependence on district heat, for example, while the absolute total emissions from outlets will also be reduced. Together with energy companies, we will continue to develop the circular economy model where surplus heat from outlets can be directed for use in municipal district heating networks. The cooperation model will reduce the heating emissions generated by outlets to almost zero, while reducing regional total emissions from heating.

Consumers are increasingly aware of the impacts of climate change and also want to influence the emissions from their own consumption. We will continue to provide our customers with various solutions to support climate-smart consumption patterns. Using the carbon footprint and nutrition calculators of S-mobiili, consumers can already monitor the climate and health impacts of their own food baskets. In turn, investments in the electric car charging network support the electrification of transport.

S GROUP GHG INVENTORY REPORT 2022 14.3.2023

PART 1: DESCRIPTIVE INFORMATION

DESCRIPTIVE INFORMATION	COMPANY RESPONSE
Company name	SOK Corporation (reporting S Group data)
Description of the company	S Group is a Finnish cooperative group of companies operating in the retail and service sector. S Group comprises the cooperatives and SOK Corporation along with its subsidiaries employing around 40,000 people with retail sales total of €13.5 billion. The co-op members own the cooperatives, which in turn own SOK Corporation. SOK produces procurement, expert and support services to cooperatives. SOK is also responsible for the strategic guidance of S Group and the development of the business chains. SOK Corporation comprises SOK and its subsidiaries. The purpose of S Group's business is to provide co-op members with competitive services and benefits. The group wants to offer diverse services and an extensive network of around 1,900 outlets for co-op members in Finland and Estonia. S Group's key business areas are supermarket trade, department stores and speciality stores, service station store and fuel sales, as well as travel industry and hospitality business. In addition, S-Bank offers banking services to co-op members.
Chosen consolidation approach (equity share, operational control or financial control)	Operational control
Description of the businesses and operations included in the company's organizational boundary	The GHG emissions reported by S Group under Scope 1 and Scope 2 include all business units in Finland and Estonia. Scope 1 and 2 emissions include the fuel consumed at properties managed by S Group companies and co-ops and the purchased energy used by properties managed by S Group companies and co-ops. Outlets in which the heat consumption is included in the rental agreement and separate consumption meters are not in place, are excluded (31 per cent of outlets). GHG emissions from refrigerant leaks in outlets are included. S Group's Scope 3 emissions occur from sources owned or controlled by other entities in the value chain. Most significant indirect emissions (not included in Scopes 1 and 2) that occur along S Group's value chain, including both upstream and downstream emissions, are presented in the Scope 3 emissions inventory. The Scope 3 GHG emissions inventory of S Group includes emissions from all business units except for car and agriculture trade which represent around 4 percent of total sales. These deviations as well as other limitations in the boundary are reported in connection with the categories and indicators in question.
The reporting period covered	01/01/2022–31/12/2022

DESCRIPTIVE INFORMATION	COMPANY RESPONSE
A list of scope 3 activities included in the report	The following categories, adapting the GHG Protocol, are included in S Group's Scope 3 GHG emissions inventory: Category 1: Purchased goods and services · Purchased goods for resale including daily food, non-food, consumer goods for grocery stores, restaurants and hotels, and fuel sold at petrol stations and indirect purchases (machines and equipment) · Purchased indirect services Category 2: Capital goods · New constructed buildings Category 3: Fuel- and energy-related activities (not included in Scope 1 and 2) · Upstream emissions from purchased fuels, electricity and heat. In Finland upstream emissions from renewable electricity and nuclear are excluded. · Transmission and distribution losses from purchased electricity and heat Category 4: Upstream transportation and distribution · Outsourced contract operators for retail, food service and fuel logistics Category 5: Waste generated in operations Category 6: Business travel · Business flights and emissions from leased cars Category 7: Employee commuting Category 9: Downstream transportation and distribution · Customer transportation to and from outlets Category 11: Use of sold products · GHG emissions from the use/combustion of fuel sold Category 15: Investments · GHG emissions from direct investments by S Group associated company S Bank's (S Bank ownership 100%)
A list of scope 1, scope 2, and scope 3 activities excluded from the report with justification for their exclusion	The following activities were excluded from the report: Category 8: Upstream leased assets – Category excluded · This category is relevant for S Group regarding leased IT and other equipment and cars leased for employees, however the GHG emissions from the use of the IT equipment is included in scope 2 and the GHG emissions from other stages of the lifecycle are included in category 1 Category 10: Processing of sold products – Category excluded · This category is relevant for S Group, but GHG emissions from purchased raw materials for the restaurants are included in category 1 and GHG emissions from the food preparation stage are included in scopes 1-2. Category 12: End-of-life treatment of sold products – Category excluded · This category is relevant for S Group but is excluded to avoid double accounting as the end-of-life treatment emissions are included in the emissions from Category 1: Purchased goods and services. Also, difficult to calculate due to lack of reliable data for different product and service categories. Category 13: Downstream leased assets – Category excluded · This category is not relevant for S Group as it does not lease assets to other companies which would not be included in Scope 1 or Scope 2 inventories. Category 14: Franchising – Category excluded · This category is relevant for S Group regarding the 59 Hesburger fast-food restaurants in Finland. However the emissions from these franchises are included in S Group's scope 1 and 2 inventories.

PART 2: GREENHOUSE GAS EMISSIONS DATA

SCOPES AND CATEGORIES	METRIC TONS CO_2E
Scope 1: Direct emissions from owned/controlled operations	46,200
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling	Location based electricity: 53.400 Market based electricity: 0 Heating & cooling: 52,200
Upstream scope 3 emissions	
Category 1: Purchased goods and services	5,437,900
Category 2: Capital goods	900
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	12,600
Category 4: Upstream transportation and distribution	138,600
Category 5: Waste generated in operations	20,400
Category 6: Business travel	1,200
Category 7: Employee commuting	13,600
Category 8: Upstream leased assets	N/A
Other	N/A
Downstream scope 3 emissions	
Category 9: Downstream transportation and distribution	257,100
Category 10: Processing of sold products	N/A
Category 11: Use of sold products	2,207,900
Category 12: End-of-life treatment of sold products	N/A
Category 13: Downstream leased assets	N/A
Category 14: Franchises	N/A
Category 15: Investments	154,500
Other	N/A

PART 3: DESCRIPTION OF METHODOLOGIES AND DATA USED

SCOPE	METHODOLOGIES USED TO CALCULATE OR MEASURE EMISSIONS, PROVIDING A REFERENCE OR LINK TO ANY CALCULATION TOOLS USED
Scope 1	Activity data: · Oil: kWh of heat produced with oil as measured and registered in the S Group real estate system. · Gas: kWh of heat produced with gas as measured and registered in the S Group real estate system. · Refrigerant leaks: kg of substance as reported fill-ups of the equipment by the service provider for each co-op and company · Self-produced wind power (S-Voima/GigaWatti): cancelled Certificates of Origin for S-Voima based on the share of ownership of S Group co-ops and companies. Emission factors: · Oil: Statistics Finland Fuel Classification 2022: **https://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html** · Gas: Statistics Finland Fuel Classification 2022: **https://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html** · Refrigerant leaks: The Finnish Environment Institutes publication: **https://helda.helsinki.fi/handle/10138/155617**, **https://www.linde-gas.fi/fi/products_ren/refrigerants/hfo_gases/r452a/index.html** (R452A), **https://www.agas.com/eu/products-services/products-refrigerants/hfc/r453a-rs-70/** (R453A), **https://darment.fi/kylmaaine/r407a/ (R407A) and https://darment.fi/kylmaaine/r448a/** (R448A)
Scope 2	Activity data: · Electricity: consumption data in kWh based on the S Group real estate system and S-Voima electricity purchases · Heat: consumption data in kWh based on the S Group real estate system, electricity consumption used for heat pumps included in electricity metering · Cooling: consumption data in kWh based on the S Group real estate system Emission factors: Finland · Electricity (S-Voima/GigaWatti wind power is categorized in scope 1): 0 · Electricity (other, market-based): Renewable electricity guarantees of origin were used. · Electricity (location-based): Finland average electricity energy mix, 5-year average: 125 kg CO_2/MWh; **https://pxhopea2.stat.fi/sahkoiset_julkaisut/energia2021/html/suom0011.htm** · District heat: same emissions factor for both market and location based: Statistic Finland district heat segregated production average, 5-year average: 145 kg CO_2/MWh; **https://pxhopea2.stat.fi/sahkoiset_julkaisut/energia2021/html/suom0011.htm** · Cooling: real estates located in Helsinki region, thus emissions factor in 2022 from local service provider used, 0 kg CO_2/MWh; **https://www.helen.fi/helen-oy/tietoa-yrityksesta/energiantuotanto/sahkon-ja-lammon-ominaispaastot/** · Cooling: real estates located in Tampere region, thus emissions factor in 2022 from local service provider used, 0 kg CO_2/MWh; **https://www.sahkolaitos.fi/lampoa-ja-viileytta/jaahdytysratkaisut/alkupera/** · Cooling: real estates located in Turku region, thus emissions factor in 2022 from local service provider used, 0 kg CO_2/MWh; **https://www.turkuenergia.fi/taloyhtiot-ja-isannoitsijat/lammitys-ja-jaahdytys/jaahdytysratkaisut-taloyhtioille/kaukojaahdytys-taloyhtioille/** · Cooling: real estates located in Espoo region, thus emissions factor in 2022 from local service provider used, 0 kg CO_2/MWh; **https://www.fortum.fi/yrityksille-ja-yhteisoille/lammitys/kaukokylma** Estonia: · Electricity: Estonia electricity residual mix 2025; 637 g CO_2/kWh; **https://elering.ee/en/residual-mix** · District heat: Estonia proportional allocation, 86 kg/MWh; **https://smartenergysystems.eu/wp-content/uploads/2021/10/0037.pdf**

SCOPE AND CATEGORY	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS, AND ASSUMPTIONS USED TO CALCULATE EMISSIONS	% OF EMISSIONS CALCULATED USING DATA OBTAINED FROM SUPPLIERS OR VALUE CHAIN PARTNERS
Upstream scope 3 emissions			
Category 1: Purchased goods and services	Activity data (primary data): Calculations based on volumes (kg/l) sold by category (majority of daily food and non-food items) and spend (euros) by category (consumer goods and services). Emission factors (secondary data): Lifecycle emissions factors were taken from different sources including: SYKE 2019: **https://helda.helsinki.fi/bitstream/handle/10138/300737/SYKEra_15_2019_korjattu_26_02_2020.pdf?sequence=4&isAllowed=y** LUKE 2016: Summary of the chosen methodologies and practices to produce GHGE-estimates for an average European diet Luke 2019: Product group specific carbon footprint calculations based on SOK's data and the scientific articles. For fuel: well-to-tank emissions factor was calculated based on the lifecycle emissions factors provided by S Group fuel trade partner NEOT and by deducting the combustion emissions factors based on LIPASTO fuel mix emissions factors 2017: **http://lipasto.vtt.fi/yksikkopaastot/tunnusluvut/tunnusluvuttie.htm**	Coverage: All divisions in Finland. Method: Average lifetime GHG emissions factors were acquired for product categories from different sources. Activity data used in the calculation was 1) the physical mass (kg) or volume (liters) of the products sold during the fiscal year, or where physical volume was not available, the emission factors were used for each 2) euro of the "basic price"/purchase price of the product as indicated in an input-output model including the environmental impacts. The lifetime emissions of products were not split between cradle to gate and gate-to-end-of-life due to limited split LCA data availability for the sources used. Scope 1–2 emissions were not deducted from the category due to limited data availability on the retail/storage share of the category specific LCA factors so the category contains approx. 5 % double counting risk for this reason. Exception was made for the most significant individual product – fuel, for which the use-phase/tank-to-wheel emissions we're excluded from category 1 and are presented in category 11. Thus category 1 only includes the estimated well-to-tank share of the fuel life-cycle CO_2 emissions. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of products and services purchased by S Group in 2022. Due to the high inflation, correction was done for emission calculations that are based on spend (€). **The consumer price index** (11xb) 7.12% was used (so the factor used was 0.9288).	13% (well-to-tank emissions factor for fuel)
Category 2: Capital goods	Activity data: constructed square meters of new buildings. Emission factors (secondary data): life cycle calculations	Coverage: Finland Method: Calculations are based on carbon footprint analyses done for a set of constructed S Group's buildings in Finland in 2022. Average emission factors (carbon footprint) per square meter were derived for each building type constructed in 2022. The carbon footprint analysis covers a building's entire life cycle. It includes the manufacture and transportation of the products used in a construction project, the worksite, the use and maintenance of the building, its demolition, and recycling.	0%
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	Activity data (primary data): energy and fuel consumption in kWh as collected from the group and co-op energy meters. Emission factors (secondary data): Defra WTT and T&D emissions factors for fuels, electricity and heat: Greenhouse gas reporting: conversion factors 2022 **https://gov.uk/government/publications/greenhous-gas-reporting-conversion-factors-2022**	Coverage: all countries. Method: country and energy specific consumption figures were multiplied by the relevant Defra emissions factor. For electricity in Finland, the share of renewable energy (own and market-based) and nuclear (in residual market mix) were excluded from the calculation and thus only the upstream emissions for the residual fossil fuel-based energy were included. Residual mix was based on 2021 as 2022 mix was not yet available at the time of reporting.	0%

SCOPE AND CATEGORY	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS, AND ASSUMPTIONS USED TO CALCULATE EMISSIONS	% OF EMISSIONS CALCULATED USING DATA OBTAINED FROM SUPPLIERS OR VALUE CHAIN PARTNERS
Category 4: Upstream transportation and distribution	Activity data (primary data): logistics partner's reported mileage Emission factors (secondary data): Domestic: LIPASTO fossil fuel emissions factors: **http://lipasto.vtt.fi/yksikkopaastot/tunnusluvut/tunnusluvuttie.htm** International: CLECAT Guide on Calculating GHG emissions for freight forwarding and logistics services in accordance with EN 16258 is used as a guideline for CO_2e calculation in the current report.	Coverage: Finland, business units: grocery, consumer goods, restaurants and hospitality and fuel trade Method: Meira Nova and NEOT calculations are based on contracted logistics partners' reported mileage and related GHG emissions. The share of transportation emissions from transportations is allocated to SOK according to the share of products that have been supplied to SOK during the reporting year. Inex domestic calculation is based on various reports from Inex Analytics. The reports include data from e.g. Inex's customers, transportation routes, contracting partners and transported volumes, which are combined into an emission report in accordance with LIPASTO CO_2 emission factors. International emission are calculated according to distance calculations and shipping weight.	100%
Category 5: Waste generated in operations	Activity data (primary data): waste amounts in tonnes by type of waste and waste water as measured and registered in the S Group real estate system Emission factors (secondary data): WWF Finland's Climate Calculator. **http://www.ilmastolaskuri.fi/fi/calculation-basis?country=2&year=10746** HSY: **https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Favoidatastr.blob.core.windows.net%2Favoindata%2FAvoinData%2F3_Ilmanlaatu_ja_ilmasto%-2FIlmasto%2FHSY_energia_ja_khk_paastot%2FHSY_energia_ja_khk-paastot_2021.xlsx&wdOrigin=BROWSELINK**	Coverage: all countries Method: waste per type (tonnes) and waste water (m3) multiplied with the respective emissions factor.	100%
Category 6: Business travel	Activity data (primary data): mileage and fuel used Emission factors (secondary data): Provided by service providers (AMEX and LeasePlan)	Coverage: Flights: S Group in Finland, leased vehicles: SOK Corporation unlimited car benefit cars (regional co-ops excluded) Method: Calculation made for SOK Corporation's leased cars and employees business travel by plane. Data and emission calculations provided by service partners	100%
Category 7: Employee commuting	Activity data (primary data): S Group employees in Finland estimated average distance to their workplace (km) multiplied by annual average estimated working days. Emissions factors: Emissions factors for local transportation: WWF Climate Calculator (based on LIPASTO database): **www.ilmastolaskuri.fi** Emission factors for cars: **https://liikennefakta.fi/fi/ymparisto/henkiloautot/hiilidioksidipaastot** Transportation methods: Helsinki: KSV, Helsinkiläisten liikkumistottumukset 2019: **https://www.hel.fi/static/liitteet/kaupunkiymparisto/julkaisut/julkaisut/julkaisu-05-20.pdf** HSL Liikkumistapatutkimus 2018: **https://www.hsl.fi/sites/default/files/hsl_julkaisu_9_2019_netti.pdf** Liikenneviraston Henkilöliikennetutkimus 2016: **https://julkaisut.vayla.fi/pdf8/lti_2018-01_henkiloliikennetutkimus_2016_web.pdf**	Coverage: Finland Method: Calculation made based on 2021 data for S Group employees in Finland, who have the "employee" information linked to their S Group loyalty card. Average work commute distance estimated based on the average distance between the employee's postal code and their respective workplace. The mode of transport was estimated based on a national Transportation study stating the share of different modes of transport in different size towns/communities. Average mileage and modes of transport was then multiplied with the average annual working days. Part-time employees annual working days were estimated based on their average weekly working hours. It is acknowledged, that there is a possible overlap with scope 3 category 11 emissions where employees purchase fuel for their commute from S Group service stations however, the share of such overlap is difficult to estimate accurately. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of S Group employees work commute.	0%

SCOPE AND CATEGORY	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS, AND ASSUMPTIONS USED TO CALCULATE EMISSIONS	% OF EMISSIONS CALCULATED USING DATA OBTAINED FROM SUPPLIERS OR VALUE CHAIN PARTNERS
Downstream scope 3 emissions			
Category 8: Upstream leased assets	Not relevant		
Category 9: Downstream transportation and distribution	Emissions factors: Emissions factors for local transportation: WWF Climate Calculator (based on LIPASTO database): **www.ilmastolaskuri.fi** Emission factors for cars: **https://liikennefakta.fi/fi/ymparisto/henkiloautot/hiilidioksidipaastot** Transportation methods: KSV, Helsinkiläisten liikkumistottumukset 2019: https://www.hel.fi/static/liitteet/kaupunkiymparisto/julkaisut/julkaisut/julkaisu-05-20.pdf HSL Liikkumistapatutkimus 2018: **https://www.hsl.fi/sites/default/files/hsl_julkaisu_9_2019_netti.pdf** **https://www.liikennevirasto.fi/documents/20473/434710/Esite_HLT2016_ENGLANTI.pdf/3d811186-db02-4680-bba4-63732c6d9f33**	Coverage: loyal customer transportation to and from outlets in Finland, approx. 80% of customer visits by loyal customers. Method: Calculation made based on the S Group customer loyalty card holders' annual visits to S Group outlets multiplied by the average distance between the card holders hometown/commune (based on postal codes) and the closest S Group outlet weighted by the nr of visits and taking into account the town/area specific transportation methods. Employee visits deducted based on the assumption that they visit the outlets on their way from work. Ways of transportation obtained from national and regional transportation surveys. It is acknowledged, that there is a possible overlap with scope 3 category 11 emissions if customers purchase fuel for their vehicles from S Group service stations however, the share of such overlap is difficult to estimate accurately. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of S Group customers visits to S Group outlets.	0%
Category 11: Use of sold products	Activity data (primary data): volume of fuel (liters) sold to end customers in 2022. Emission factors (secondary data): TTW emissions factors provided by S Group fuel sourcing company NEOT based on actual fossil to bio mixes in 2022. Fossil fuel combustion factors from VTT LIPASTO database 2016.	Coverage: Finland. Method: volume of fuel sold to end customers multiplied with the relevant combustion emissions factor by fuel type.	100%
Category 13: Downstream leased assets	Not relevant		
Category 15: Investments	Data used: MSCI data from those direct shares and bonds	Method: Emissions allocation per investment/fund to S Group/FIM based on the share of ownership.	100%

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Independent Assurance Report to the Management of The Central Finnish Cooperative Society

This document is an English translation of the Finnish report

We have been engaged by the Management of The Central Finnish Cooperative Society (hereafter “SOK”) to provide limited assurance on greenhouse gas data and other selected sustainability indicators presented in S Group’s Annual and Responsibility Report 2022 (hereafter “Selected Sustainability Information”) for the year ended 31 Dec 2022.

The Selected Sustainability Information consists of the following indicators:

- Energy consumption from direct and indirect (Scope 1 and 2 equivalent) sources
- Specific energy consumption
- Direct CO_2 emissions (Scope 1): fuel consumption, refrigerant leakages
- Indirect CO_2 emissions (Scope 2): electricity, district heating, district cooling
- Most significant other indirect CO_2 emissions (Scope 3): purchased goods and services, capital assets (buildings), indirect emissions from purchased energy, product transportation and delivery, waste, business travel, commuting, customer traffic, use of sold products, and investments
- Emission intensities
- Property area and properties’ energy and emissions efficiency per square meters
- Amount of waste, breakdown of waste fractions and reuse percentages
- Relative food waste
- Share of Finnish food products (%)
- Direct purchases from high-risk countries (%)
- BSCI audits (pcs)

Management's responsibilities

The Management of SOK is responsible for the preparation and presentation of the Selected Sustainability Information with reference to the reporting criteria, i.e. GRI Sustainability Reporting Standards, and the information and assertions contained within it. The Management is also responsible for determining SOK’s objectives and own sustainability indicators with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Selected Sustainability Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and on greenhouse gas data within the Selected Sustainability Information in accordance with ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board IAASB. These Standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Management ISQM 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants, (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Selected Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed the members of SOK’s senior management and relevant staff responsible for providing the Selected Sustainability Information;
- Assessed the application of the GRI Sustainability Reporting Standards reporting principles in the presentation of the Selected Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Sustainability Information;
- Reviewed the presented Selected Sustainability Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Selected Sustainability Information’s data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects,with reference to the GRI Sustainability Reporting Standards and SOK own reporting principles.

Helsinki, 21 March 2023

KPMG Oy Ab

Jukka Rajala
Authorized Public Accountant

Tomas Otterström
Partner, Advisory

KPMG Oy Ab, a Finnish limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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